

centerra**GOLD**



## NEWS RELEASE

### Centerra Gold 2013 First Quarter Results

*(This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 24 and in our Cautionary Note Regarding Forward-looking Information on page 33. It should be read in conjunction with the Company's unaudited interim consolidated financial statements and notes for the three-month periods ended March 31, 2013 and March 31, 2012 and associated Management's Discussion and Analysis. The condensed interim financial statements of Centerra are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board and the Company's accounting policies as described in note 3 of its annual consolidated financial statements for the year ended December 31, 2012 and for the effect of the adoption of new accounting standards on January 1, 2013 as described in note 2 to the Company's March 31, 2013 condensed interim financial statements. All figures are in United States dollars.)*

*To view Management's Discussion and Analysis and the Financial Statements and Notes for the three-months ended March 31, 2013, please visit the following link: [http://media3.marketwire.com/docs/CGQ1\\_MDAFS.pdf](http://media3.marketwire.com/docs/CGQ1_MDAFS.pdf)*

**Toronto, Canada, May 8, 2013:** Centerra Gold Inc. (TSX: CG) today reported net earnings for the first quarter of 2013 of \$51.4 million or \$0.22 per common share reflecting higher gold sales due to the higher gold production at both operations during the period. For the same period in 2012, the Company recorded net earnings of \$9.6 million or \$0.04 per common share. The 2012 results were impacted by a 10-day work stoppage at Kumtor in February 2012 and the acceleration of ice and waste material at Kumtor which required a change in the mine plan. The 2012 results have been restated to reflect the retroactive adoption of a change in accounting for stripping costs under IFRIC 20.

#### 2013 First Quarter Highlights

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- Produced 115,220 ounces of gold in the quarter, including 89,618 ounces at Kumtor and 25,602 ounces at Boroo, compared to 72,555 ounces in the same period in 2012.
- Increased revenues to \$192.3 million compared to \$133.8 million in the same quarter of 2012.
- Cash provided by operations increased to \$92.0 million compared to \$32.0 million in the first quarter of 2012.
- Operating cash cost per ounce produced of \$471 compared to \$685 in the same period in 2012
- Reported all-in cash cost (pre-tax) for the quarter of \$1,327 per ounce compared to \$2,902 for the 2012 first quarter.
- Acquired the remaining 30% interest in the Öksüt project in Turkey.
- Achieved 3 million man-hours without a lost time injury (LTI) at the Boroo mine.
- Experienced accelerated movement in the Davidov Valley Waste-rock Dump at Kumtor.

## **Commentary**

Ian Atkinson, President and CEO of Centerra Gold commented, “Operationally we are on track to achieve our production guidance for the year. Boroo had an excellent quarter producing almost 26,000 ounces of gold. Kumtor produced almost 90,000 ounces of gold, and mine production is on track to achieve the annual gold production forecast with over 50% of the gold production occurring in the fourth quarter. Financially, we reported over \$51 million or \$0.22 per share in net earnings and the operations generated \$92 million or \$0.39 per share of cash flow for the first quarter.”

“As expected at the Kumtor mine the waste-rock dump is experiencing movement as was disclosed in the KS-13 expansion plan. The movement has recently increased impacting the workshops and administration facilities ahead of the planned schedule. As a result, we have expedited the demolition of the buildings and relocation of other infrastructure sooner than had been planned to ensure continued safe operations. Planned gold production for 2013 has not been affected to date. Employees have been moved to temporary work locations until the planned new facilities are constructed.”

“Also regarding Kumtor, we are continuing to have discussions with the Kyrgyz authorities to resolve the issues concerning Kumtor to the benefit of all Centerra shareholders.”

“Recently we have seen tremendous volatility in the gold price. We are monitoring and assessing its impact on the operations and are reviewing spending plans for 2013. Exploration spending in 2013 at Kumtor has been reduced by \$5 million and further reductions may be contemplated in other areas. The Company has a strong balance sheet and continuing good margins even in a lower gold price environment. Our all-in costs including all capital and taxes are forecast to be in the range of \$1,247 to \$1,360 per ounce of gold produced for the year.”

### **Waste-Rock Dump Movement**

On May 3, 2013, the Company announced that a large section of Kumtor’s principal waste-rock dump, the Davidov Valley Waste-rock Dump (Central Valley Waste Dump), was experiencing a greater than anticipated rate of movement. Beginning in mid-March, the rate of movement of the waste-rock dump increased beyond the anticipated rate, requiring acceleration to the planned demolition of the administration and workshop buildings and the relocation of certain other infrastructure. Employees in the affected buildings were moved to temporary work locations while new planned facilities are constructed. The movement of the Davidov Valley Waste-rock Dump and the demolition of buildings and relocation of other affected infrastructure is described in the Kumtor Technical Report (December 20, 2012) and in the life-of-mine plan.

As a result of this increase in movement, the Company has discontinued deposition of waste-rock on the affected portion of the Davidov Valley Waste-rock Dump (Central Valley Waste Dump). In the short-term, the Company is placing waste-rock on permitted sites currently unaffected by the movement. An alternative long-term waste-rock dumping plan is being finalized. The Company is working with the Kyrgyz regulatory authorities and external engineering advisors to expedite approval of such a plan. Based on discussions with the authorities to date, the Company believes that such approvals are likely to be forthcoming; however no assurances can be provided.

The Government has established a special commission, which has visited the Kumtor mine site and inspected the waste-rock dump movement. The Company is fully cooperating with the commission.

While the Company expects that it will be able to develop alternative plans that will permit the mine to continue planned operations and that such alternative plans will receive prompt regulatory approval from the Kyrgyz authorities, the Company cannot give assurances in this regard. In the event that an alternative plan cannot be developed or approved promptly, the Company would expect a negative impact on its mine operations, production and financial results.

## Financial and Operating Summary Highlights

Financial Summary (\$ millions, except as noted)	Three Months Ended March 31		
	2013	2012 Restated <sup>(5)</sup>	% Change
Revenue	\$ 192.3	\$ 133.8	44%
Cost of sales	91.1	79.1	15%
Abnormal mining costs	-	0.7	(100%)
Mine standby costs	-	4.6	(100%)
Regional office administration	5.6	4.8	17%
<b>Earnings from mine operations</b>	<b>95.5</b>	<b>44.6</b>	<b>114%</b>
Revenue-based taxes	20.8	15.1	38%
Other operating expenses	1.9	1.5	30%
Exploration and business development	7.2	8.3	(14%)
Corporate administration	6.7	8.5	(21%)
<b>Earnings from operations</b>	<b>58.9</b>	<b>11.2</b>	<b>424%</b>
Other (income) and expenses	1.3	(0.8)	(260%)
Finance costs	1.3	0.9	40%
<b>Earnings before income taxes</b>	<b>56.3</b>	<b>11.1</b>	<b>406%</b>
Income tax expense	4.9	1.5	228%
<b>Net earnings</b>	<b>\$ 51.4</b>	<b>\$ 9.6</b>	<b>434%</b>
Earnings per common share - \$ basic	\$ 0.22	\$ 0.04	450%
Earnings per common share - \$ diluted	\$ 0.21	\$ 0.04	425%
Weighted average common shares outstanding - basic (thousands)	236,376	236,354	0%
Weighted average common shares outstanding - diluted (thousands)	236,964	237,030	(0%)
Cash provided by (used in) operations	92.0	32.0	188%
Capital expenditures <sup>(1)</sup>	103.9	158.4	(34%)
<b>Operating Summary</b>			
Gold produced – ounces	115,220	72,555	59%
Gold sold – ounces	118,745	77,720	53%
Average realized gold price - \$/oz	1,619	1,721	(6%)
Average gold spot price - \$/oz <sup>(2)</sup>	1,631	1,691	(4%)
Cost of sales - \$/oz sold <sup>(3)</sup>	767	1,018	(25%)
Operating cash costs - \$/oz produced <sup>(3)(4)</sup>	471	685	(31%)
All-in cash costs (pre-tax) - \$/oz produced <sup>(3)(4)</sup>	1,327	2,902	(54%)
All-in cash costs (including taxes) - \$/oz produced <sup>(3)(4)</sup>	1,552	3,130	(50%)

(1) Includes capitalized stripping of \$74.3 million in first quarter of 2013 (\$62.9 million in first quarter of 2012).

(2) Average for the period as reported by the London Bullion Market Association (US dollar Gold P.M. Fix Rate).

(3) Operating cash costs is comprised of mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes depreciation, depletion and amortization, reclamation costs, capital investments, community investments, exploration expenses and corporate general and administration expenses. Operating cash costs and all-in cash costs per ounce produced, as well as cost of sales per ounce sold, are non-GAAP measures and are discussed under “Non-GAAP Measures”.

(4) All-in cash costs per ounce produced includes operating cash costs, sustaining and growth capital, corporate general and administrative expenses, global exploration expenses and community investments. The measure is presented pre or after tax, including or excluding revenue-based taxes at Kumtor and income taxes at Boroo.

(5) Restated for the change in accounting for deferred stripping under IFRIC 20 which was adopted retroactively in 2012 (see note 2 of the Company’s condensed consolidated interim financial statements for the period ending March 31, 2013).

Revenue for the first quarter of 2013, increased to \$192.3 million from \$133.8 million in the comparative quarter of 2012, primarily as a result of higher sales volumes (118,745 ounces sold in the first quarter of 2013 compared to 77,720 ounces sold in the first quarter of 2012). This was partially offset by a decrease in average realized gold prices at \$1,619 per ounce compared to \$1,721 per ounce in the same quarter of 2012. The higher sales volumes reflect the increase in gold production at both operations.

Total gold produced in the first quarter was 115,220 ounces compared to 72,555 ounces reported in the first quarter of 2012, a 59% increase year-over-year. The increased gold production was mainly due to the processing of higher grade ore at both Kumtor and at Boroo and the resumption of heap leach operations at Boroo which began in the fourth quarter of 2012. During the comparative period of 2012, Kumtor processed fewer tonnes due to the 10-day labour dispute.

Cost of sales was \$91.1 million in the first quarter of 2013, compared to \$79.1 million in the comparative period of 2012, mainly as a result of higher sales volumes. Operating costs in the first quarter of 2013 were higher than the comparative quarter reflecting higher labour costs, resulting from inflation adjustments from the collective agreements which were finalized in the second half of 2012, and the addition of heap leach costs at Boroo from the resumption of heap leach operations.

