centerraGOLD

NEWS RELEASE

Centerra Gold Reports Third Quarter Results,
Net Earnings of $18 million or $0.07 per Share

(This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 15 and in our Cautionary Note Regarding Forward-looking Information on page 17. All figures are in United States dollars).

Toronto, Canada, November 5, 2010: Centerra Gold Inc. (TSX: CG) today reported third quarter net earnings of $17.7 million or $0.07 per common share based on revenues of $115.5 million compared to net earnings of $20.2 million or $0.09 per common share on revenues of $158.8 million in the same quarter of 2009. As a result of the completion of the sale of the REN property early in the third quarter, the third quarter results include a gain of $34.9 million.

Consolidated gold production for the third quarter of 2010 was in line with the Company's guidance and totalled 96,308 ounces at a total cash cost of $798 per ounce produced compared to 165,883 ounces at a total cash cost of $424 per ounce produced in the corresponding quarter of 2009. (Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures" in the Company's Management's Discussion and Analysis issued in conjunction with this news release.) During the third quarter of 2010, cash used by operations, net of working capital changes, was $24.5 million compared to cash provided by operations of $63.4 million in the third quarter of 2009.

Third Quarter Highlights

- Maintain 2010 gold production and cost guidance
- The Company completed the sale of the REN property resulting in a gain of $34.9 million
- Appointed Mr. Raphael Girard, Mr. Karybek Ibraev and Mr. Amandgeldy Muraliev to the Board of Directors August 19, 2010
- Drilling has extended Kumtor's SB Zone, 120 metres along strike to the northeast
- Strong cash balances and no debt while continuing to fund capital programs
- Subsequent to end of third quarter settled Kumtor strike

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Commentary

Steve Lang, President and CEO of Centerra stated, "The quarterly gold production at both sites was right in line with our expectations. The fourth quarter will see a significant increase in the gold production at Kumtor as we get back into mining the high-grade SB Zone. While the 10-day strike at Kumtor did not have any impact on annual guidance, we are pleased that we could settle it quickly and get the operation back to normal."

"At the Boroo operation, the mining phase is coming to an end and mining activities will cease at the end of November this year. We had planned to redeploy workers from Boroo to Gatsuurt, but due to the delay in commissioning the Gatsuurt project due to the uncertain impact of the water basin and forests law, we will layoff approximately 250 workers at Boroo on December 1, 2010. We continue to work closely with the Mongolian Government regarding the commissioning of Gatsuurt."

Financial and Operating Summary

Revenue for the third quarter of 2010 was $115.5 million compared to $158.8 million during the same period in 2009. Third quarter 2010 revenue reflects a 29% increase in realized gold price ($1,234 per ounce in the third quarter of 2009 versus $959 per ounce in the third quarter of 2009) offset by a 44% decrease in ounces sold in the period.

The Company produced a total of 96,308 ounces of gold in the third quarter of 2010, compared to 165,883 ounces of gold produced in the third quarter of 2009. Gold production at both operations was lower than the comparative period. Kumtor's decrease mainly reflects lower ore grades and higher waste volumes moved, while Boroo's comparative results reflect lower grades and recoveries as well as lower contribution from the heap leach operation which remained idle pending issuance of a final operating permit by the government authorities. See "Operations Update – Kumtor and Boroo/Gatsuurt".

Centerra's total cash cost per ounce produced was $798 in the third quarter of 2010, up from $424 in the third quarter of 2009 due primarily to lower gold production at both Kumtor and Boroo. The increase in unit cash cost per ounce produced was due to a 42% reduction in gold production ($306 per ounce), combined with a 9% increase in operating costs ($68 per ounce) primarily related to the increase in volumes of waste moved at Kumtor and higher fuel and labour costs at both sites. See "Operations Update". (Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures" in the Company's Management's Discussion and Analysis, issued in conjunction with this news release.)

Cash used in operations was $24.5 million for the third quarter of 2010 compared to a source of cash of $63.4 million for the prior year third quarter. The decrease reflects the lower earnings as a result of reduced gold sales volumes and higher operating costs, as well as the impact of increased working capital.

Capital expenditures spent and accrued in the third quarter of 2010 amounted to $72.8 million of which $14.8 million was spent on sustaining capital projects. Growth capital totaled $58.0 million which related mainly to the purchase of new CAT 789 haul trucks at Kumtor ($32.2 million), the underground development at Kumtor ($9.7 million), raising the tailings dam at Boroo ($2.5 million) and spending on site development for the Gatsuurt project ($1.3 million). Capital expenditures in the comparative quarter of 2009 totalled $21.0 million, consisting of $6.1 million of sustaining capital and $14.9 million of growth capital.

Exploration expenditures for the third quarter were $8.0 million compared to $6.8 million in the third quarter of 2009 reflecting increased activity in Mongolia at Gatsuurt, Ulaan Bulag and on other exploration and J.V. projects.

Centerra's cash and cash equivalents and short-term investments at the end of September 2010 were $334.7 million, compared to cash and short-term investments of $322.9 million at December 31, 2009.

Other Corporate Developments

Boroo/Gatsuurt

At the Boroo operation, the mining phase is coming to an end and mining activities will cease at the end of November 2010. The Boroo mill will continue to operate until mid-2011 processing stockpiled ores. Because of delays in receiving the necessary approvals and commissioning of the Gatsuurt project due to uncertain impact of the water basin and forest law, the Company will layoff approximately 250 workers at Boroo on December 1, 2010, which the Company had originally planned to redeploy from Boroo to Gatsuurt. The Company continues its constructive discussions with the Government of Mongolia to resolve uncertainty resulting from the water basin and forests law. See "Mongolia – Mongolian Legislation" below.

Kumtor

At the Kumtor operation, production at the mine was suspended on October 1, 2010 after the unionized employees commenced an illegal work stoppage on October 1, 2010. The strike was settled on October 10, 2010 and workers returned to work that evening. A new collective agreement was ratified by the union and will expire on December 31, 2012.

Inaugural Annual Dividend

As part of the Company's long-term strategy to maximize shareholder value, the Company's inaugural annual dividend of Cdn$0.06 per common share was paid on September 8, 2010 to shareholders of record at the close of business on August 18, 2010. It is the intention of the Board of Directors to review the amount of the dividend on an annual basis depending upon the Company's cash balances, operating cash flows, anticipated capital requirements for future growth and the yields of comparable companies' dividend rates.

Board Appointments

In accordance with the restated shareholders agreement between the Company and Kyrgyzaltyn JSC dated as of June 6, 2009 (the "Restated Shareholders Agreement"), Centerra appointed Mr. Amandgeldy Muraliev and Mr. Karybek Ibraev to the Board of Directors August 19, 2010.

Mr. Muraliev, a Kyrgyz citizen, has extensive experience in politics, including being the Prime Minister of the Kyrgyz Republic from 1999 to 2000, and later being a member and advisor to the Ministry of Economic Development and Trade of the Kyrgyz Government. Mr. Muraliev is the First Vice Prime Minister of the Interim Government of the Kyrgyz Republic, and the Chairman of the Board of Directors of Kyrgyzaltyn JSC a shareholder of the Company. Mr. Muraliev received degrees from the Academy of National Economy under the USSR Council of Ministers and the Frunze Polytechnic Institute.

Mr. Ibraev, a Kyrgyz citizen, has extensive experience in the mining industry. Mr. Ibraev is a consultant with the Extractive Industries Transparency Initiative (EITI) Secretariat in the Kyrgyz Republic. Mr. Ibraev is also a former executive director of the Kyrgyz Mining Association. Mr. Ibraev is a member of the Kyrgyz Mining Association and received degrees from the L'Ecole de Mine de Paris, and the Moscow Geological Exploration Institute. In accordance with the Restated Shareholders Agreement, Mr. Ibraev is independent from the Kyrgyz Government.

On August 19, 2010, Mr. Raphael Girard was also appointed to Centerra's Board of Directors. Mr. Girard is a public policy and international business consultant who retired from the Department of Foreign Affairs in August 2003. Prior to his retirement, Mr. Girard was the Canadian Ambassador to Romania, and earlier to the Federal Republic of Yugoslavia. Mr. Girard was a member of the Board of Directors of Gabriel Resources Ltd. from 2005 to 2010. Mr. Girard received his Bachelor of Arts degree from the University of British Columbia.

Kyrgyz Republic

Parliamentary elections were held in the Kyrgyz Republic on October 10, 2010. According to reports the elections were carried out according to accepted democratic standards and the results reflect the will of the electorate. Five parties have received sufficient votes to be represented in the Parliament. Currently, the parties are in talks to form a governing coalition. While political and civil conditions appear to have stabilized, the political situation in the Kyrgyz Republic continues to evolve and there can be no assurances that future political developments will not have an adverse impact on the Company's assets or operations.