Depreciation, depletion and amortization associated with production increased to \$40.8 million in the first quarter of 2013 from \$20.3 million in the comparative quarter of 2012 as a result of the higher ounces sold, increased depreciation from the expanded mobile fleet at Kumtor and the higher amortization of deferred stripping costs at Kumtor.

Exploration expenditures in the first quarter of 2013 were \$7.2 million compared to \$7.8 million in the same quarter last year, with drilling programs at Kumtor and at the Öksüt project in Turkey as well as at the Company's joint ventures in Russia.

Cash provided by operations was \$92.0 million for the first quarter of 2013 compared to \$32.0 million for the prior year first quarter, primarily reflecting the increased earnings in 2013 as a result of higher production and sales volumes and lower working capital levels.

Capital expenditures spent and accrued in the first quarter of 2013 amounted to \$103.9 million which includes \$13.4 million of sustaining capital, \$16.2 million invested in growth capital and \$74.3 million on capitalized stripping. Capital expenditures in the comparative quarter of 2012 totaled \$158.4 million, consisting of \$6.1 million of sustaining capital, \$89.4 million invested in growth capital and \$62.9 million of capitalized stripping.

Centerra's cash and cash equivalents and short-term investments at the end of March 2013 decreased to \$369.9 million from \$382.1 million at December 31, 2012. At March 31, 2013, the Company had \$76 million outstanding on its \$150 million revolving credit facility with the European Bank for Reconstruction and Development (EBRD), leaving a balance of \$74 million undrawn at March 31, 2013. The amount drawn is due to be repaid on August 8, 2013, or at the Company's discretion repayment could be extended. Centerra believes, based on its current forecast, that it has sufficient cash and investments to carry out its business plan in 2013 (see "2013 Outlook").

## All-in cash costs – Consolidated <sup>(1)</sup>

\$ millions, except ounces poured	Three Months Ended March 31	
	2013	2012 <sup>(3)</sup>
<b>All-in Cash Costs:</b>		
Operating cash costs	54.2	49.7
Capitalized stripping and ice unload - cash	53.4	47.0
<b>Operating cash costs and capitalized stripping</b>	<b>107.6</b>	96.7
Sustaining capital (cash)	13.3	6.1
Growth capital (cash)	16.2	89.4
<b>Operating cash costs including capital</b>	<b>137.1</b>	192.2
Corporate and other cash costs <sup>(2)</sup>	15.8	18.3
<b>All-in Cash Costs - pre-tax</b>	<b>152.9</b>	210.5
Revenue-based tax and income tax	25.9	16.6
<b>All-in Cash Costs - including taxes</b>	<b>178.8</b>	227.1
<b>Ounces poured</b>	<b>115,220</b>	72,555
<b>Operating cash cost - \$/oz produced</b>	<b>471</b>	685
<b>All-in Cash Costs (pre-tax) - \$/oz produced</b>	<b>1,327</b>	2,902
<b>All-in Cash Costs (including taxes) - \$/oz produced</b>	<b>1,552</b>	3,130

(1) All-in cash costs, capitalized stripping (cash) and sustaining and growth capital are non-GAAP Measures and are discussed under “Non-GAAP Measures”.

(2) Corporate and other cash costs include corporate general and administrative expenses, global exploration expenses, and community investments.

(3) Operating cash costs and capitalized stripping for 2012 were restated for the impact of the adoption of IFRIC 20.

Operating cash costs per ounce produced in the first quarter of 2013 decreased to \$471 compared to \$685 per ounce in the comparative period of 2012 (operating cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”). The decrease in 2013 reflects the impact of higher production levels due to higher grades processed at both operations and increased recoveries at Kumtor.

On a pre-tax basis all-in cash costs per ounce produced for the first quarter of 2013 was \$1,327, and includes all cash costs directly related to gold production. This compares to pre-tax all-in cash costs of \$2,902 per ounce produced in the first quarter of 2012. The decrease is due to a combination of lower growth and sustaining capital spending and higher production in 2013. The cash costs for capitalized stripping and ice unload activities incurred in the first quarter of 2013 amounted to \$53.4 million compared to \$47.0 million in the comparative quarter of 2012, reflecting the increased focus on removing ice and waste from the high movement area at Kumtor the cost of which is treated as capital following the decision to expand the pit on November 7, 2012. Growth capital expenditures (excluding capitalized stripping) cash costs decreased from \$89.4 million in the first quarter of 2012 to \$16.2 million in the first quarter of 2013, reflecting the expansion of the mining fleet at Kumtor during 2012.

Including revenue-based taxes in the Kyrgyz Republic and income taxes in Mongolia, the Company’s all-in cash costs per ounce produced for the first quarter of 2013 was \$1,552 compared to \$3,130 in the comparative quarter of 2012.

## Operations Update

Kumtor Operating Results	Three Months Ended March 31		
	2013	2012 <sup>(6)</sup>	% Change
Gold sold – ounces	91,617	62,196	147%
Average realized gold price – \$/oz	1,623	1,732	94%
Revenue - \$ millions	148.7	107.7	138%
Cost of sales - \$ millions <sup>(1)</sup>	66.3	62.8	106%
Cost of sales - \$/oz sold <sup>(1)</sup>	724	1,010	72%
Tonnes mined - 000s	40,184	30,746	131%
Tonnes ore mined – 000s	209	63	332%
Average mining grade - g/t <sup>(2)</sup>	2.45	1.33	184%
Tonnes milled - 000s	1,473	1,252	118%
Average mill head grade - g/t <sup>(2)</sup>	2.69	1.98	136%
Recovery - %	74.1	72.6	102%
Gold produced – ounces	89,618	60,707	148%
Operating cash cost - \$/oz produced <sup>(3)</sup>	452	642	70%
All-in cash cost (pre-tax) - \$/oz produced <sup>(4)</sup>	1,359	2,934	46%
All-in cash cost including tax - \$/oz	1,591	3,183	50%
Capital expenditures - \$ millions <sup>(5)</sup>	102.2	126.2	81%
<b>Boroo Operating Results</b>			
Gold sold – ounces	27,128	15,524	175%
Average realized gold price - \$/oz	1,606	1,676	96%
Revenue - \$ millions	43.6	26.0	167%
Cost of sales - \$ millions <sup>(1)</sup>	24.9	16.3	153%
Cost of sales - \$/oz sold <sup>(1)</sup>	918	1,050	87%
Total tonnes mined - 000s	-	1,920	-
Tonnes mined heap leach - 000s	-	-	-
Tonnes stacked heap leach - 000s	268	-	-
Tonnes under leach - 000s	1,803	-	-
Tonnes ore mined direct mill feed - 000's	-	-	-
Tonnes ore milled - 000s	572	590	97%
Average mill head grade - g/t <sup>(2)</sup>	1.54	0.77	200%
Recovery - %	54.0	79.2	68%
Gold produced – ounces	25,602	11,848	216%
Operating cash cost - \$/oz produced <sup>(3)</sup>	535	905	59%
All-in cash cost (pre-tax) - \$/oz produced <sup>(4)</sup>	582	1,179	49%
All-in cash cost including tax - \$/oz	782	1,311	60%
Capital expenditures - \$ millions (Boroo) <sup>(5)</sup>	1.2	3.7	33%
Capital expenditures - \$ millions (Gatsuurt)	0.1	0.1	93%

<sup>(1)</sup> Cost of sales excludes regional office administration.

<sup>(2)</sup> g/t means grams of gold per tonne.

<sup>(3)</sup> Operating cash cost is comprised of mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes depreciation, depletion and amortization, reclamation costs, capital investments, community investments, exploration expenses and corporate general and administration expenses. Operating cash cost, total production cost and all-in (pre-tax) cost produced as well as cost of sales per ounce sold are non-GAAP Measures and are discussed under “Non-GAAP Measures”.

<sup>(4)</sup> All-in cash cost (pre-tax) per ounce produced for Kumtor and Boroo includes operating cash cost, sustaining and growth capital, but excludes corporate general and administrative expenses, global exploration expenses, and community investments (which are reflected with the all-in cash cost amounts reported at the consolidated level), revenue-based taxes at Kumtor and income taxes at Boroo.

<sup>(5)</sup> Includes capitalized stripping of \$74.3 million in first quarter of 2013 (\$59.6 million at Kumtor and \$3.3 million at Boroo in first quarter of 2012).

<sup>(6)</sup> Operating cash costs and capitalized stripping for 2012 were restated to reflect the retroactive adoption of IFRIC 20.

## All-in cash costs

All-in cash costs - Kumtor	2013		2012 <sup>(3)</sup>	
	\$ millions	(\$ per ounce produced)	\$ millions	(\$ per ounce produced)
<b>All-in Cash Costs<sup>(1)</sup>:</b>				
Operating cash costs	40.5	\$452	39.0	\$642
Capitalized stripping and ice unload - cash <sup>(1)</sup>	53.4	\$596	44.2	\$728
<b>Operating cash costs and capitalized stripping</b>	<b>93.9</b>	<b>\$1,048</b>	83.2	\$1,370
Sustaining capital (cash)	11.7	\$131	5.5	\$91
Growth capital (cash)	16.1	\$180	89.4	\$1,473
<b>Operating cash costs including capital<sup>(1)</sup></b>	<b>121.7</b>	<b>\$1,359</b>	178.1	\$2,934
Corporate and other cash costs <sup>(2)</sup>	-	-	-	-
<b>All-in Cash Costs (pre-tax)<sup>(1)</sup></b>	<b>121.7</b>	<b>\$1,359</b>	178.1	\$2,934
Revenue-based tax	20.8	\$232	15.1	\$248
<b>All-in Cash Costs (including taxes)<sup>(1)</sup></b>	<b>142.5</b>	<b>\$1,591</b>	193.2	\$3,183

All-in cash costs - Boroo	Three months ended March 31			
	2013		2012	
	\$ millions	(\$ per ounce produced)	\$ millions	(\$ per ounce produced)
<b>All-in Cash Costs<sup>(1)</sup>:</b>				
Operating cash costs	13.7	\$535	10.7	\$905
Capitalized stripping - cash <sup>(1)</sup>	-	-	2.8	\$234
<b>Operating cash costs and capitalized stripping</b>	<b>13.7</b>	<b>\$535</b>	13.5	\$1,139
Sustaining capital (cash)	1.2	\$47	0.5	\$40
Growth capital (cash)	-	-	-	-
<b>Operating cash costs including capital<sup>(1)</sup></b>	<b>14.9</b>	<b>\$582</b>	14.0	\$1,179
Corporate and other cash costs <sup>(2)</sup>	-	-	-	-
<b>All-in Cash Costs (pre-tax)<sup>(1)</sup></b>	<b>14.9</b>	<b>\$582</b>	14.0	\$1,179
Income tax	5.1	\$200	1.6	\$132
<b>All-in Cash Costs (including taxes)<sup>(1)</sup></b>	<b>20.0</b>	<b>\$782</b>	15.5	\$1,311

(1) All-in cash costs, capitalized stripping –cash and total capital are non-GAAP Measures and are discussed under “Non-GAAP Measures”.

(2) Corporate and other cash costs include corporate general and administrative expenses, global exploration expenses and community investments and are reflected with the all-in cash cost amounts reported at the consolidated level.

(3) Operating cash costs and capitalized stripping for 2012 were restated to reflect the retroactive adoption of IFRIC 20.

## **Kumtor**

At the Kumtor mine in the Kyrgyz Republic, gold production in the first quarter of 2013 was 89,618 ounces of gold compared to 60,707 ounces of gold in the comparative quarter of 2012. The increase in ounces poured was mainly due to processing of higher grade ore that was mined and stockpiled during the fourth quarter of 2012. During the first quarter of 2013, Kumtor's mill head grade averaged 2.69 g/t with a recovery of 74.1%, compared with 1.98 g/t and a recovery of 72.6% for the same quarter in 2012. Tonnes processed were approximately 1.5 million for the first quarter of 2013, 18% higher than the comparative period in 2012 which was impacted by lower mill operating time due to the 10-day work stoppage and resulting re-start period.

Beginning in mid-March, the rate of movement of the Davidov Valley Waste-rock Dump (Central Valley Waste Dump) increased beyond the anticipated rate, requiring acceleration to the planned demolition of the administration and workshop buildings and relocation of certain other infrastructure. Employees in the affected buildings have been moved to temporary work locations until new facilities are constructed. Planned gold production has not been affected. The rate of acceleration is being monitored and an alternative long-term waste-rock dumping plan is being finalized.

Operating cash cost per ounce produced in the first quarter of 2013 decreased to \$452 compared to \$642 per ounce in the comparative period of 2012. The decrease in 2013 reflects the impact of higher production levels, as a result of processing material with higher mill head grades and recoveries. This was partially offset by higher operating costs described below. Operating cash costs per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

In the first quarter of 2013, operating cash costs including capitalized stripping and ice unloading at Kumtor (see "Non-GAAP Measures") increased by \$10.7 million due to higher mining costs, which increased by \$9.6 million. Higher mining costs in the first quarter of 2013 were the result of increased operating days, which resulted in increased consumption of consumables such as diesel, tires and maintenance, as compared to the same period in 2012 which was effected by a 10-day work stoppage. Labour costs in the first quarter 2013 increased as a result of the new 2-year Collective Bargaining Agreement which was ratified in December 2012.

All-in cash costs per ounce produced pre-tax were \$1,359 in the first quarter of 2013 compared to \$2,934 in the same quarter of 2012. The decrease is due to both higher production and a reduction in growth capital spending. During the comparative period in 2012 Kumtor expanded the mining fleet at a cost of \$77.1 million or \$1,270 per ounce produced. The impact of the expanded mining fleet in 2012 was partially offset by lower operating costs and capitalized stripping as the operating time in 2012 was reduced by ten days due to the work stoppage.

Including revenue-based taxes, Kumtor's all-in cash costs per ounce produced for the first quarter of 2013 was \$1,591 compared to \$3,183 in the comparative quarter of 2012. All-in cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

Exploration expenditures totaled \$2.4 million for the first quarter of 2013, compared to \$2.2 million reported in the first quarter 2012.

Capital expenditures spent and accrued in the first quarter of 2013 at Kumtor amounted to \$102.2 million which includes \$11.7 million of sustaining capital, \$16.1 million invested in growth capital primarily for the fleet expansion (\$13 million) and \$74.3 million for capitalized stripping. Capital expenditures in the comparative quarter of 2012 totaled \$126.2 million, consisting of \$5.5 million of sustaining capital and \$120.7 million of growth capital including \$33.4 million of capitalized stripping.

### **Boroo/Gatsuurt**

At the Boroo mine in Mongolia, gold production was 25,602 ounces of gold in the first quarter of 2013 compared to 11,848 ounces of gold in the first quarter of 2012. The gold production increase of 13,754 ounces was mainly due to the resumption of activities at the heap leach operation, which contributed 10,372 ounces, and the processing of higher grades of ore through the mill, which contributed 15,230 ounces, partially offset by lower recoveries in 2013. Mill head grades averaged 1.54 g/t with a recovery of 54% in 2013, compared to 0.77 g/t with a recovery of 79% in the first quarter of 2012.

The Boroo mill processed stockpiled ore in the first quarter of 2013 which was refractory in nature, resulting in lower recoveries (54% compared to 79.2%) than during the same period of 2012 when the mill processed non-refractory lower grade ore.

Operating cash costs at Boroo (see “Non-GAAP Measures”) increased by \$3 million in the first three months of 2013 compared to the same period in 2012 due to the \$2.5 million of costs associated with the heap leach operations which re-commenced in October 2012, as well as increased production taxes and royalties as a result of higher gold sales revenues.

Operating cash costs per ounce produced in the first quarter of 2013 was \$535 compared to \$905 per ounce in the same period of 2012. The decrease of 41% was a result of a 116% increase in production partially offset by higher operating costs resulting primarily by the resumption of heap leaching operations. Total operating cash costs per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

Boroo’s all-in cash costs per ounce produced (pre-tax) for the first quarter of 2013 was \$582 and included all costs directly related to gold production except for income tax paid in Mongolia. The same all-in cash costs measure for the first quarter of 2012 was \$1,179 per ounce produced. The decrease in the all-in cash costs was primarily the result of the increase in production, reflecting the resumption of heap leaching operations and no mining activity in the first quarter of 2013. In the comparative quarter of 2012, mining costs accounted for \$234 per ounce produced.

Including income tax, Boroo’s all-in cash costs per ounce produced for the first quarter of 2013 was \$782 compared to \$1,311 in the comparative quarter of 2012. All-in cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

During the first quarter of 2013, exploration expenditures in Mongolia were \$1 million down from \$2.1 million in the same period of 2012.

Capital expenditures spent and accrued at Boroo in the first quarter of 2013 decreased to \$1.2 million compared to \$3.7 million in the same period of 2012. 2013 capital primarily relates to tailings dam construction (\$0.3 million) and mobile component change outs (\$0.4 million), whereas in the first quarter of 2012, \$3.3 million was related to capitalized stripping of Pit 6.

The Gatsuurt project remained under care and maintenance in the first quarter of 2013 due to continued delays in permitting resulting from the Water and Forest Law which prohibits mining and exploration activities in water basin and forested areas. Further development of the project is subject to resolution of the impact of the Water and Forest Law on the Gatsuurt project, and receiving all required approvals and regulatory commissioning from the Mongolian Government. See “Other Corporate Developments- Mongolia”.

## 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/Q1-2013\\_CG\\_exploration.pdf](http://media3.marketwire.com/docs/Q1-2013_CG_exploration.pdf) or visit the Company’s web site at: [www.centerragold.com](http://www.centerragold.com).*

## Kyrgyz Republic

During the first quarter of 2013, exploration drilling was confined to the Central Pit.

For the discussion on the quality assurance program, please see “Qualified Person & QA/QC” elsewhere in this news release.

## Kumtor Pit

In the Central Pit, 14 drill holes were completed during the first quarter. Drilling focused on infilling portions of the SB Zone inferred resource below the planned KS-13 pit bottom on Sections 18, 30 and 38, and on extending the limits of the “Hockey Stick” Zone on Sections -42, -46 and -50.

Three holes were drilled to infill the SB Zone inferred underground resource on Sections 30, 18 and 38, respectively. All three holes intersected broad zones of mineralization below the KS-13 pit design. D1695 intersected mineralization on Section 30 approximately 200 metres below the bottom of the KS-13 pit design. Better results include:

D1695	4.7 g/t gold over 15.8 metres and 3.3 g/t gold over 48.9 metres
D1696	4.3 g/t gold over 58.3 metres (including 14.6 g/t gold over 6.6 metres)
D1698	3.5 g/t gold over 55.8 metres

Three holes were drilled on Section -42 in the “Hockey Stick” Zone, a separate ore zone west of the SB Zone. D1702 intersected 7.9 g/t gold over 20.4 metres, including 18.8 g/t gold over 5.6 metres, approximately 50 metres below the KS13 pit design. D1707 encountered 4.4 g/t gold over 24.7 metres approximately fifty metres down dip from D1702, and D1710 intersected 5.3 g/t gold over 45.1 metres, including 12.0 g/t gold over 5 metres at the base of the KS-13 pit design.

Further west on Section -46, D1700 intersected 1.7 g/t gold over 14.3 metres and 4.8 g/t gold over 5.8 metres near the bottom of the KS-13 pit design. Forty metres down dip and below the pit design, D1704 intersected 3.6 g/t gold over 9.3 metres, 2.0 g/t gold over 10.7 metres, 9.8 g/t gold over 5.5 metres, and 4.6 g/t gold over 3.3 metres. Eighty metres further down dip, D1711 intersected 2.9 g/t gold over 26 metres.

Four holes were completed on Section -50, the western limit of drilling from within the Central Pit. D1699 returned 3.0 g/t gold over 6.9 metres and 11.2 g/t gold over 3.1 metres at the bottom of the KS-13 pit design. Approximately forty metres below the pit design, D1703 intersected 2.4 g/t gold over 11.2 metres, 1.9 g/t gold over 7.8 metres and 2.3 g/t gold over 5 metres. Fifty metres further down dip, D1705 returned several intercepts of 1-2 g/t gold over drilled intervals of 3 to 13 metres. D1709 intersected 7.0 g/t gold over 11.1 metres approximately 150 metres below the KS-13 pit bottom.

The infill drilling of the SB Zone inferred underground resource will not materially impact the current resource estimate. Results from the Hockey Stick Zone on Sections -42, -46 and -50 extend the known limits of mineralization and will have a modest positive impact on future resource estimates.

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

A complete listing of the drill results and supporting maps for the Kumtor pit have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at [www.sedar.com](http://www.sedar.com) and are available at the Company's web site at: [www.centerragold.com](http://www.centerragold.com).