Mongolia

Mongolian Regulatory Matters

The regulatory conditions in Mongolia have not changed substantially since Centerra's second quarter 2010 report. During the quarter however, progress was made in the development of dispute resolution mechanisms through a commitment made by the Prime Ministers of both Canada and Mongolia to press forward on the conclusion of a Foreign Investment Protection Agreement. The following discussion summarizes the current status of Mongolian regulatory matters affecting Centerra.

On June 12, 2009, the main operating licenses at the Company's Boroo mine were suspended by the Minerals Resources Authority of Mongolia ("MRAM") following extensive inspections of the Boroo mine operation conducted by the Mongolian General Department of Specialized Inspection

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

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

Mongolian Legislation

The legislative conditions in Mongolia have not changed substantially since Centerra's second quarter 2010 report. The commissioning of the Gatsuurt project has been delayed as a result of the uncertain impact of the Water and Forest Law. The following discussion summarizes the current status of certain Mongolian legislation that may affect Centerra, including its Gatsuurt project and other Mongolian mineral licenses.

In July 2009, the Mongolian Parliament enacted legislation that would prohibit mineral prospecting, exploration and mining in water basins and forest areas in the territory of Mongolia and provides for the revocation of licenses affecting such areas (the "Water and Forest Law"). The legislation provides a specific exemption for "mineral deposits of strategic importance", and accordingly, the main Boroo mining licenses will not be subject to the law. The Company's Gatsuurt licenses and its other exploration license holdings in Mongolia are currently not exempt. In March 2010, the Company received a letter from MRAM stating that certain of its mining and exploration licenses, including the Gatsuurt mining licenses, could be revoked under the Water and Forest Law. The letter requested that the Company submit an estimate of expenses incurred in relation to each license and the compensation that it would expect to receive if such licenses were to be revoked. The Company has provided a detailed estimate to MRAM for all potentially affected licenses. The Company has submitted a draft Investment Agreement for the Gatsuurt Project to the Ministry of Mineral Resources and Energy ("MMRE"). In April 2010, the Company received a letter from the MMRE indicating that the Gatsuurt licenses are within the area designated on a preliminary basis

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where minerals mining is prohibited under the Water and Forest Law. The letter also stated that the MMRE will communicate with the Company regarding the investment agreement when the MMRE has more clarity on the impact of the law. The Company is reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the law having a limited impact on the Company's Mongolian activities.

In August 2009, the Government of Mongolia repealed its windfall profit tax of 68% in respect of gold sales at a price in excess of US$850 an ounce, with the repeal to take effect on January 1, 2011.

Other

On July 2, 2010, the Company closed the sale of its REN interest to Homestake Mining Company of California ("Homestake"), a subsidiary of Barrick Gold Corporation, for cash proceeds of $35.2 million.

Operations Update

Kumtor

At the Kumtor mine, gold production was 68,757 ounces in the third quarter of 2010 compared to 133,459 ounces of gold in the third quarter of 2009. As planned, due to the mining sequence, the operation processed lower ore grades. The mill head grade averaged 1.57 g/t with a recovery of 73.4% in the third quarter of 2010, compared to 3.52 g/t with a recovery of 73.3% in the same quarter of 2009.

During the third quarter of 2010, the mill processed 1.39 million tonnes compared to 1.55 million tonnes or 10% lower than the same period of 2009 as a result of the planned mill shutdown in July 2010 to replace the SAG mill ring gear and the SAG mill liner.

Total cash cost per ounce produced, a non-GAAP measure of production efficiency, increased to $887 in the third quarter of 2010 from $427 in the third quarter of 2009. The year-over-year $460 increase in unit cash cost per ounce produced was due to 48% reduction in gold production ($401/ounce) and higher operating costs ($59/ounce) in 2010 period. Mining costs increased 17% to $35.5 million in the third quarter of 2010 due to higher diesel costs which increased costs by $4.9 million ($0.62 per litre vs. $0.40 per litre in 2009), increased expenditures for dewatering supplies ($1.2 million), blasting material ($1.1 million) and labour costs ($0.9 million) offset by lower expenditures on reagents and other consumables. Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures" in the Management's Discussion and Analysis issued in conjunction with this news release.

Exploration costs for the third quarter 2010 were $3.3 million unchanged from the third quarter in 2009.

Capital expenditures in the third quarter of 2010 totalled $70.3 million compared to $18.2 million for the same period in the prior year. This consisted of $13.8 million of sustaining capital, predominantly spent on the heavy duty equipment overhaul program ($5.6 million), replacement of four dozers ($1.4 million), shear key, buttress and tailing dam construction ($3.8 million) and replacement and re-alignment of the SAG mill girth gear ($1.7 million). Growth capital investment totalled $56.5 million spent mainly on the purchase of CAT 789 haul trucks ($32.2 million), other equipment ($8.7 million) and underground development of the declines for SB and Stockwork Zones ($9.7 million).

At the request of the Kyrgyz Government, the Company agreed in August 2010 to make advances of $11 million against future revenue-based tax ($8 million was advanced in the third quarter 2010 and the balance of $3 million was advanced in October 2010). The advances will be applied against the 2010 revenue-based tax otherwise payable in January 2011.

The SB Zone underground decline (Decline #1) has now advanced to a total of 854 metres. During the quarter the decline advancement continued and drill and remuck bays were established. The development rate was impacted by the ground conditions as faulting and geo-structural conditions slowed the development rate. The exploration drilling was restarted in the third quarter and delineation drilling of the SB Zone is expected to commence late in the fourth quarter of 2010 or early 2011.

The Stockwork Zone underground decline (Decline #2) has advanced a total of 399 metres. Decline #2 will facilitate the access to the Stockwork Zone and the SB Zone for further exploration and delineation drilling. During the second quarter, two headings were established in Decline #2 and are advancing concurrently. The second heading in Decline #2 was established for the exploration and delineation drilling program for the Stockwork Zone. It has advanced 110 metres toward the north. Drill bays will be established along the 400 meter access drift. Exploration and delineation drilling of the Stockwork Zone resource is expected to commence in the fourth quarter of 2010 and will continue into 2011.

Boroo/Gatsuurt

At the Boroo mine, gold production was 27,551 ounces in the third quarter of 2010 compared to 32,424 ounces in the third quarter of 2009, which included 4,322 ounces of heap leach production. During the third quarter 2010, the heap leach operation remained idle awaiting issuance of the final operating permit from the Mongolian government. The lower gold production in 2010 was the result of lower average mill head grades, 1.97 g/t in the third quarter versus 2.45 g/t in the third quarter 2009 and lower recoveries 69.8% compared to 76.0% for the same period last year. In the comparative 2009 quarter, gold production was impacted by an operational shutdown as a result of a six week license suspension which ended July 27th, 2009.

Total cash cost per ounce produced, a non-GAAP measure of production efficiency, was $575 in the third quarter of 2010 compared to $411 in the third quarter of 2009. The year-over-year increase in unit cash cost per ounce produced was due to higher operating costs in the 2010 period and lower gold production. The increase in the unit cash cost per ounce produced of $164 per ounce results from increased operating costs ($91/ounce) and lower ounces produced ($73/ounce). Mining costs were unchanged at $3.8 million in the third quarter of 2010, but milling costs were 63% higher at $5.4 million primarily due to higher costs for electricity, reagents and grinding media. During the quarter, diesel costs increased $0.8 million ($0.87 per litre vs. $0.71 per litre in 2009) and royalties increased by $0.4 million due to higher sales revenue achieved from higher gold price. Costs associated with heap leaching activities were $0.5 million or 49% lower than the same period in 2009 as a result of the expiry of the temporary operating permit for the heap leach operation in April 2009. Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures" in the Management's Discussion and Analysis issued in conjunction with this news release.

During the third quarter of 2010, exploration expenditures in Mongolia increased to $2.2 million from $0.9 million in the same period of 2009.

Capital expenditures spent and accrued at Boroo in the third quarter of 2010 were $3.5 million compared to $0.6 million the same quarter of 2009. This consisted of $1.0 million of sustaining capital, predominantly spent on heavy equipment component change outs. Growth capital investment totalled $2.5 million spent on raising the tailings dam to accommodate future production including Gatsuurt oxide ores.

At the Gatsuurt project, $1.3 million of growth capital was spent and accrued in the quarter primarily related to completing the site preparation. Road construction to the Gatsuurt project is complete and all site preparation is complete. Minimal capital spending is planned on the Gatsuurt project going forward while waiting for the final approvals to commence mining (See "Other Corporate Developments – Mongolia – Mongolian Legislation").

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/CG1105figuresA.pdf **or visit the Company's web site at:** www.centerragold.com.

Kyrgyz Republic

During the third quarter of 2010, exploration drilling programs continued in the Kumtor Central Pit and regional exploration drilling continued on the Kumtor concession area at the Northeast, Muzdusuu areas and at the Southwest and Sarytor Deposits. Surface exploration work commenced the Karasay and Koendy project areas.