## **Turkey** **Öksüt Project**

Nine drill holes were completed before shutting down the drill program in early February due to winter weather conditions. Seven of the nine holes were completed at Ortaçam North to infill wide-spaced drilling, and two holes were drilled at the smaller Ortaçam deposit. Better results received during the quarter include:

ODD95 (infill):	0.9 g/t gold over 82.4 metres
ODD97 (infill):	1.2 g/t gold over 259.0 metres
ODD98 (infill):	1.0 g/t gold over 150.8 metres
ODD99 (Ortaçam):	1.4 g/t gold over 39.0 metres and 2.2 g/t gold over 12.6 metres (EOH)
ODD100 (infill):	2.4 g/t gold over 176.0 metres
ODD101 (infill):	0.5 g/t gold over 78.0 metres (EOH)
ODD102 (infill):	0.6 g/t gold over 128.0 metres
ODD103 (infill):	0.8 g/t gold over 51.0 metres and 0.8 g/t gold over 68.0 metres
ODD104 (infill):	1.4 g/t gold over 10.7 metres and 0.7 g/t gold over 66.0 metres

The infill drilling at the Ortaçam North and Ortaçam deposits agree well with the Öksüt resource model developed at year-end 2012 and announced in February 2013.

Drilling will resume next quarter with a program of metallurgical holes to provide material for more column leach test work, as well as a program to test the eastern and southern limits of the Ortaçam North deposit and the eastern limits of the Ortaçam deposit. Work will also focus on converting inferred material to measured and indicated categories. Exploration drilling is also planned for other targets on the Öksüt licenses.

True widths for the mineralized zones are from 50% to 90% of the stated intercept.

A complete listing of the drill results and supporting maps for the Öksüt project have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at [www.sedar.com](http://www.sedar.com) and are available at the Company's web site at: [www.centerragold.com](http://www.centerragold.com).

## **Russia**

### **Kara Beldyr Joint Venture**

Eleven drill holes were completed during the quarter to infill portions of the Camp Zone. A single hole was also completed at the Camp Zone NE target located 600 metres northeast of Camp Zone. Better results received during the quarter include:

KB-167	1.5 g/t gold over 4.5 metres 1.9 g/t gold over 3.8 metres 2.7 g/t gold over 6.3 metres
KB-168	1.7 g/t gold over 9.6 metres 4.7 g/t gold over 2 metres 8.9 g/t gold over 1.1 metres
KB-169	1.7 g/t gold over 8.2 metres 10.2 g/t gold over 2.0 metres
KB-170:	4.6 g/t gold over 1.0 metres 22.5 g/t gold over 1.0 metres
KB-171:	6.9 g/t gold over 3.9 metres, including 15.1 g/t gold over 1.0 metres
KB-172:	3.4 g/t gold over 8.0 metres
KB-175:	6.9 g/t gold over 3.4 metres including 14.7 g/t gold over 1.0 metres

These results demonstrate continuity between wider-spaced drilling. Drilling will cease at Kara Beldyr early next quarter following completion of two additional holes at Camp Zone NE.

True widths for the mineralized zones are from 20% to 90% of the stated intercept.

A complete listing of the drill results and supporting maps for the Kara Beldyr project have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at [www.sedar.com](http://www.sedar.com) and are available at the Company's web site at: [www.centerragold.com](http://www.centerragold.com).

***To view the graphics, maps/drill sections and complete drill results discussed in this news release, please visit the following link:***[http://media3.marketwire.com/docs/Q1-2013\\_CG\\_exploration.pdf](http://media3.marketwire.com/docs/Q1-2013_CG_exploration.pdf)  
***or visit the Company's web site at:*** [www.centerragold.com](http://www.centerragold.com).

## **Qualified Person & QA/QC**

The exploration information and related scientific and technical information in this news release were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and were prepared, reviewed, verified and compiled by Centerra’s geological and mining staff under the supervision of David Groves, Certified Professional Geologist, Centerra’s Vice-President, Global Exploration, who is the qualified person for the purpose of NI 43-101. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the exploration drilling programs are done consistent with industry standards and independent certified assay labs are used with the exception of the Kumtor project as described in its technical report (see below).

The production information and related scientific and technical information in this news release, including the production estimates were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 and were prepared, reviewed, verified and compiled by Centerra’s geological and mining staff under the supervision of Dan Redmond, Ontario Professional Geoscientist, Centerra’s Director, Technical Services – Mining, who is the qualified person for the purpose of NI 43-101.

The Kumtor deposit is described in a technical report dated December 20, 2012, which is filed on SEDAR at [www.sedar.com](http://www.sedar.com). The technical report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site are described in the technical report.

## **Other Corporate Developments**

The following is a summary of corporate developments with respect to matters affecting the Company and its subsidiaries in the Kyrgyz Republic, Mongolia and Canada:

### **Kyrgyz Republic**

Since the Company’s most recent MD&A prepared as of February 20, 2013, there have been several developments with respect to actions taken by the Kyrgyz Republic Parliament ( “Parliament”) and the Kyrgyz Republic Government ( “Government”) that impact upon Kumtor and the agreements that govern the Kumtor Project (the “Kumtor Project Agreements”). In particular, the following developments occurred in the Kyrgyz Republic, which will be discussed in greater detail below:

- (i) On February 21, 2013, the Parliament adopted Resolution #2805 (“Resolution #2805”), which among other things, recommends that the Government ensure the continuous operation of the Kumtor mine, and within three months of the date of the resolution, conduct negotiations with Centerra with a view to revising the Kumtor Project Agreements to return to conditions that existed prior to the restructuring of the project in 2003, but subject to the application of the current Kyrgyz legislation, and to enter into new agreements. The resolution calls on the Government to report back to Parliament by June 1, 2013 on the implementation of the instructions set out in Resolution #2805;

- (ii) Kumtor received on February 21, 2013, a claim from the State Agency for Environmental Protection and Forestry (“SAEPF”) relating to alleged environmental damages at the Kumtor Project for an amount of approximately \$315 million. This claim is in addition to the claims received by Kumtor in December 2012 for an aggregate amount of approximately \$152 million (described in the Company’s news releases dated December 14, 2012 and February 20, 2013);
- (iii) On March 12, 2013, the Government adopted decree #127 (“Decree #127”) to implement the instructions set out in the Parliamentary Resolution #2805. Decree #127, among other things, establishes an advisory council for conducting consultations and negotiations with Centerra on the Kumtor Project to find mutually acceptable solutions on further implementation of the Kumtor Project;
- (iv) On April 9, 2013, an initiative group chaired by Mr. Beknazarov A.A. submitted a draft law (the “Law on Denunciation”) for consideration by Parliament. The draft law “denounces” the Agreement on New Terms for the Kumtor Project (“ANT”) entered into on April 24, 2009, and recognizes as invalid all other agreements associated with the ANT, and calls for the Government to bring all of its decisions in accordance with the Law on Denunciation. As of May 8, 2013, the Law on Denunciation has not been considered by Parliament. Based on Kyrgyz media reports, an opposition party in the Parliament, the Respublika faction, has endorsed the Law on Denunciation;
- (v) The previously disclosed dispute with the Kyrgyz Republic Social Fund (the “Social Fund”) regarding the Social Fund’s efforts to invalidate previously issued acts (assessments) on Kumtor for the years 2004-2009 (see Company’s news release of August 1, 2012) was heard by the Kyrgyz Republic Supreme Court in May 2013. The Supreme Court dismissed the appeal by the Social Fund and upheld the decision of the lower courts; and
- (vi) On May 3, 2013, the Company announced that a large section of Kumtor’s principal waste-rock dump, the Davidov Valley Waste-rock Dump (Central Valley Waste Dump), was experiencing a greater than anticipated rate of movement, requiring the Company to accelerate the planned demolition of the buildings and relocation of certain other infrastructure and to develop an alternative long-term waste-rock dumping plan for approval by relevant Kyrgyz Republic authorities.

The Company addresses these developments in detail below. Reference should also be made to the historical information contained in the Company’s Annual Information Form for the year-ended December 31, 2012 (the “2012 Annual Information Form”). The Company believes that the Kumtor Project Agreements are legal, valid and enforceable obligations. The Kumtor Project Agreements were reviewed and approved by the Government and the Parliament, and were the subject of a positive decision of the Kyrgyz Republic Constitutional Court and a legal opinion by the Kyrgyz Republic Ministry of Justice. The Company has been in discussions with the Government with the objective of resolving these outstanding concerns through constructive dialogue. However, there can be no assurances that the Company will be able to successfully resolve any or all of these matters currently affecting the Kumtor Project. There can also be no assurance that the Government and/or Parliament will not take actions that are inconsistent with the Kyrgyz Republic’s obligations under the Kumtor Project Agreements or cancel government decrees, orders or licenses under which

Kumtor currently operates. Any such actions could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. See "Material Assumptions & Risks" and "Cautionary Note Regarding Forward-looking Information" below. For further information on risk factors relevant to Centerra and its operations, please see "Risk Factors" in the 2012 Annual Information Form.

### **Parliamentary Resolution #2805**

In connection with its consideration of the report from the State Commission established to inspect and review Kumtor's compliance with Kyrgyz operational and environmental laws and regulations and community standards, the Parliament adopted Resolution #2805 ("Resolution #2805") on February 21, 2013 regarding the Kumtor Project. The resolution recommends that the Government ensure the continuous operation of the Kumtor mine, and within three months of the date of the resolution, conduct negotiations with Centerra with a view to revising the Kumtor Project Agreements to return to conditions that existed prior to the restructuring of the project in 2003, but subject to the application of current Kyrgyz legislation, and to enter into new agreements on these terms. Resolution #2805 also provides recommendations and orders to the Kyrgyz Republic General Prosecutor's Office and the Kyrgyz Republic National Security Committee (as further discussed below). The resolution set a deadline of June 1, 2013 for the Government, the Kyrgyz Republic General Prosecutor's Office and the Kyrgyz Republic National Security Committee to provide Parliament with information related to the implementation of the State Commission's recommendations and Resolution #2805.

Resolution #2805 states that if the parties cannot agree on mutually acceptable terms within such three month time period, the Government shall take certain actions with respect to the Kumtor Project, including among other things, to:

- (i) invalidate the legislation enacted by Parliament in 2009 approving the Kumtor Project Agreements, and to unilaterally terminate the Kumtor Project Agreements;
- (ii) invalidate the legislation enacted by Parliament in 2009 amending the Kyrgyz Republic Tax Code (which provides for the tax regime set out in the Kumtor Project Agreements);
- (iii) confiscate land plots in connection with the adoption of Government Decree, "On abolition of the Government Decree on allocation of lands to the Kumtor Gold Company CJSC dated March 25, 2010", approved by the Government Decree dated July 5, 2012. (This March 25, 2010 Decree granted Kumtor surface rights in relation to the Kumtor Project. See Centerra's news release dated July 6, 2012.); and
- (iv) authorize the State Inspectorate Office for Environmental and Technical Safety ("SIETS") to take measures to have Kumtor Operating Company pay fines and other charges for violations of environmental, mining and geological and subsoil legislation. (See Centerra's news releases dated December 14, 2012 and February 21, 2013 for information on significant claims received from SIETS on alleged environmental violations for an aggregate total of approximately \$467 million.)

In Resolution #2805, Parliament also requests that the Government develop and submit to Parliament for consideration certain matters, including the following:

- (i) draft amendments to existing legislation or draft new legislation relating to biosphere territories, the protection and preservation of glaciers, and prohibiting the placement of pollutants on glaciers;
- (ii) provide for the obligation of Kumtor to develop a technical plan on reclamation of the Kumtor Project in accordance with Kyrgyz legislation and to determine funding for reclamation based on such plan and to enforce this obligation;
- (iii) for the entire period of the Kumtor Project, to invoice Kumtor for the use of water and make Kumtor pay for changes in the glacial regime and disposal of waste; and
- (iv) when negotiating with Centerra and Kumtor Operating Company, to require that goods and services be purchased for the Kumtor Project in the domestic market.

The resolution instructs the General Prosecutor's Office and the National Security Committee to investigate allegations that Kumtor deliberately understated reserves, including silver and tellurium.

#### **Additional Environmental Claim**

As previously disclosed, Centerra's operating subsidiary, Kumtor Operating Company CJSC, received on February 21, 2013, a claim from the State Agency for Environmental Protection and Forestry ("SAEF") relating to alleged environmental damages at the Kumtor Project. This claim is in addition to the five environmental claims that Kumtor received in December 2012 for an aggregate amount of \$152 million (see the Company's news releases dated December 14, 2012 and February 20, 2013 for information on these five claims). The claim issued by SAEF is for approximately \$315 million for alleged damage in relation to waste placed in the tailings management facility, waste rock dumps, and for the generation, management and treatment of other types of wastes. The claim covers the period from 1996 to 2011. Similar to the five claims received by the Kumtor Project in December 2012, the claim by SAEF references the review of the Kumtor Project carried out by the environmental and technical working group of the Kyrgyz Republic State Commission.

The Company is studying the claim but believes that the allegations contained in the claim are exaggerated or without merit. Centerra's Kumtor Project complies with Kyrgyz Republic laws on environmental, safety and health standards. The Kumtor Project has been the subject of systematic audits and investigations over many years by Kyrgyz and international experts. In particular, in August 2012, the Safety, Health and Environment Committee of the Board of Directors of Centerra engaged an independent internationally recognized consultant to carry out a due diligence review of Kumtor's performance on safety, health and environmental matters. The report issued in October 2012 concluded that "no major or materially significant environmental issues were identified" at Kumtor. The review focused on numerous environmental areas, including waste management and environmental management systems. The report can be found on the Kumtor website at <http://www.kumtor.kg/en/> under the "Environment" section (under "Reports").

The Company notes that the Kumtor Project Agreements provide a complete listing of all taxes and payments to be made to the Government, 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. Centerra also notes that, as part of the Kumtor Project Agreements signed in 2009,

Centerra, Kumtor and the Government, among other parties, entered into a release agreement on June 6, 2009 (the “Release Agreement”). Pursuant to the Release Agreement, the parties agreed to release each other from any claims, including any legal, tax and fiscal matter, in respect of any matter arising or existing prior to June 6, 2009, whether such matters were known or unknown as of June 6, 2009, subject to certain exemptions which are not applicable in the circumstances, including an exemption for “unknown environmental damage” as defined in the ANT.

### **Government Decree #127**

In order to implement Resolution #2805, the Government adopted Decree #127 on March 12, 2013 (“Decree #127”). Decree #127, among other things, establishes an advisory council for conducting consultations and negotiations with Centerra on the Kumtor Project to find mutually acceptable solutions on further implementation of the Kumtor Project. The advisory council is comprised of Government officials, including the Prime Minister Satybaldiev.

Decree#127 also instructed various Government ministries to take actions with respect to the Kumtor Project, including compiling an inventory of Government decisions issued from 1992 to 2012 providing allotment of land parcels for the Kumtor Project, and ensuring “efficiency of management” of shares in Centerra held by Kyrgyzaltyn JSC (“Kyrgyzaltyn”). Kyrgyzaltyn is also permitted to engage international legal and financial services firms to represent the Government interests during consultations and negotiations with Centerra.

### **Draft Law to Invalidate the Kumtor Project Agreements**

On April 9, 2013, an initiative group chaired by Mr. Beknazarov A.A. submitted the Law on Denunciation for consideration by Parliament. The draft law “denounces” the Agreement on New Terms for the Kumtor Project (“ANT”) entered on April 24, 2009, and recognizes as invalid all other agreements associated with the ANT, and calls for the Government to bring all of its decisions in accordance with the Law on Denunciation. As of May 8, 2013, the Law on Denunciation has not been considered by Parliament. Based on Kyrgyz media reports, the Respublika faction, an opposition party in the Parliament has endorsed the Law on Denunciation.

### **Kyrgyz Republic Social Fund Dispute**

As previously disclosed, the Social Fund commenced a claim in the Kyrgyz courts to invalidate documentary acts (assessments) issued by the Social Fund for the years 2004-2009. The claim was commenced by the Social Fund in late 2012. The matter was argued before the Bishkek Interdistrict court on procedural matters in August 2012, which resulted in the matter being dismissed. The dismissal was subsequently appealed by the Social Fund and argued before the Bishkek City Court in November 2012, where the Social Fund claims were again dismissed. The Social Fund appealed the decision of the Bishkek City Court to the Kyrgyz Republic Supreme Court which heard the matter in March 2013. The Supreme Court dismissed the Social Fund’s appeal and upheld the decision of the lower court.

For a further discussion regarding the Social Fund claim and the dispute for the 2010 taxation year regarding the payment of Social Fund contributions on the high altitude coefficient, please see the 2012 Annual Information Form.

## **Mongolia**

Centerra continues to be in discussions with the Mongolian Government regarding the development of the Gatsuurt property. Centerra remains reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the Mongolian Water and Forest Law having a limited impact on the Gatsuurt project, in particular, and other of the Company's Mongolian activities, including the ATO deposit. As previously disclosed, the Mongolian Water and Forest Law prohibits mineral prospecting, exploration and mining in water basins and forestry areas in Mongolia.

There can be no assurance, however, that the Mongolian Water and Forest Law will have a minimal impact on Centerra's Mongolian operations. Unless the Water and Forest Law is repealed or amended such that the law no longer applies to the Gatsuurt project or Gatsuurt is designated as a "mineral deposit of strategic importance" that is exempt from the Water and Forest Law, mineral reserves at Gatsuurt may have to be reclassified as mineral resources or eliminated entirely and the Company may be required to write-off the associated investment in Gatsuurt and Boroo (where Gatsuurt ore was planned to be milled).

## **Corporate**

The claim commenced in March 2011 by a Turkish company, Sistem Muhenkislik Insaat Sanayi Ticaret SA ("Sistem") which alleges that the shares in Centerra owned by Kyrgyzaltyn are, in fact, legally and beneficially owned by the Kyrgyz Republic and continues to be subject to proceedings in the Ontario courts. Centerra is not a party to the proceedings, but understands that the matter is being scheduled for consideration on its merits.

Centerra continues to be subject to an Ontario court decision dated September 5, 2012 as amended November 23, 2012 (the "Court Order") whereby Centerra is required to hold in trust, to the credit of the Sistem court proceeding, Kyrgyzaltyn's portion of dividends payable on shares of Centerra, up to a maximum of Cdn\$11.2 million. The Court Order is effective until the resolution of the court proceedings. As of April 30, 2013, Centerra holds in trust Cdn\$8.8 million of dividend payments, and Cdn\$27 thousand in interest income. The Court Order also places certain restrictions on 4 million of the Centerra shares held by Kyrgyzaltyn, including restrictions on the transfer or encumbrance of such shares. The Centerra shares pledged by Kyrgyzaltyn to Kumtor Gold Company and Kumtor Operating Company as security for payments due from Kyrgyzaltyn under the Restated Gold and Silver Sale Agreement dated as of June 6, 2009 are not subject to the Court Order. For a further discussion regarding the Sistem court matter and the Court Order, please see the 2012 Annual Information Form.

For a full discussion of risk factors that could have a material effect on the profitability, future cash flow, earnings, results of operations, stated mineral reserves or financial conditions of the Company, please see "Risk Factors" in the 2012 Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com) and see also the discussion below under the heading "Cautionary Note Regarding Forward-looking Information".

## 2013 Outlook

The Company is monitoring the recent fluctuations in the gold price and assessing their impact on its operations. The Company is in the process of reviewing its spending plans for 2013, which may result in a delay of some capital expenditures to future years and a reduction of planned expenditures for some discretionary spending including exploration, business development, and community investments.

Centerra's 2013 gold production and operating cash costs are unchanged from the previous guidance disclosed in the Company's news release of February 20, 2013. The forecast for the all-in cash costs unit measure has been revised as explained below. The new ranges are as follows:

	<b>2013 Production Forecast</b> (ounces of gold)	<b>2013 Operating Cash Costs<sup>(1)</sup></b> (\$ per ounce produced)	<b>2013 All-in Cash Cost (pre-tax)<sup>(2)</sup></b> (\$ per ounce produced)
Kumtor	550,000 – 600,000	\$342 – 373	\$853 – 931
Boroo	55,000 – 60,000	\$1,055 – 1,151	\$1,225 – 1,336
<b>Consolidated</b>	<b>605,000 – 660,000</b>	<b>\$406 – 443</b>	<b>\$1,053 – 1,149</b>

(1) Operating cash costs per ounce produced is a non-GAAP measure and includes mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes depreciation, depletion and amortization, reclamation costs, financing costs, capital investments, community investments, exploration expenses and corporate general and administrative expenses.