Kumtor Pit

In the third quarter of 2010, six drill holes were completed during the quarter and a further three holes were in progress at quarter-end. One hole was completed to test the northeast extension of the Kumtor structure at the 3,250 metre elevation approximately 700 metres below the planned bottom of the open pit. Hole D1399A intersected the Kumtor structure but returned only low-grade mineralization including 2.8 g/t Au over 9.0 metres and 2.6 g/t Au over 4.0 metres.

Two holes were completed to test the northeast strike extension of the SB Zone with both holes returning significant results. Hole D1441, drilled on section 38 in the SB Zone, intersected high

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grade mineralization of 11.2 g/t Au over 25.7 metres (including 14.9 g/t Au over 18.3 metres) and 21.0 g/t Au over 5.5 metres (including 27.5 g/t Au over 4.0 metres), at approximately the 3,500 metre elevation. Hole D1443, drilled on section 46 in the SB Zone, intersected significant mineralization including 9.1 g/t Au over 4.2 metres and 9.4 g/t Au over 3.6 metres at the 3,500 metre elevation. These holes have extended the SB Zone a further 120 metres along strike at this elevation. Further drilling to test the strike and down dip extension of the SB Zone to the northeast is planned in the fourth quarter 2010.

Three holes were completed to test the Southwest Extension of the SB Zone with all of the holes returning significant results. Hole D1433, drilled on section -18, tested the up dip projection of SB Zone primarily within the current pit design and it intersected wide zones of mineralization with intercepts of 1.6 g/t Au over 14.2 metres, 6.8 g/t Au over 7.0 metres (including 13.2 g/t Au over 3.2 metres) and 1.4 g/t Au over 28.0 metres. Hole D1452 and D1454 were both drilled on section -22 and returned significant intercepts immediately below the bottom of the planned open pit. Hole D1452 returned intercepts of 5.9 g/t Au over 20.6 metres (including 8.8 g/t over 11.3 metres), 4.8 g/t Au over 21.6 metres (including 10.4 g/t Au over 3.5 metres) and 2.6 g/t Au over 11.3 metres at 3,750 metre elevation. Hole D1454 intersected 5.8 g/t Au over 20.4 metres including 7.5 g/t Au over 9.1 metres, 4.6 g/t Au over 9.3 metres and 1.7 g/t Au over 9.4 metres at 3,700 metre elevation.

Additional drilling of the Southwest Extension of the SB Zone and the northeast side of the SB Zone will be completed in the fourth quarter should access be available within this active mining area of the open pit.

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

Regional Exploration

Regional exploration drilling continued in the third quarter of 2010 at the Northeast prospect, Muzdusuu area, the Sarytor and Southwest Deposits.

Northeast Area

Twenty-one drill holes were completed during the quarter and a further three holes were in progress at the end of the quarter. The drilling is designed to test the extent of the near surface potential open pit mineralization at the Northeast prospect on 40 metre centres over a strike length of 800 metres to a depth of 200 metres.

Some of the better intervals and grades of mineralization intersected in the third quarter include: drill hole DN1428 3.4 g/t Au over 5.8 metres, DN1431 1.2 g/t Au over 4.8 metres, 2.0 g/t Au over 5.2 metres, 2.0 g/t Au over 4.0 metres, DN 1436 2.1 g/t Au over 4.3 metres, 2.2 g/t Au over 15.6 metres, 8.5 g/t Au over 2.9 metres, DN1446 2.7 g/t Au over 12.2 metres and DN1451 3.6 g/t Au over 4.8 metres.

Southwest Area

Four drill holes were completed during the third quarter of 2010 and one hole was in progress at quarter-end.

The wide spaced drilling was designed to test for zones of high grade mineralization below the planned open pit. The holes intersected zones of moderate to strong alteration with low to moderate grade mineralization. The most extensive mineralization was in hole SW-10-236A which returned intercepts of 1.8 g/t Au over 12.1 metres, 2.3 g/t Au over 25.5 metres, 1.3 g/t Au over 10.6 metres, 1.6 g/t Au over 7.0 metres and 2.2 g/t Au over 2.9 metres. Hole SW-10-237A intersected 4.4 g/t Au over 4.9 metres and 3.6 g/t Au over 14.4 metres, hole SW-10-238 intersected 3.1 g/t Au over 18.2 metres and hole SW-10-239 intersected 1.4 g/t Au over 4.0 metres.

Muzdusuu Area
One hole was completed in the third quarter to test for structurally bounded blocks of limestone and sandstone which are considered prospective settings for mineralization in the footwall of the Kumtor Fault. Drilling intersected Neogene-Paleogene sediments with no significant mineralization.

Sarytor Area
One hole was completed at Sarytor and one hole was in progress at quarter-end. Hole SR-10-196 was drilled to test for high grade mineralization on the structure below the planned Sarytor open pit, with the best mineralization intersected returning assays of 2.3 g/t Au over 3 metres.

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

Mongolia

Exploration work in the second quarter was conducted at the Gatsuurt, Ulaan Bulag, Sumber and Khuder properties in the Yeroogol trend and at the Altan Tsagaan Ovoo, Uul Bayan and Tuvshinshire properties in Eastern Mongolia.

Gatsuurt Project
During the third quarter of 2010 exploration drilling continued at Gatsuurt with 31 holes completed. In addition, geological mapping, trenching, soil sampling and geophysical surveys also continued.

Drilling was carried out on the eastern side of the Central Zone deposit to fill in the remaining gaps in the 30 x 30 metre grid on the SS-01 and SS-02 targets and also test for the continuity of the mineralization between the two zones. Drilling was also carried out to test the GT-60 target which is located on the Sujigtei fault 150 metres to the northeast of the Central Pit.

Drilling of the SS-01 and SS-02 zones of mineralization has shown that even though the two zones are controlled by the same structures, there is a gap in mineralization between the zones that is defined by a less-altered block of metasedimentary rock. The drilling completed to the northwest and east of the SS-01 mineralized zone shows only weak mineralization present. The drilling completed at the SS-02 mineralized zone indicates that the gold-bearing granite is located 50 – 75 metres below surface. Additional drilling will be carried out in the fourth quarter to test additional targets.

During the third quarter 30 by 30 metre grid drilling was carried out on the GT-60 target that it located on the Sujigtei fault approximately 150 metres to the northeast of the Central Pit. Results indicate that the gold mineralization is primarily steep dipping and is confined to altered granite mainly silica and sericitic. The mineralization is relatively consistent from section to section, with rare high-grade intervals with visible gold. Gently dipping mineralized structures have also been identified with narrow zones of mineralization.

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

Ulaan Bulag Prospect
During the third quarter a further 8 holes were completed to test the western part of the Nuga Zone. The results are encouraging and indicate that the western continuation of the Nuga Zone has potential to host additional mineralization that is similar to the eastern zone. The mineralization is primarily oxide at a depth of 15 to 80 metres to the mineralization upper boundary. Further drilling is in progress to define the mineralization on the Western part of the Nuga Zone.

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/CG1105figuresA.pdf ***or visit the Company's web site at:*** www.centerragold.com.

Outlook for 2010

2010 Production
Centerra's 2010 consolidated gold production is forecast to be in the 640,000 to 700,000 ounce range, which is unchanged from the prior guidance disclosed in the Company's news release of July 30, 2010.

Gold production for the full year 2010 at the Kumtor mine in the Kyrgyz Republic is forecast to be between 530,000 to 570,000 ounces, which is unchanged from prior guidance. At the Kumtor operation, production at the mine was suspended on October 1, 2010 after the unionized employees commenced an illegal work stoppage on October 1, 2010. The strike was settled on October 10, 2010 and workers returned to work that evening. A new collective agreement was ratified by the union and will expire on December 31, 2012. The Company continues to expect that during the fourth quarter Kumtor will produce approximately 40% of its 2010 production.

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At Boroo/Gatsuurt, gold production is forecast to be 110,000 to 130,000 ounces, which is unchanged from prior guidance.

While the Company believes it has met all the regulatory pre-conditions for the issuance of the final heap leach operating permit, its issuance continues to be delayed. Due to these continued delays in obtaining the final permit, the Company has removed any heap leach production from this year's production guidance. If the final operating permit is received, resumption of heap leach operations at Boroo would add approximately 3,000 to 4,000 ounces per month to production.

The production guidance does not include any gold production from Gatsuurt. While the Company has received the permits and approvals in connection with the road construction to Gatsuurt and for construction of surface facilities at the project, further approvals and commissioning of the project have been delayed as a result of the Water and Forest Law, see "Other Corporate Developments, Mongolia, Mongolian Legislation".

The processing of remaining mine ores by the Boroo mill, in conjunction with, the processing of stockpiled lower grade ores will allow the operation to meet its 2010 production guidance. Mining activities will be terminated at Boroo during the fourth quarter as the ores in Pit 3 will be exhausted.