(2) All-in cash costs (pre-tax) per ounce produced is a non-GAAP measure and includes operating cash costs, sustaining and growth capital, corporate general and administrative expenses, global exploration expenses, and community investments, but excludes revenue-based taxes at Kumtor and income taxes.

## 2013 Production

Centerra's 2013 consolidated gold production is forecast to be in the 605,000 to 660,000 ounce range, which is unchanged from the previous guidance.

In 2013, approximately 55% of Kumtor's gold production is expected to occur in the fourth quarter creating a potential variability to Kumtor's 2013 production guidance. Centerra estimates that the Kumtor mine will produce between 550,000 and 600,000 ounces in 2013, which is unchanged from the previous guidance. Ore production in the fourth quarter is planned to come from the high-grade SB Zone ore that has several years of production history. The high-grade ore from the SB Zone is only available for mining at the end of the third quarter when it is exposed by Cut Back 15.

At the Boroo mine, gold production is forecast to be approximately 55,000 to 60,000 ounces, which is unchanged from the previous guidance. The Boroo production includes about 24,000 ounces from heap leaching and 36,000 ounces from processing mill stockpiles. The Boroo mill is expected to process ore stockpiles during the year with an average grade of 0.90 g/t. The 2013 forecast assumes no mining activities at Boroo and Gatsuurt, and no gold production from Gatsuurt.

### 2013 All-in Unit Cash Costs:

Centerra's 2013 all-in cash costs (pre-tax) per ounce before revenue-based tax at Kumtor and current income tax at Boroo has been revised from the previous guidance disclosed in the Company's news release of February 20, 2013 to a range of \$1,053 to \$1,149 per ounce, due to the Company reducing its planned exploration expenditures from \$45 million to \$40 million. The Company has also revised its estimates of revenue-based tax at Kumtor and current income tax at Boroo due to a lower gold price assumption forecasted for the last three quarters of 2013 from \$1,700 per ounce sold to \$1,450 per ounce sold. Based on its revised estimates, the Company is forecasting all-in unit production costs as follows:

	<b>Kumtor</b>	<b>Boroo</b>	<b>Consolidated</b>
	\$ per ounce produced	\$ per ounce produced	\$ per ounce produced
Operating cash costs <sup>1</sup>	\$342 – 373	\$1,055 – 1,151	\$406 – 443
Capitalized stripping costs - cash	354 – 386	-	322 – 351
<b>Operating cash and stripping costs</b>	<b>\$696 – 759</b>	<b>\$1,055 – 1,151</b>	<b>\$728 – 794</b>
Sustaining capital (cash)	105 – 115	170 – 185	113 – 124
Growth capital (cash)	52 – 57	-	49 – 53
<b>Operating cash costs including capital</b>	<b>\$853 – 931</b>	<b>\$1,225 – 1,336</b>	<b>\$890 – 971</b>
Corporate and other cash costs <sup>2</sup>	-	-	163 – 178
<b>All-in cash costs (pre-tax)<sup>1</sup></b>	<b>\$853 – 931</b>	<b>\$1,225 – 1,336</b>	<b>\$1,053 – 1,149</b>
Revenue-based tax and income tax <sup>3</sup>	\$203 – 222	\$96 – 105	\$194 – 211
<b>Total all-in cash cost including taxes<sup>1,3</sup></b>	<b>\$1,056 – 1,153</b>	<b>\$1,321 – 1,441</b>	<b>\$1,247 – 1,360</b>

1. Operating cash costs, all-in cash costs (pre-tax) and total all-in cash costs including taxes per ounce produced are non-GAAP measures and are discussed under "Non-GAAP Measures".
2. Corporate and other cash costs per ounce produced include corporate general and administrative expenses, global exploration expenses, and community investments.
3. Revenue-based tax and income tax are calculated on ounces sold and reflect actuals for the first quarter 2013 and a gold price assumption of \$1,450 per ounce for the last three quarters of 2013.

### 2013 Exploration Expenditures:

Exploration expenditures of approximately \$40 million are now planned for 2013, a decrease of \$5 million from earlier forecasts. All of the decrease will occur at Kumtor, where limited pit access due to mining activity will result in decreased drilling activity for the year. Exploration expenditures at Kumtor are now estimated at \$8.5 million, a decrease of \$5.0 million from the original 2013 budget.

In Mongolia, approximately \$6.8 million is allocated for exploration programs at the Altan Tsagaan Ovoo ("ATO") project and in the greater ATO district.

Exploration spending in Turkey will increase to approximately \$9 million as work focuses on expanding and upgrading the Öksüt gold deposit resource, advancing on-going metallurgical testwork and initiating detailed environmental and technical project studies. Funds are also allocated to a number of early-stage exploration projects in Turkey and Cyprus.

In Russia, drilling programs will continue on the Dvoynoy and Umlekan Joint Ventures in the Amur region. Expenditures in Russia are expected to total approximately \$6.5 million in 2013.

A China 2013 exploration program of \$2 million will fund the drilling of targets developed on the Laogouxi Joint Venture project and generative exploration programs in several prospective areas. Generative programs will also continue in Central Asia, Russia and Turkey and in several new regions to increase the Company's pipeline of projects.

### **2013 Capital Expenditures**

Centerra's capital expenditures for 2013, excluding capitalized stripping, are unchanged from the previous guidance and estimated to be \$107 million, including \$75 million of sustaining capital and \$32 million of growth capital,

Capital expenditures (excluding capitalized stripping) include:

<b>Projects</b>	<b>2013 Growth Capital</b> (millions of dollars)	<b>2013 Sustaining Capital</b> (millions of dollars)
Kumtor mine	\$31	\$64
Mongolia	\$1	\$10
Corporate	-	\$1
<b>Consolidated Total</b>	<b>\$32</b>	<b>\$75</b>

#### ***Kumtor***

At Kumtor, 2013 total capital expenditures, excluding capitalized stripping, are forecast to be \$95 million including \$64 million of sustaining capital. The largest sustaining capital spending will be the major overhaul maintenance of the heavy duty mine equipment (\$29 million), purchase of new mining equipment (\$17 million), tailings dam construction raise (\$5 million) and other items (\$13 million).

Growth capital investment at Kumtor for 2013 is forecast at \$31 million, which includes the relocation of certain infrastructure at Kumtor related to the KS-13 life-of-mine expansion (\$26 million) and other items (\$5 million). The cash component of capitalized stripping costs related to the development of the open pit are expected to be \$212 million in 2013.

#### ***Mongolia (Boroo and Gatsuurt)***

At Boroo, 2013 sustaining capital expenditures are expected to be \$10 million primarily for raising the tailings dam at Boroo (\$6 million) and maintenance rebuilds and overhauls.

Growth capital for the Gatsuurt deposit is forecast at \$1 million, related to environmental studies.

### **2013 Corporate Administration and Community Investment**

Corporate and administration expenses for 2013 are unchanged from the previous guidance and forecast at \$45 million, which includes \$7 million for business development activities.

Total community investments for 2013 are unchanged from the previous guidance and forecast at \$27.5 million, which include \$7.5 million for donations and sustainable development projects in the various communities in which Centerra operates and \$20 million for strategic community investment projects. Note that these costs are not included in operating cash costs.

## Taxes

Pursuant to the Restated Investment Agreement, Kumtor's operations are not subject to corporate income taxes. The agreement replaced the prior tax regime applicable to the Kumtor Project with a simplified tax regime effective January 1, 2008. This simplified regime, which assesses tax at 13% on gross revenue (plus 1% for the Issyk-Kul Oblast Development Fund effective January 2009), was approved and enacted by the Parliament of the Kyrgyz Republic on April 30, 2009.

The corporate income tax rate for Centerra's Mongolian subsidiary, Boroo Gold Company, is 25% for taxable income over 3 billion Mongolian tugriks (approximately \$2.1 million at the March 31, 2013 end-of-day foreign exchange rate) with a tax rate of 10% for taxable income up to that amount while the royalty rate is 5%. These income tax and royalty rates will continue to apply until the termination of the Boroo Stability Agreement in July 2013. Upon termination of the Boroo Stability Agreement, Boroo Gold Company's corporate income tax rate will not change, and its royalty rate will vary from 5% to 10%, depending on the price of gold per ounce in U.S. dollars at the time of sale.

Production, cost and capital forecasts for 2013 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed herein under the headings "Material Assumptions & Risks" and "Caution Regarding Forward-Looking Information" and under the heading "Risk Factors" in the Company's 2012 Annual Information Form.

## Sensitivities:

Centerra's revenues, earnings and cash flows for 2013 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	4.1	26.8	22.7	22.7
Diesel Fuel <sup>(1)</sup>	10%	8.0	-	8.0	8.0
Kyrgyz som <sup>(2)</sup>	1 som	1.5	-	1.5	1.5
Mongolian tugrik <sup>(2)</sup>	25 tugrik	0.3	-	0.3	0.3
Canadian dollar <sup>(2)</sup>	10 cents	2.2	-	2.2	2.2

<sup>(1)</sup> a 10% change in diesel fuel price equals \$15/oz produced

<sup>(2)</sup> appreciation of currency will result in higher costs and lower cash flow and earnings, depreciation of currency results in decreased costs and increased cash flow and earnings

## Material Assumptions & Risks:

Material assumptions or factors used to forecast production and costs for 2013 include the following:

- a gold price of \$1,450 per ounce,
- exchange rates:
  - \$1USD:\$0.97 CAD
  - \$1USD:48.0 Kyrgyz som
  - \$1USD:1,375 Mongolian tugriks
  - \$1USD:0.77 Euro
- diesel fuel price assumption:
  - \$0.75/litre at Kumtor
  - \$1.33/litre at Boroo

The assumed diesel price of \$0.75/litre at Kumtor assumes that no Russian export duty will be paid on the fuel exports from Russia to the Kyrgyz Republic. Diesel fuel is sourced from separate Russian suppliers for both sites and only loosely correlates with world oil prices. The diesel fuel price assumptions were made when the price of oil was approximately \$110 per barrel.