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

2010 Total Cash Cost per Ounce

Total cash cost in 2010 is expected to be between $460 and $505 per ounce produced, which is unchanged from the prior guidance of April 28, 2010. Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures" in the Management's Discussion and Analysis issued in conjunction with this news release.

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

Boroo total cash cost for 2010 which reflects no production from either the heap leach operation or Gatsuurt and is expected to be $590 to $690 per ounce produced, which is unchanged from the prior guidance.

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

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

(1) Total cash cost is a non-GAAP measure. See "Non-GAAP Measures" in the Management's Discussion and Analysis issued in conjunction with this news release.

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

2010 Exploration Expenditures

Exploration expenditures of $30 million are planned for 2010, and the exploration plan is unchanged from the prior guidance. Generative programs will continue in Central Asia, Russia, China, Turkey and the U.S. to increase the pipeline of projects that are being developed to meet the longer term growth targets of Centerra.

2010 Capital Expenditures

The capital expenditures for 2010 are estimated to be $230.8 million, including $44.1 million of sustaining capital and $186.7 million of growth capital. This represents a decrease of $10.3 million from prior guidance primarily due to the timing of expenditures and reclassification of some expenditures related to growth capital at Gatsuurt.

Capital expenditures include:

Projects	**2010 Growth Capital** (millions of dollars)	**2010 Sustaining Capital** (millions of dollars)
Kumtor mine	$164.2	$40.2
Boroo mine	$5.9	$3.6
Gatsuurt project	$16.6	0
Other	0	$0.3
Consolidated Total	**$186.7**	**$44.1**

Kumtor Capital

At Kumtor capital expenditures are estimated at $204.4 million representing a $7.7 million increase from prior guidance, which includes an increase in growth capital of $11.1 million partially offset by decrease in sustaining capital of $3.4 million. The primary reason for the increase in the growth capital relates to a determination that approximately $10 million of planned pre-stripping costs associated with the SB Zone should be treated as capital and not operating costs in accordance with the Company’s accounting policies. The decrease of $3.4 million in sustaining capital is due to postponing or cancellation of some capital projects.

The largest growth capital expenditure will be for the North Wall Expansion project, estimated at $92.7 million primarily for purchases of mining and auxiliary support equipment to renew and expand the mining fleet by 22 haul trucks. The equipment ordered has begun to arrive on schedule. In addition, seven new CAT 789 haul trucks were purchased to increase haulage capacity to manage the ice/waste movement in the high movement area for a total cost of $20.7 million. At the end of September 2010, 13 new CAT 789 trucks were on site and operational. The balance of the equipment, remaining CAT 789 trucks and four new Liebherr 9350 shovels, are expected to be delivered in the fourth quarter of 2010 and the first half of 2011. The underground growth capital for developing the SB Zone and Stockwork Zone, as well as for delineation drilling and capital purchases, is estimated to be $38.7 million in 2010.

Boroo & Gatsuurt Capital
At Boroo, 2010 sustaining capital expenditures are expected to be $3.6 million, primarily for the mobile equipment component change-outs ($3.3 million). Growth capital is estimated to be $5.9 million, primarily for the expansion of the existing Boroo tailings facility ($4.9 million) to contain Boroo and Gatsuurt oxide tailings. These expenditures are based on operational needs and also assume the receipt of the required approvals for Gatsuurt.

At Gatsuurt, expected 2010 growth capital spending is forecasted at $16.6 million down from $38.6 million in the prior guidance. The $20.0 million reduction in growth capital relates to the deferral of the pre-stripping of the sulphide ores initially planned to be carried out in 2010 ($9.2 million), expansion of the existing Boroo tailings facility ($4.9 million) which has been reclassified from the Gatsuurt project capital to Boroo growth capital and the removal of the cost of the haul trucks ($5.3 million) for hauling ore from the Gatsuurt site to the Boroo mill as these will be sold to a third party for ore haulage. Minimal capital spending is planned on the Gatsuurt project going forward while waiting for the final approvals to commence mining (See “Other Corporate Developments – Mongolia – Mongolian Legislation”).

The Company’s planned phased approach to the development of the Gatsuurt orebody consisting of an oxide project component followed by a sulphide project component, has been delayed due to the delays in receiving the final approvals including the commissioning of the Gatsuurt project pending the resolution of the Water and Forest Law (See “Other Corporate Developments – Mongolia – Mongolian Legislation”). The engineering and construction of the bio-oxidation facility, which is needed to treat the sulphide ores, will be restarted only after the approval to begin mining at Gatsuurt has been received from the Government of Mongolia. The Company expects that the capital for the development of the deeper sulphide ores at Gatsuurt will be invested only following successful commissioning of the Gatsuurt oxide project.

Administration
Annual corporate and administration expenses are estimated at $45 million, which represents an increase of $4 million from prior guidance due to higher stock-based compensation from the increased Centerra share price.

Production, cost and capital forecasts for 2010 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed under the heading "Material Assumptions" and "Cautionary Note Regarding Forward-looking Information".

Sensitivities

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

	Change	Impact on ($ millions)			
		Costs	**Revenues**	**Cash flow**	**Earnings before income tax**
Gold Price	**$50/oz**	1.6	10.7	9.1	9.3
Diesel Fuel (1)	**10%**	1.1	-	1.1	1.1
Kyrgyz som	**1 som**	0.6	-	0.6	0.6
Mongolian tugrik	**25 tugrik**	0.1	-	0.1	0.1
Canadian dollar	**10 cents**	1.1	-	1.1	1.1

(1) 10% change in diesel fuel price equals $5/oz.

Material Assumptions

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

- a gold price of $1,175 per ounce,
- exchange rates:
  - $1USD:$1.04 CAD
  - $1USD:47.00 Kyrgyz Som
  - $1USD:1,300 Mongolian Tugrik
  - $1USD:0.80 Euro
- diesel fuel price assumption:
  - $0.68/litre at Kumtor*
  - $0.90/litre at Boroo

*The assumed diesel price of $0.68/litre at Kumtor includes a customs export duty imposed by the Russian authorities on the diesel fuel exported to the Kyrgyz Republic. Russia imposed a customs duty of approximately $194 per tonne on gasoline and diesel fuel exports to the Kyrgyz Republic that went into effect on April 1, 2010. The Company estimates that the introduction of this new export duty will increase operating costs at Kumtor by approximately $7 million.

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 $82 per barrel.

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

- political and civil unrest in the Kyrgyz Republic does not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine,

- grades and recoveries at Kumtor will remain consistent with the life-of-mine plan to achieve the forecast gold production,

- the dewatering and depressurization programs at Kumtor continue to produce the expected results and the water management system works as planned,

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

- no unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, labour, regulatory or political disputes, equipment breakdown or other developmental and operational risks,

- certain issues at Boroo raised by the General Department of Specialized Inspection ("SSIA") concerning state alluvial reserves, the production and sale of gold from the Boroo heap leach facility and other matters will be resolved through negotiation without material adverse impact on the Company, see "Other Corporate Developments, Mongolia, Mongolian Regulatory Matters",

- no further suspension of Boroo's operating licenses, and

- all necessary permits, licences and approvals are received in a timely manner.

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

Qualified Person

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

The Kumtor deposit is described in Centerra's most recently filed Annual Information Form (the "AIF") and a technical report dated December 16, 2009 prepared in accordance with NI 43-101. The AIF and technical report have been filed on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site are described in the technical report.

The Gatsuurt deposit is described in the Company's most recently filed AIF and in a technical report dated May 9, 2006 prepared in accordance with NI 43-101. The AIF and technical report have been filed on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Gatsuurt deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Gatsuurt project are the same as, or similar to, those described in the technical report.

Cautionary Note Regarding Forward-looking Information

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

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

Factors that could cause actual results or events to differ materially from current expectations include, among other things: risks relating to the recent political and civil unrest in the Kyrgyz Republic, risks related to the creep of ice and waste movement into the Kumtor open-pit, the resolution of issues at the Boroo mine raised by the Mongolian SSIA concerning alluvial reserves and matters relating to the suspension of the Boroo licenses in June 2009, the potential impact of Mongolian legislation prohibiting mineral activity in water basins and forest areas on the Gatsuurt project, the threatened termination of the stability agreement with the Mongolian Government in relation to the Boroo mine, the receipt of a final permit to operate the heap leach operation at the Boroo mine, fluctuations in gold prices, replacement of mineral reserves, reduction in reserves

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related to geotechnical risks, ground movements, political risk, nationalization risk, changes in laws and regulations, political civil unrest, labour unrest, legal compliance costs, reserve and resource estimates, production estimates, exploration and development activities, competition, operational risks, environmental, health and safety risks, costs associated with reclamation and decommissioning, defects in title, seismic activity, cost and availability of labour, material and supplies, increases in production and capital costs, permitting and construction to raise the tailings dam height and increase the capacity of the existing Kumtor tailing dam, the ability to renew and obtain licenses, permits and other rights, illegal mining, enforcement of legal rights, decommissioning and reclamation cost estimates, future financing and personnel and the receipt of all permitting and commissioning requirements for the Gatsuurt mine. In addition, material assumptions used to forecast production and costs include those described above under the heading "Material Assumptions". There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risk Factors" in the Company's most recently filed AIF and Annual Management's Discussion and Analysis available on SEDAR at www.sedar.com.

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

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

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

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this news release. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward-looking information. Forward-looking information is as of November 4, 2010. Centerra assumes no obligation to update or revise forward-looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

About Centerra

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

Conference Call

Centerra invites you to join its 2010 third quarter conference call on Friday, November 5, 2010 at 10:00 am Eastern Time. The call is open to all investors and the media. To join the call, please dial toll-free in North America (800) 935-1518 or International participants dial +1 (212) 231-2937. Alternatively, an audio feed web cast will be available on www.centerragold.com. A recording of the call will be available on www.centerragold.com shortly after the call and via telephone until midnight on Friday November 12, 2010. The recording can be accessed by calling (416) 626-4100 or (800) 558-5253 and using the passcode 21484134.

For more information:

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

MDA and Financial Statements and Notes follow

Centerra Gold Inc.

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

For the period ended September 30, 2010

The following discussion has been prepared as of November 4, 2010, and is intended to provide a review of the financial position and results of operations of Centerra Gold Inc. ("Centerra" or the "Company") for the three and nine month periods ended September 30, 2010 in comparison with those as at September 30, 2009. This discussion should be read in conjunction with the unaudited interim consolidated financial statements and the notes of the Company for the three and nine month periods ended September 30, 2010. This MD&A should also be read in conjunction with the Company's audited annual consolidated financial statements for the three years ended December 31, 2009, the related MD&A included in the 2009 Annual Report, and the 2009 Annual Information Form. The financial statements of Centerra are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and, unless otherwise specified, all dollar amounts are in United States dollars. The Company's 2009 Annual Report and Annual Information Form are available at www.centerragold.com and on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

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Consolidated Financial Results

Centerra's consolidated financial results for the three and nine month periods ended September 30, 2010 reflect 100% interests in the Kumtor and Boroo mines, and the Gatsuurt project.

Highlights

	Three Months Ended September 30			Nine Months Ended September 30		
Financial and Operating Summary	**2010**	**2009**	**% Change**	**2010**	**2009**	**% Change**
Revenue - $ millions	**115.5**	158.8	(27%)	**523.1**	361.6	45%
Cost of sales - $ millions (1)	**75.0**	70.7	6%	**195.2**	221.8	(12%)
Net earnings (loss) - $ millions	**17.7**	20.2	(12%)	**169.5**	(79.6)	313%
Earnings (loss) per common share - $ basic and diluted	**0.07**	0.09	(22%)	**0.72**	(0.36)	300%
Cash provided (used) by operations - $ millions	**(24.5)**	63.4	(139%)	**134.3**	57.0	136%
Capital expenditures - $ millions	**72.8**	21.0	247%	**156.6**	61.0	157%
Weighted average common shares outstanding - basic (thousands)	**235,406**	234,857	0%	**235,088**	222,027	6%
Weighted average common shares outstanding - diluted (thousands)	**235,793**	234,980	0%	**235,431**	222,027	6%
Average gold spot price - $/oz	**1,227**	960	28%	**1,178**	931	27%
Average realized gold price - $/oz	**1,234**	959	29%	**1,162**	928	25%
Gold sold – ounces	**93,562**	165,606	(44%)	**450,198**	389,506	16%
Cost of sales - $/oz sold	**801**	427	88%	**434**	569	(24%)
Gold produced – ounces	**96,308**	165,883	(42%)	**429,075**	379,544	13%
Total cash cost - $/oz produced (2) (3) (4)	**798**	424	88%	**521**	602	(13%)
Total production cost - $/oz produced (2) (4)	**966**	563	72%	**650**	781	(17%)

(1) Cost of sales for 2010 and its comparative year excludes regional office administration.
(2) Total cash cost and total production cost are non-GAAP measures and are discussed under "Non-GAAP Measures".
(3) 2009 includes the costs incurred during the strike and shutdown at Boroo of $0.7 million and $4.1 million for the quarter and nine months, respectively: excluding these costs, the 2009 third quarter and nine months cash cost per ounce produced would be $419 and $591, respectively.
(4) As a result of Kumtor's Restated Investment Agreement, total cash cost and total production cost per ounce measures for both years exclude production and revenue-based taxes.

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Three-Month Period ended September 30, 2010 Compared with the Three-Month Period Ended September 30, 2009

Gold Production and Revenue

Revenue in the third quarter of 2010 decreased to $115.5 million from $158.8 million in the same quarter last year reflecting 44% lower ounces sold in the third quarter 2010 as compared to the prior year. Gold production for the quarter was 96,308 ounces compared to 165,883 ounces reported in the third quarter of 2009. The decrease in gold production reflects lower production at both operations. Kumtor's decrease mainly reflects lower ore grades and higher waste volumes moved, while Boroo's comparative results reflect lower grades and recoveries as well as lower contribution from the heap leach process which remained idle pending issuance of a final operating permit by the government authorities. See "Mine Operations – Kumtor" and "Mine Operations – Boroo".

Centerra realized an average gold price of $1,234 per ounce for the third quarter of 2010, an increase from the $959 per ounce realized in the same quarter of 2009. Since Centerra's gold production is not hedged and gold is sold at the prevailing spot price, the average realized gold price in the quarter reflects the continued strength of the spot gold price, which averaged $1,227 per ounce for the third quarter of 2010 ($960 per ounce for the same period in 2009).

Cost of Sales

Cost of sales in the third quarter of 2010 was $75.0 million, compared to $70.7 million in the same quarter of 2009 resulting from higher quarter over quarter cost of sales at Kumtor. The majority of ounces sold in the third quarter 2010 at Kumtor were produced in that quarter but at higher comparable cost. Higher unit cash costs in the third quarter 2010 at Kumtor reflect the mining of lower grades (1.89 g/t compared to 3.49 g/t), the processing of lower grades (1.57 g/t compared to 3.52 g/t) and the increased fuel and labor costs associated with the stripping of waste compared to the prior year. Cost of sales at Boroo in the quarter remained constant year over year.

Cost of sales per ounce sold in the third quarter of 2010 increased to $801 from $427 for the same period in 2009. This reflects the fewer ounces sold and produced due to the mining and processing of much lower grades, lower recoveries at Boroo and increased mining costs at Kumtor primarily from higher diesel costs. Cost of sales per ounce sold is a non-GAAP measure and is discussed under "Non-GAAP Measures".

The Company's total cash cost per ounce produced in the third quarter of 2010 increased to $798 from $424 when compared to the third quarter of 2009. The increase is primarily due to lower production at Kumtor and Boroo resulting from reduced grades and increased volumes of waste moved at Kumtor. Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures". See "Mine Operations – Kumtor" and "Mine Operations – Boroo".

Depreciation, Depletion and Amortization

Consolidated depreciation, depletion and amortization for the third quarter of 2010 decreased to $17.4 million from $27.0 million in the same quarter of 2009, mainly due to fewer ounces produced and sold in the third quarter 2010 and an increase in the mine ore reserves resulting in an extension of the mine life in late 2009 at Kumtor leading to slower amortization of assets depreciated on the

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unit of production method. On a per unit basis, depreciation, depletion and amortization for the third quarter of 2010 was $185 per ounce sold compared to $163 per ounce sold in the same quarter of 2009.

Accretion and Reclamation Expense

Accretion and reclamation expense of $0.5 million in the third quarter of 2010 compares to $0.4 million in the same quarter of 2009.

Exploration

Exploration costs in the third quarter of 2010 increased to $8.0 million from $6.8 million in the same quarter of 2009 mainly reflecting increased drilling activity in Mongolia and the Company's joint venture projects.

Capital Expenditures

Capital expenditures spent of $70.9 million and accrued of $1.9 million (together $72.8 million) in the third quarter of 2010 included $14.8 million of sustaining capital and $58.0 million invested in growth capital related mainly to the SB Zone underground development at Kumtor ($9.7 million), the North Wall mine expansion at Kumtor consisting of new mine equipment and infrastructure upgrades including CAT 789 haul truck purchases ($32.2 million), other equipment purchases ($8.7 million) and camp expansion and spending at the Gatsuurt project on mine development ($1.3 million). Capital expenditures in the comparative quarter of 2009 totalled $21.0 million, consisting of $6.1 million of sustaining capital and $14.9 million of growth capital.

Corporate Administration

Corporate administration costs for the third quarter of 2010 increased to $13.4 million compared to $8.1 million in the same quarter of 2009, as a result of increased costs associated with share-based compensation due to an increase in the Company's stock price.