Other material assumptions include the following:

- any recurrence of political or civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine. No assurances can be given by the Company in this regard,
- the activities of the Parliament and Government, referred to under the heading “Other Corporate Developments – Kyrgyz Republic” do not have a material impact on operations or financial results. No assurances can be given by the Company in this regard,
- the previously disclosed environmental claims received from the Kyrgyz regulatory authorities in the aggregate amount of \$467 million and any further claims that may result from the State Commission, are resolved without material impact on Centerra’s operations or financial results. No assurances can be given by the Company in this regard,
- the movement in the Davidov Valley Waste-rock Dump (Central Valley Waste Dump) at Kumtor will be managed to ensure continued safe operations, without impact to gold production, including the prompt development and approval by Kyrgyz regulatory authorities of alternative waste-rock dumping plans and the successful demolition of buildings and relocation of certain other infrastructure as planned. No assurances can be given by the Company in this regard,
- the activities of the special commission formed to visit the Kumtor mine site and inspect the waste-rock dump movement do not have a material impact on operations or financial results. No assurances can be given by the Company in this regard,
- grades and recoveries at Kumtor will remain consistent with the annual and life-of-mine plans to achieve the forecast gold production,
- the Company is able to manage the risks associated with the increased height of the pit walls at Kumtor,
- the design of the new and expanded waste dumps at Kumtor adequately address the risks associated with size and stability,

- the timing of the infrastructure move not impacting the maintenance of the mobile fleet and its availability,
- the dewatering program at Kumtor continues to produce the expected results and the water management system works as planned,
- the Company is able to satisfactorily manage the ice movement and to unload the ice and waste in the southeast portion of the Kumtor pit,
- prices of key consumables are not significantly higher than prices assumed in planning,
- no unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks,
- the royalty paid by Boroo will vary from 5% to 10% depending on the price of gold per ounce in U.S. dollars at the time of sale after the Boroo stability agreement expires in July 2013 and the current 25% income tax rate remains unchanged, 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 and 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 and the market price of Centerra's shares. See the section entitled "Caution Regarding Forward-looking Information" in this discussion and also the Risk Factors listed in the Company's 2012 Annual Information Form, available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Non-GAAP Measures**

This news release presents information about operating cash costs of production of an ounce of gold produced, all-in cash costs per ounce produced and cost of sales per ounce sold for the operating properties of Centerra. Except as otherwise noted, operating cash costs per ounce produced is calculated by dividing operating cash costs by gold ounces produced for the relevant period. All-in cash costs per ounce produced includes operating cash costs, plus capitalized stripping, plus capital spent and accrued (sustaining and growth capital) divided by gold ounces produced for the relevant period. Cost of sales per ounce sold is calculated by dividing cost of sales by gold ounces sold for the relevant period. Operating cash costs, all-in cash costs per ounce produced, as well as cost of sales per ounce sold are non-GAAP measures.

Operating cash costs include mine operating costs such as mining, processing, administration, royalties and operating taxes (except at Kumtor where revenue-based 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. All-in cash costs includes operating cash costs, plus capitalized stripping and total sustaining and growth capital spent and accrued.

Operating cash costs per ounce produced, all-in cash costs per ounce produced and cost of sales per ounce sold 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 operating cash cost per ounce produced, all-in cash costs per ounce produced and cost of sales per ounce sold may enable investors to better understand year-over-year changes in production costs, which in turn affect profitability and cash flow.

The Company believes an all-in cash cost measure more fully reflects the actual cash cost of producing gold than the former Gold Institute total cash cost measure. The new measure does have limitations as an analytical tool as it may be distorted in periods where significant capital investments are being made to expand for future growth or where significant cash mining costs are being expended on stripping to benefit future periods. This new measure should therefore not be considered in isolation, or as a substitute for, analysis of our results as reported under GAAP.

It should also be noted that the mining industry is in early stages of defining an industry-wide standard on the reporting of “all-in cash costs” hence, the definition adopted by the mining industry may differ from the Company’s current definition. The Company may modify the calculation of its “all-in cash cost” to conform to the industry’s standard once it is known.

Management uses all-in cash cost per ounce produced to evaluate current operating performance and for planning and forecasting of future periods. Management believes that the presentation of this new measure is useful for the investor because it allows investors to view results in a manner similar to the method used by management.

## Operating Cash Cost per Ounce Produced and can be reconciled as follows:

<i>(Unaudited)</i>	Three months ended	
	March 31,	
(\$ millions, unless otherwise specified)	2013	2012
<b><u>Centerra:</u></b>		
Cost of sales, as reported	\$ 91.2	\$ 79.1
Less: Non-cash component	43.8	18.3
Cost of sales, cash component	\$ 47.4	\$ 60.9
Adjust for: Refining fees & by-product credits	(0.1)	(0.2)
Regional office administration	5.6	4.8
Mining Standby Costs	-	4.6
Non-operating costs	-	-
Inventory movement	1.4	(20.5)
Operating cash cost	\$ 54.3	\$ 49.6
Ounces poured - (000)	115.2	72.5
Operating cash cost per ounce produced	\$ 471	\$ 685
<b><u>Kumtor:</u></b>		
Cost of sales, as reported	\$ 66.3	\$ 62.8
Less: Non-cash component	34.1	15.7
Cost of sales, cash component	\$ 32.2	\$ 47.2
Adjust for: Refining fees & by-product credits	(0.1)	(0.2)
Regional office administration	4.1	3.4
Mining Standby Costs	-	4.6
Non-operating costs	-	-
Inventory movement	4.5	16.1
Operating cash cost	\$ 40.6	\$ 38.9
Ounces poured - (000)	89.6	60.7
Operating cash cost per ounce produced	\$ 452	\$ 642
<b><u>Boroo:</u></b>		
Cost of sales, as reported	\$ 24.9	\$ 16.3
Less: Non-cash component	9.7	2.6
Cost of sales, cash component	\$ 15.2	\$ 13.7
Adjust for: Refining fees & by-product credits	-	-
Regional office administration	1.5	1.4
Mining Standby Costs	-	-
Non-operating costs	-	-
Inventory movement	(3.1)	(4.4)
Operating cash cost	\$ 13.7	\$ 10.7
Ounces poured - (000)	25.6	11.8
Operating cash cost per ounce produced	\$ 535	\$ 905

**Total capital and capitalized stripping presented in the All-in Cash Cost calculation can be reconciled as follows:**

<b>First Quarter – 2013 (Unaudited)</b>	<b>Kumtor</b>	<b>Boroo</b>	<b>All other</b>	<b>Consolidated</b>
(\$ millions)				
Capitalized stripping – cash	\$ 53.4	\$ -	\$ -	\$ 53.4
Sustaining capital - cash	11.7	1.2	0.4	13.3
Growth capital - cash	16.1	-	0.1	16.2
Net decrease in accruals included in additions to PP&E	(9.3)	-	-	(9.3)
<b>Total - Additions to PP&amp;E</b>	<b>\$ 71.9</b>	<b>\$ 1.2</b>	<b>\$ 0.5</b>	<b>\$ 73.6<sup>(1)</sup></b>
<b>First Quarter – 2012 (Unaudited)</b>	<b>Kumtor</b>	<b>Boroo</b>	<b>All other</b>	<b>Consolidated</b>
(\$ millions)				
Capitalized stripping – cash	\$ 44.2	\$ 2.8	\$ -	\$ 47.0
Sustaining capital – cash	5.5	0.5	0.1	6.1
Growth capital - cash	89.4	-	-	89.4
Net increase in accruals included in additions to PP&E	1.3	-		1.3
<b>Total - Additions to PP&amp;E</b>	<b>\$ 140.4</b>	<b>\$ 3.2</b>	<b>\$ 0.1</b>	<b>\$ 143.8<sup>(1)</sup></b>

(1) As reported in the Company’s Consolidated Statement of Cash Flows as “Investing Activities – Additions to property, plant & equipment”.

**Corporate and other cash costs presented in the All-in Cash Cost calculation can be reconciled as follows:**

<b>Unaudited</b>	<b>Three months ended</b>	
	<b>2013</b>	<b>2012</b>
(\$ millions)		
Other operating expenses	\$ 1.9	\$ 1.5
Exploration and business development	7.2	8.3
Corporate administration	6.7	8.5
<b>Total Corporate and other cash costs<sup>(1)</sup></b>	<b>\$ 15.8</b>	<b>\$ 18.3</b>

(1) As reported on the Consolidated Statements of Earnings and Comprehensive Income for the reported periods.

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

	<b>March 31, 2013</b>	December 31, 2012
<b>(Expressed in Thousands of United States Dollars)</b>		(Restated)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 253,601	\$ 334,115
Short-term investments	116,327	47,984
Amounts receivable	49,983	75,338
Inventories	255,959	292,565
Prepaid expenses	40,352	49,317
	<u>716,222</u>	<u>799,319</u>
Property, plant and equipment	695,664	625,923
Goodwill	129,705	129,705
Restricted cash	8,843	6,087
Other assets	23,486	23,270
Long-term inventories	9,142	10,094
	<u>866,840</u>	<u>795,079</u>
<b>Total assets</b>	<b>\$ 1,583,062</b>	<b>\$ 1,594,398</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 31,697	\$ 63,940
Short-term debt	74,889	74,617
Revenue-based taxes payable	14,020	18,643
Taxes payable	3,816	5,180
Current portion of provision	5,919	5,257
	<u>130,341</u>	<u>167,637</u>
Dividend payable	8,818	5,949
Provision	49,376	49,911
Deferred income tax liability	1,535	1,808
	<u>59,729</u>	<u>57,668</u>
<b>Shareholders' equity</b>		
Share capital	660,420	660,420
Contributed surplus	18,008	36,243
Retained earnings	714,564	672,430
	<u>1,392,992</u>	<u>1,369,093</u>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,583,062</b>	<b>\$ 1,594,398</b>

**Centerra Gold Inc.**  
**Condensed Consolidated Statements of Earnings and Comprehensive Income**  
**(Unaudited)**

**Three Months ended**  
**March 31,**  
**2013**                      **2012**

<b>(Expressed in Thousands of United States Dollars, except per share amounts)</b>	<b>(Restated)</b>	
<b>Revenue from Gold Sales</b>	<b>\$ 192,251</b>	<b>\$ 133,753</b>
Cost of sales	<b>91,149</b>	79,119
Abnormal mining costs	-	658
Mine standby costs	-	4,584
Regional office administration	<b>5,621</b>	4,797
<b>Earnings from mine operations</b>	<b>95,481</b>	44,595
Revenue-based taxes	<b>20,818</b>	15,083
Other operating expenses	<b>1,946</b>	1,468
Exploration and business development	<b>7,170</b>	8,345
Corporate administration	<b>6,743</b>	8,546
<b>Earnings from operations</b>	<b>58,804</b>	11,153
Other (income) and expenses	<b>1,280</b>	(777)
Finance costs	<b>1,256</b>	916
<b>Earnings before income taxes</b>	<b>56,268</b>	11,014
Income tax expense	<b>4,916</b>	1,462
<b>Net Earnings and comprehensive income</b>	<b>\$ 51,352</b>	<b>\$ 9,552</b>
<b>Basic earnings per common share</b>	<b>\$ 0.22</b>	<b>\$ 0.04</b>
<b>Diluted earnings per common share</b>	<b>\$ 0.21</b>	<b>\$ 0.04</b>