Revenue-based Tax - Kumtor

Revenue-based taxes are payable to the Kyrgyz Government under the Restated Investment Agreement at a rate of 13% of gross revenue, with an additional contribution of 1% of gross revenue to the Issyk-Kul Oblast Development Fund. Revenue-based tax decreased to $11.5 million in the third quarter of 2010 compared to $18.1 million in the comparative quarter as a result of lower revenue.

Other Item

On July 2, 2010, the Company completed the sale of its interest in the REN project to Homestake Mining Company of California, a subsidiary of Barrick Gold Corporation, for gross proceeds of $35.2 million resulting in a net gain of $34.9 million.

Income Tax Expense

The Company is liable for income tax at its Boroo mine in Mongolia at a rate of 25% of taxable income in excess of 3 billion Tugriks (about $2.3 million as at the balance sheet date), and 10% for income up to that amount. Boroo recorded an income tax expense of $2.4 million for the quarters ended September 30, 2010 and 2009.

Kumtor ceased to be liable for income tax effective April 30, 2009 and became subject to a new tax regime following the signing of the Restated Investment Agreement, pursuant to which income taxes and other taxes were replaced by taxes computed by reference to Kumtor's revenue.

Net Earnings

Net earnings for the third quarter of 2010 was $17.7 million, or $0.07 per share, compared to $20.2 million or $0.09 per share for the same period in 2009, reflecting the lower production and sales volumes and higher costs in 2010, as well as the impact from the gain on sale of the REN project.

Cash Flow

Cash used in operations was $24.5 million for the third quarter of 2010 compared to a source of cash in the same quarter of 2009 of $63.4 million, primarily reflecting decreased earnings as a result of lower volumes and higher costs, as well as the negative impact of increased working capital levels in 2010.

Cash provided by investing activities in the third quarter of 2010 totalled $77.5 million, primarily reflecting $108.4 million of short-term investments which matured in the quarter and $34.9 million of net proceeds from the sale of the REN project. This is reduced by spending on capital additions described previously of $70.9 million.

Nine-Month Period ended September 30, 2010 Compared with the Nine-Month Period Ended September 30, 2009

Gold Production and Revenue

Revenue for the first nine months of 2010 totalled $523.1 million, a 45% increase compared to $361.6 million in revenue in the same period of 2009 due primarily to increased gold sales as a result of higher production levels and an increase in the average spot price of gold. Gold production of 429,075 ounces in the nine months of 2010 was higher than the 379,544 ounces reported in the same period of 2009 mainly as a result of the increased production at Kumtor in the first two quarters of 2010 due to higher grades and increased recoveries. Boroo recorded lower production in 2010 from lower grades and due to the idling of the heap leach process as a result of the expiry of the temporary heap leach operating permit which was effective from May 1, 2009. The average realized gold price for the first nine months of 2010 was $1,162 per ounce compared to $928 per ounce in the same period of 2009 reflecting higher spot prices for gold. See "Mine Operations – Kumtor" and "Mine Operations – Boroo".

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Cost of Sales

Cost of sales in the first nine months of 2010 was $195.2 million, compared to $221.8 million in the same period of 2009. The reduction in the first nine months year over year is primarily due to the impact at Kumtor of lower operating costs in the first half of 2010 which lowered unit costs produced and also from the selling of lower cost ounces which were in process at the end of December 2009. High grades and recoveries in the fourth quarter of 2009 resulted in a high production of gold, some of which remained in inventory at the end of the year. Since the Company's operating cost to produce these ounces is roughly the same in periods of high grade as it is in periods of lower grade, the unit cost of gold produced in high grade periods is lower (more ounces, same cost). These lower cost ounces coming from the inventory at the end of 2009 were sold in the first nine months of 2010 thereby helping to lower the cost of sales for the period. The impact of the agreement signed with the Kyrgyz government which removed production-based taxes from cost of sales beginning April 30, 2009 also had a positive effect in the year over year comparison ($8.7 million of production taxes were charged against cost of sales in the first nine months of 2009).

The Company's total cash cost per ounce produced for the nine months ended September 30, 2010 was $521, down from $602 in the same period in 2009. This decrease is primarily due to the increased production levels in 2010. Excluding the costs incurred during the shutdown at Boroo in 2009 of $4.1 million, total cash cost per ounce produced for the first nine months of 2009 would be $591.

Revenue-based Tax - Kumtor

Revenue-based tax totaled $58.1 million in the first nine months of 2010 compared to $23.3 million in the same period of 2009. The new revenue-based tax took effect from April 30, 2009 as a result of the Restated Investment Agreement, signed with the Kyrgyz government (the "Government") in the second quarter of 2009.

Other Items

A net gain of $34.9 million was recorded in the first nine months of 2010 as a result of the sale of the REN project.

An expense of $49.3 million was recorded in the comparative period of 2009, resulting from the Restated Investment Agreement. This amount in 2009 reflects the settlement by the Company, as prescribed by the agreement, which included the issuance of common shares to the Government, the settlement of legal claims, a tax settlement going back to January 1, 2008 and various legal and related costs incurred by the Company.

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Income Tax Expense

The Company recorded an income tax expense at Boroo of $9.3 million during the nine month period ended September 30, 2010 compared to $13.7 million for the same period of 2009. While the impact of currency movements on income tax expense in 2010 has been limited, the significant weakening of the Mongolian Tugrik during 2009 was the material factor contributing to the variance in Boroo's tax expense.

Net Earnings

Net earnings in the first nine months of 2010 was $169.5 million, or $0.72 per share, compared to a net loss of $79.6 million, or $0.36 per share, for the same period in 2009. The increase primarily reflects higher sales and production, a reduction to cost of sales and the impact from the sale of the REN project in 2010 and the settlement of legal and tax claims with the Government in 2009 as a result of the Restatement Investment Agreement.

Capital Expenditures

Capital expenditures spent and accrued of $156.6 million in the first nine months of 2010 included $34.6 million of sustaining capital and $122.0 million invested in growth capital related mainly to the SB Zone underground development at Kumtor ($27.1 million), the mine expansion at Kumtor ($66.5 million) and spending at the Gatsuurt project on mine development and road construction ($16.3 million). Capital expenditures in the comparative period of 2009 totalled $61.0 million, consisting of $34.3 million of sustaining capital and $26.7 million of growth capital.

Cash Flow

Cash flow provided by operations for the first nine months of 2010 was $134.3 million compared to $57.0 million in the same period of 2009 reflecting higher net earnings, partially offset by increased working capital levels in 2010 and $22.4 million of tax settlement and pre-tax payments made by Kumtor in June 2009 under the Restated Investment Agreement. Cash used in investing activities totaled $20.5 million in the nine months of 2010 compared to $45.8 million used in investing activities in the prior year. Spending in 2010 includes $156.6 million on capital projects described above less accruals of $7.5 million ($63.7 million in 2009), a reduction in short-term investments of $93.7 million (2009 was partially offset by a reduction in short-term investments of $17.8 million) and net proceeds of $34.9 million from the sale of REN in 2010.

Asset Retirement Obligations

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

The Company has estimated the net present value of the total asset retirement obligations to be $30.3 million as at September 30, 2010 (December 31, 2009 - $29.7 million). These payments are expected to be made over the 2010 to 2017 period. The Company used weighted average credit risk-adjusted rates of 6.99% at Kumtor and 8% at Boroo to calculate the present value of the asset retirement obligations.

Share capital and share options

As of November 4, 2010, Centerra had 235,755,488 shares issued and outstanding. In addition, at the same date, the Company had 917,895 share options outstanding under its share option plan with exercise prices between Cdn$4.68 and Cdn$14.29 per share, and with expiry dates between 2013 and 2017.

The shares outstanding include the issuance on June 11, 2009 of 18,232,615 common shares of Centerra as contemplated by the Restated Investment Agreement for the Kumtor project. These shares were issued from treasury on June 11, 2009, at the closing share price of $6.62 (Cdn. $7.30) to Kyrgyzaltyn JSC. As a result, the Company recorded an addition to share capital of $120.7 million in June 2009.

Gold hedges

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

Credit and Liquidity

As at September 30, 2010, the Company has no outstanding loans.

The Company has entered into contracts to purchase capital equipment and operational supplies which at September 30, 2010 totalled $84.0 million (Kumtor $83.3 million, Boroo $0.1 million and Centerra Gold Mongolia LLC, a subsidiary of Centerra, $0.6 million). The Kumtor commitment is primarily for the purchase of mobile equipment for future expansion, including 22 CAT 789 haul trucks, totalling approximately $75 million. These contracts are expected to be settled over the next twelve months.

Cash and cash equivalents and short-term investments were $334.7 million at the end of the third quarter of 2010, compared to cash and cash equivalents and short-term investments of $322.9 million at December 31, 2009. The Company believes it has sufficient cash to carry out its operational business plan for 2010.

A significant factor in determining profitability and cash flow from the Company's operations is the price of gold. The spot market gold price based on the London PM fix was approximately $1,307 per ounce on September 30, 2010. For the third quarter of 2010, the gold price averaged $1,227 per ounce compared to $960 per ounce for the same period in 2009. The average gold price for the first nine months of 2010 was $1,178 per ounce compared to $931 per ounce for the same period in 2009.

The Company receives its revenues through the sale of gold in U.S. dollars. The Company has operations in the Kyrgyz Republic and Mongolia. Countries in which the Company explores include Turkey, Russia, China, the United States, the Kyrgyz Republic and Mongolia. Centerra's corporate head office is in Toronto, Canada. During the nine-month period ending September 30, 2010, approximately $233 million or 39% of total operating and capital costs were incurred by Centerra in currencies other than the U.S. dollar out of a total of $595 million in costs incurred. For the nine-month period, the percentage of Centerra's non-U.S. dollar costs, by currency was, on average, as follows: 33% in Mongolian tugriks, 29% in Kyrgyz soms, 18% in Canadian dollars, 18% in Euro,

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and 2% in other currencies. On average, from the December 31, 2009 currency exchange rate, the Mongolian Tugrik appreciated by 4.0% over the U.S. Dollar, whilst the Kyrgyz Som depreciated against the U.S. Dollar by approximately 3.6%. The Canadian Dollar appreciated by 1.6% whereas the Euro depreciated by 9.0% against the U.S. Dollar. The estimated impact of these movements over the nine-month period to September 30, 2010 has been to reduce costs by approximately $2.5 million, after accounting for the Som, Tugrik and Canadian Dollars held at the beginning of the year.

For information on forward-looking information see "Caution Regarding Forward-Looking Information".

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Mine Operations

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

	Three Months Ended September 30			Nine Months Ended September 30		
Kumtor Operating Results	2010	2009	% Change	2010	2009	% Change
Revenue - $ millions	**82.2**	129.0	(36%)	**415.3**	260.6	59%
Gold sold – ounces	**66,490**	134,803	(51%)	**358,461**	279,293	28%
Average realized gold price – $/oz	**1,237**	957	29%	**1,159**	933	24%
Cost of sales - $ millions	**63.1**	59.7	6%	**158.8**	179.1	(11%)
Cost of sales - $/oz sold	**948**	443	114%	**443**	641	(31%)
Tonnes mined - 000s	**30,714**	30,941	(1%)	**86,905**	89,549	(3%)
Tonnes ore mined – 000s	**774**	1,516	(49%)	**2,953**	2,706	9%
Average mining grade - g/t (1)	**1.89**	3.49	(46%)	**3.51**	3.47	1%
Tonnes milled - 000s	**1,390**	1,546	(10%)	**4,290**	4,366	(2%)
Average mill head grade - g/t (1)	**1.57**	3.52	(55%)	**3.10**	2.71	14%
Recovery - %	**73.4**	73.3	0%	**76.4**	70.4	9%
Gold produced – ounces	**68,757**	133,459	(48%)	**339,369**	277,947	22%
Total cash cost - $/oz (2) (3)	**887**	427	108%	**512**	651	(21%)
Total production cost - $/oz (2) (3)	**1,065**	547	95%	**626**	813	(23%)
Capital expenditures - $ millions	**70.3**	18.2	286%	**133.2**	57.3	132%
Boroo Operating Results						
Revenue - $ millions	**33.3**	29.8	12%	**107.8**	101.0	7%
Gold sold – ounces	**27,072**	30,803	(12%)	**91,737**	110,213	(17%)
Average realized gold price - $/oz	**1,228**	967	27%	**1,175**	916	28%
Cost of sales - $ millions	**11.9**	11.0	8%	**36.4**	42.7	(15%)
Cost of sales - $/oz sold	**440.0**	354.0	24%	**397.0**	388.0	2%
Total tonnes mined - 000s	**2,578**	2,755	(6%)	**8,641**	8,772	(1%)
Average mining grade - g/t (1)	**1.47**	1.70	(14%)	**1.32**	1.46	(10%)
Tonnes mined heap leach – 000s	**143**	589	(76%)	**1,498**	2,311	(35%)
Tonnes ore mined direct mill feed -000’s	**201**	597	(66%)	**2,074**	1,663	25%
Tonnes ore milled - 000s	**594**	431	38%	**1,832**	1,450	26%
Average mill head grade - g/t (1)	**1.97**	2.45	(20%)	**1.98**	2.41	(18%)
Recovery - %	**69.8**	76.0	(8%)	**72.6**	69.7	4%
Gold produced – ounces	**27,551**	32,424	(15%)	**89,706**	101,597	(12%)
Total cash cost - $/oz (2) (4)	**575**	411	40%	**558**	466	20%
Total production cost - $/oz (2)	**720**	625	15%	**737**	692	7%
Capital expenditures - $ millions (Boroo)	**3.5**	0.6	483%	**6.9**	0.9	667%
Capital expenditures - $ millions (Gatsuurt)	**1.3**	2.2	(41%)	**16.3**	2.6	527%

(1) g/t means grams of gold per tonne.
(2) Total cash cost and total production cost are non-GAAP Measures and are discussed under “Non-GAAP Measures”.
(3) As a result of Kumtor’s Restated Investment Agreement, total cash cost and total production cost per ounce measures for both years are shown excluding operating and revenue-based taxes.
(4) 2009 includes the costs incurred during the strike and shutdown of $4.1 million (nine months). Excluding these costs the third quarter and nine months cash cost per ounce produced at Boroo would be $388 and $426, respectively.

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KUMTOR

The Kumtor open pit mine, located in the Kyrgyz Republic, is the largest gold mine in Central Asia operated by a Western-based producer. It has been operating since 1997 and has produced approximately 7.6 million ounces of gold. During the third quarter 2010, Kumtor experienced two lost-time injuries and five level I and one level II environmental incidents (non-reportable incidents).

During the quarter, the planned removal of waste and ice from the southeast section of the high wall in the SB Zone continued. The overall rate of movement of waste and ice from this area has slowed due to the offloading plan and the de-watering program carried out during the year. During the third quarter of 2010, as expected, the high movement area did begin to accelerate, however the offloading plan and the de-watering program has slowed the ice movement compared to the same period last year.

The SB Zone underground decline (Decline #1) has now advanced a total of 854 metres. During the quarter the decline advancement continued and drill and remuck bays were established. Poor ground conditions decreased the advance rate in the latter portion of the quarter. It is expected that exploration drilling will commence in the fourth quarter while delineation drilling of the SB Zone is planned to commence in the first quarter of 2011.

The Stockwork Zone underground decline (Decline #2) has advanced a total of 509 metres (including the second heading for exploration). Decline #2 will facilitate the access to the Stockwork Zone and the SB Zone for further exploration and delineation drilling. During the second quarter, two headings were established and are advancing concurrently. A second heading in decline #2 established for the exploration and delineation drilling program for the Stockwork Zone has advanced 110 metres toward the north. Drill bays will be established along the planned 400 metre access drift. Poor ground conditions in the headings reduced the advance rate in the latter portion of the quarter. Exploration and delineation drilling of the Stockwork Zone resource is expected to commence in the fourth quarter of 2010 and continue into 2011.

Three-Month Period ended September 30, 2010 Compared with the Three-Month Period Ended September 30, 2009

Revenue and Gold Production

Revenue in the third quarter of 2010 decreased to $82.2 million from $129.0 million in the third quarter of 2009 primarily as a result of the lower sales volumes (66,490 ounces in the third quarter of 2010 compared to 134,803 ounces in the same period of 2009) which was partially offset by an increased average realized gold price. The average realized price in the third quarter 2010 was $1,237 per ounce compared to $957 per ounce in the same period of 2009.

Kumtor produced 68,757 ounces of gold in the third quarter of 2010 compared to 133,459 ounces of gold in the third quarter of 2009. The decrease in production resulted mainly from lower mill head grades. Actual mill head grade for the third quarter of 2010 was 1.57 g/t with a recovery of 73.4%, versus 3.52 g/t and a recovery of 73.3% for the same period in 2009.

Tonnes of ore milled were 1,390,015 versus 1,545,974 or 10% lower compared to the same period of 2009 as a result of the planned mill shutdown in July 2010 which was required to replace the ring gear and replace the SAG mill liner.

Total tonnes mined in the third quarter of 2010 were 30.7 million roughly equivalent to the same period in 2009. However, due to the increase in waste and ice material moved, less tonnes of ore were mined in the third quarter 2010 as compared to the comparative period in 2009 (0.8 million compared to 1.5 million).

Cost of Sales

Cost of sales at Kumtor in the third quarter 2010 were $63.1 million compared to $59.7 million in the same quarter of 2009, an increase of $3.3 million or 6%.

Ounces sold in the third quarter 2010 came primarily from current third quarter production which was at a higher unit cost than the comparable 2009 period due to lower ore volumes from lower mining and milling grades (respectively 49% and 55% lower compared to the same period of 2009), on-going management of the movement of waste rock and ice at higher operating costs due to the increase in diesel fuel consumption, fuel tax levies, higher labour costs and higher dewatering costs.