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

**Three Months ended**  
**March 31,**  
**2013**      **2012**

<b>(Expressed in Thousands of United States Dollars)</b>	<b>(Restated)</b>	
<b>Operating activities</b>		
Net earnings	\$ 51,352	\$ 9,552
Items not requiring (providing) cash:		
Depreciation, depletion and amortization	43,900	20,467
Finance costs	1,256	916
Loss on disposal of equipment	9	57
Share-based compensation expense	751	513
Change in long-term inventory	952	-
Change in provision	(67)	-
Income tax expense	4,916	1,462
Other operating items	(101)	485
	<b>102,968</b>	<b>33,452</b>
Change in operating working capital	(7,219)	(1,504)
Prepaid revenue-based taxes utilized	2,768	-
Income taxes paid	(6,479)	76
<b>Cash provided by operations</b>	<b>92,038</b>	<b>32,024</b>
<b>Investing activities</b>		
Additions to property, plant and equipment	(73,673)	(143,775)
Net (purchase) redemption of short-term investments	(68,343)	220,198
Purchase of interest in Öksüt Gold Project- net of cash acquired	(19,742)	-
Decrease (increase) in restricted cash	(2,756)	60
Increase in long-term other assets	(217)	(10,473)
Proceeds from disposition of fixed assets	27	-
<b>Cash (used in) provided by investing</b>	<b>(164,704)</b>	<b>66,010</b>
<b>Financing activities</b>		
Dividends paid	(6,349)	-
Payment of interest and other borrowing costs	(1,499)	(454)
Proceeds from common shares issued for cash	-	148
<b>Cash used in financing</b>	<b>(7,848)</b>	<b>(306)</b>
(Decrease) increase in cash during the period	(80,514)	97,728
Cash and cash equivalents at beginning of the period	334,115	195,539
<b>Cash and cash equivalents at end of the period</b>	<b>\$ 253,601</b>	<b>\$ 293,267</b>
<i>Cash and cash equivalents consist of:</i>		
Cash	\$ 91,076	\$ 68,973
Cash equivalents	162,525	224,294
	<b>\$ 253,601</b>	<b>\$ 293,267</b>

**Centerra Gold Inc.**  
**Condensed Consolidated Statements of Shareholders' Equity**  
**(Unaudited)**

**(Expressed in Thousands of United States Dollars, except share information)**

	Number of Common Shares	Share Capital Amount	Contributed Surplus	Retained Earnings	Total
<b>Balance at January 1, 2012</b>	236,339,041	\$ 660,117	\$ 33,994	\$ 844,348	\$ 1,538,459
Share-based compensation expense	-	-	513	-	513
Shares issued on exercise of stock options	30,752	235	(87)	-	148
Net earnings for the period	-	-	-	9,552	9,552
<b>Balance at March 31, 2012 (restated)</b>	236,369,793	\$ 660,352	\$ 34,420	\$ 853,900	\$ 1,548,672
<b>Balance at January 1, 2013 (restated)</b>	<b>236,376,011</b>	<b>\$ 660,420</b>	<b>\$ 36,243</b>	<b>\$ 672,430</b>	<b>\$ 1,369,093</b>
Share-based compensation expense	-	-	751	-	751
Adjustment for acquisition of 30% minority interest (note 3)	-	-	(18,986)	-	(18,986)
Dividend declared	-	-	-	(9,218)	(9,218)
Net earnings for the period	-	-	-	51,352	51,352
<b>Balance at March 31, 2013</b>	<b>236,376,011</b>	<b>\$ 660,420</b>	<b>\$ 18,008</b>	<b>\$ 714,564</b>	<b>\$ 1,392,992</b>

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

Information contained in this news release which are not statements of historical facts, and the documents incorporated by reference herein, may be “forward-looking information” for the purposes of 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. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things, the successful resolution of outstanding matters in the Kyrgyz Republic to the benefit of all shareholders including matters relating to the State Commission report, Parliamentary Resolution #2805 and Government Decree #127, discussions with the Kyrgyz Government on the Kumtor Project Agreements, the resolution of environmental claims received by Kumtor in December 2012 and February 2013 for the aggregate amount of \$467 million, and the draft Kyrgyz law on denunciation having no material impact on Kumtor operations, the Company’s ability to manage the increased rate of movement of the Davidov Waste-rock Dump (Central Valley Waste Dump), the activities of a special commission formed to inspect the increased movement of the Davidov Waste-rock Dump, the Company’s ability to develop a long-term waste-rock plan at Kumtor and promptly obtain the necessary permits and approvals for such long-term plan, and the Company’s ability to successfully demolish certain buildings and relocate other infrastructure at Kumtor, and to maintain the availability of the Kumtor mobile fleet; statements regarding the Company’s future production in 2013, including estimates of cash operating costs and all-in unit cash costs, exploration plans and expenditures and the success thereof, capital expenditures, mining plans at Kumtor, statements regarding having sufficient cash and investments to carry out the Company’s business plans for 2013, the continued success with the management of ice and waste movement at Kumtor; the outcome of discussions with the Mongolian government on the potential development of the Company’s Gatsuert deposit, the impact of the Water and Forest Law on the Company’s Mongolian activities; the Company’s business and political environment and business prospects; and the timing and development of new deposits.

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: (A) political and regulatory risks, including the political risks associated with the Company’s principal operations in the Kyrgyz Republic and Mongolia, resource nationalism, the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates, the impact of any actions taken by the Government and Parliament relating to the Kumtor Project Agreements, any impact on the purported cancellation of Kumtor’s land use rights at the Kumtor Project, the effect of the Water and Forest Law on the Company’s operations in Mongolia, the effect of the 2006 Mongolian Minerals Law on the Company’s Mongolian operations, the effect of the November 2010 amendments to the 2006 Mongolian Minerals Law on the royalties payable in connection with the Company’s Mongolian operations, the impact of continued scrutiny from Mongolian regulatory authorities on the Company’s Boroo project, the impact of changes to, or the increased enforcement of, environmental laws and regulations relating to the Company’s operations, the Company’s ability to successfully negotiate an investment agreement for the Gatsuert project to complete the development of the mine and the Company’s ability to obtain all necessary permits and commissions needed to commence mining activity at the Gatsuert project; (B) risks related to operational matters and geotechnical issues, including the movement of the Davidov Waste-rock Dump (Central Valley Waste Dump), the waste and ice movement at the Kumtor Project and the Company’s continued ability to successfully manage such matters, the occurrence of further ground movements at the Kumtor Project, the timing of the infrastructure move potentially impacting the maintenance of the mobile fleet and its

availability, the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities, the adequacy of the Company's insurance to mitigate operational risks, mechanical breakdowns, the Company's ability to obtain the necessary permits and authorizations to (among other things) raise the tailings dam at the Kumtor Project to the required height, the Company's ability to replace its mineral reserves, the occurrence of any labour unrest or disturbance and the ability of the Company to successfully re-negotiate collective agreements when required, seismic activity in the vicinity of the Company's operations in the Kyrgyz Republic and Mongolia, long lead times required for equipment and supplies given the remote location of the Company's properties, reliance on a limited number of suppliers for certain consumables, equipment and components, illegal mining on the Company's Mongolian properties, the Company's ability to accurately predict decommissioning and reclamation costs, the Company's ability to attract and retain qualified personnel, competition for mineral acquisition opportunities, and risks associated with the conduct of joint ventures; (C) risks relating to financial matters including the sensitivity of the Company's business to the volatility of gold prices, the imprecision of the Company's mineral reserves and resources estimates and the assumptions they rely on, the accuracy of the Company's production and cost estimates, the impact of restrictive covenants in the Company's revolving credit facility which may, among other things, restrict the Company from pursuing certain business activities, the Company's ability to obtain future financing, the impact of global financial conditions, the impact of currency fluctuations, the effect of market conditions on the Company's short-term investments, the Company's ability to make payments including any payments of principal and interest on the Company's debt facilities depends on the cash flow of its subsidiaries; and (D) risks related to environmental and safety matters, including the ability to continue obtaining necessary operating and environmental permits, licenses and approvals, the impact of the significant environmental claims made in December 2012 and February 2013 relating to the Kumtor Project, inherent risks associated with using sodium cyanide in the mining operations; legal and other factors such as litigation, defects in title in connection with the Company's properties, the Company's ability to enforce its legal rights, risks associated with having a significant shareholder, and possible director conflicts of interest. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risk Factors" in the Company's 2012 Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com).

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

Mineral resources are not mineral reserves, and do not have demonstrated economic viability, but do have reasonable prospects for economic extraction. Measured and indicated resources are sufficiently well defined to allow geological and grade continuity to be reasonably assumed and permit the application of technical and economic parameters in assessing the economic viability of the resource. Inferred resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. There is no certainty that mineral resources of any category can be upgraded to mineral reserves through continued exploration.

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 herein or incorporated by reference. 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 May 8, 2013. 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 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 based in Toronto, Ontario, Canada.

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

### **Conference Call**

Centerra invites you to join its 2013 first quarter conference call on Thursday May 9, 2013 at 11:00AM Eastern Time. The call is open to all investors and the media. To join the call, please dial toll-free in North America (800) 768-3350 or International participants dial +1 (212) 231-2911. Alternatively, an audio feed of the conference call is being webcast by Thomson Reuters and can be accessed live on the Company's website at: [www.centerragold.com](http://www.centerragold.com). An audio recording of the call will be available on Centerra's website [www.centerragold.com](http://www.centerragold.com) shortly after the call and via telephone until midnight on Thursday May 16, 2013 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21653006.

### **For more information:**

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

**To view the Management's Discussion and Analysis and the Financial Statements and Notes for the three months-ended March 31, 2013, please visit the following link:**  
[http://media3.marketwire.com/docs/CGQ1\\_MDAFS.pdf](http://media3.marketwire.com/docs/CGQ1_MDAFS.pdf)

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