Operating cash costs at Kumtor increased by $3.2 million in the third quarter 2010 compared to the same quarter of 2009. This variance can be explained as follows:

Mining costs for the third quarter of 2010 were $35.5 million, an increase of $5.1 million (17%) compared to the same quarter in 2009. The increase was primarily due to higher diesel costs ($4.8 million) as a result of the introduction in April 2010 of a new tax levied by the Russian Government on its exported fuel. Price alone added $4.1 million to this quarter’s operating costs while higher consumption from the larger fleet and longer hauls added the remaining $0.7 million. Other factors include increases in dewatering supplies ($1.2 million) and blasting and explosives ($1.1 million). This was partially offset by higher capitalized costs for work performed on the tailings.

Milling costs for the third quarter of 2010 were $12.9 million, a decrease of $1.7 million (12%) compared to the same quarter of 2009. This was primarily due to a reduction in reagents ($1.6 million) due to lower usage of carbon as a direct result of the lower grade processed. Further savings were achieved through lower cyanide expenditure also due to lower head grade ($0.4 million) and a further saving on cyanide due to lower tonnages processed ($0.3 million). This was partially offset by higher maintenance materials and supplies cost ($0.5 million) related to the shutdown in July 2010.

Site administration costs for the third quarter 2010 were $8.6 million, a decrease of $0.6 million (7%) compared to the same quarter 2009. The favorable variance resulted from increased allocation of camp catering costs ($1.7 million), partially offset by higher insurance costs ($0.4 million), higher continuous improvement consultation costs ($0.2 million), higher fuel costs ($0.2 million) for extra transport and fuel trucks to support the increased fleet.

The ultimate impact of these cost changes on the reported results for cost of sales is dependant on the relative levels of capital and operating activities and the buildup or drawdown of inventories during the periods presented. On a unit cost basis, cost of sale per ounce sold for the third quarter 2010 increased to $948 per ounce compared to $443 per ounce for the same period in 2009. This is mainly

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due to lower sales volumes in the third quarter 2010 as a result of lower ore production due to lower mining and mill head grades (mill grades were 1.57 g/t compared to 3.52 g/t) and higher volumes of waste rock and ice moved. Of the $505 cost of goods variance per ounce sold, the lower mining volumes caused by the lower grades and higher waste volumes moved accounted for $260 per ounce sold while the lower milling grades represented $103 per ounce sold. The higher operating costs accounted for $52 of the cost of goods variance per ounce sold.

Total cash cost per ounce produced in the third quarter 2010 was $887 per ounce compared to $427 per ounce for the same period in 2009, mainly as a result of the lower production due to reduced head grades, higher operating costs as described above and the increased stripping of waste. Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

Kumtor Regional Administration

Bishkek administration costs for the third quarter 2010 were $4.1 million. This is an increase of $0.9 million (28%) compared to the same quarter 2009. The increase results primarily from increased corporate contributions to the local communities impacted by the June disturbances in the country.

Depreciation and Amortization

Depreciation, depletion and amortization of $13.4 million decreased by $7.3 million over the same period in 2009. This was mainly due to an increase in mine ore reserves, from the extension of the mine life in late 2009 and the decrease in mining and milling production in the third quarter of 2010 in comparison with the same period of 2009 which led to slower amortization of assets depreciated on the unit of production method.

Revenue-Based Tax

Revenue-based tax totaled $11.5 million in the third quarter of 2010 as compared to $18.1 million in the same quarter of 2009 due to the lower sales in the third quarter 2010.

Exploration

Exploration costs for the third quarter 2010 were $3.3 million which is unchanged from the third quarter of 2009.

Capital Expenditures

Capital expenditures in the third quarter of 2010 were $70.3 million compared to $18.2 million in the same quarter of 2009. In 2010, this consisted of $13.8 million of sustaining capital, predominantly spent on the heavy duty equipment overhaul program ($5.6 million), shear key, buttress and tailings dam construction ($3.8 million), replacement of 4 dozers ($1.4 million), the SAG mill girth gear replacement and re-alignment ($1.7 million), 2010 waste dump expansion ($0.5 million) and other projects totaling ($0.8 million). Growth capital investment totaled $56.5 million spent mainly on the mine expansion, including CAT 789 haul truck purchases ($32.2 million) and other equipment ($8.7 million) and on the underground development of the declines for the SB and Stockwork zones ($9.7 million).

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Nine-Month Period ended September 30, 2010 Compared with the Nine-Month Period Ended September 30, 2009

Revenue and Gold Production

Revenue for the first nine months of 2010 increased to $415.3 million from $260.6 million in same period of 2009 primarily as a result of higher sales volumes (358,461 ounces for the nine months of 2010 compared to 279,293 ounces in the same period of 2009). Revenue was also positively impacted due to a higher average realized gold price for the first nine months of 2010 ($1,159 per ounce compared to $933 per ounce in the same period in 2009).

Kumtor produced 339,369 ounces of gold for the nine months of 2010 compared to 277,947 ounces of gold in the same period of 2009. The increased production is primarily from higher milling grades and recovery which occurred during the first six months of 2010. The mill head grade averaged 3.1 g/t with a recovery of 76.4% for the nine months of 2010 compared to 2.7 g/t and a recovery of 70.4% for the comparative period of 2009.

The higher average realized gold price per ounce for both the three and nine month periods in 2010 was due to higher gold spot prices.

Cost of Sales

Cost of sales at Kumtor for the first nine months of 2010 was $158.8 million compared to $179.1 million in the same period of 2009. This is a reduction of $20.3 million (11%) compared to the first nine months of 2009.

The reduction for the first nine months year over year is primarily due to the impact of the lower operating costs in the first nine months of 2010 and from the selling of lower cost ounces which were in process at the end of December 2009 resulting from a high production, low cost fourth quarter in 2009 which saw significantly higher grades and recoveries. The first nine months of 2010 also benefited from the new agreement with the Kyrgyz which eliminated production taxes from cost of sales ($8.7 million was charged in the first nine months of 2009).

Operating cash costs at Kumtor decreased by $7.9 million for the first nine months of 2010 compared to the same period in 2009. This variance can be explained as follows:

Mining costs for the first nine months of 2010 were $96.2 million, a reduction of $6.3 million (6%) compared to the same period in 2009. This arose primarily due to lower maintenance materials and supplies costs ($4.9 million), lower equipment expenditures on CAT 777 and CAT 785 haul trucks ($2.2 million), CAT 5130 shovels ($1.4 million) and track dozers ($0.8 million). This reduction is partially due to a more comprehensive overhaul program which has reduced the number of break downs and unscheduled maintenance.

Other favorable variances include increased capitalization of equipment costs for work performed on the tailings dam ($2.2 million) lower cost for dewatering supplies ($2.0 million), lower lubricants costs due to 19% lower usage as a result of a successful oil sampling program ($1.1 million), lower tire costs ($1.1 million) due to the availability of radials which have a lower cost per hour than bias ply tires, lower dewatering costs ($1.0 million), lower national premiums ($1.0 million) and drilling bits ($0.5 million). The lower mining costs were partially offset by higher diesel costs ($5.5 million)

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as a result of higher prices due to the introduction of fuel tax levy by the Russian Government which increased cost by $3.8 million and higher consumption rates due to longer hauls which increased cost by $1.7 million. Other unfavorable variances are higher camp cost ($2.0 million) and maintenance costs ($1.6 million).

Milling costs for the first nine months of 2010 were $41.1 million, an increase of $0.7 million (2%) when compared to the same period in 2009. The increase was primarily due to higher costs for maintenance materials and supplies ($2.1 million) which primarily resulted from the mill shutdown in July 2010, higher electricity costs ($1.2 million) and higher camp catering cost ($0.3 million), partially offset by a favorable price and consumption variance for grinding media ($1.5 million) and reduced reagent costs in particular carbon ($0.8 million).

Site administration costs for the first nine months of 2010 were $25.2 million. This is a reduction of $3.3 million (12%) when compared to the same period 2009. The reduction is as a result of allocating camp catering costs to other departments ($4.5 million), partially offset by higher insurance costs ($0.7 million) and higher technical consultants for the continuous improvement program ($0.4 million).

The ultimate impact of these cost changes on the reported results for cost of sales is dependent on the relative levels of capital and operating activities and the buildup or drawdown of inventories during the periods presented. On a unit cost basis, cost of sales per ounce sold for the first nine months of 2010 decreased to $443 per ounce compared to $641 per ounce for the same period in 2009 mainly due to higher sales volumes and the decrease in cash operating costs.

Total cash cost per ounce produced in the first nine months of 2010 was $512 compared to $651 per ounce for the same period in 2009. This reduction is predominantly due to higher production and lower operating costs. Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

Kumtor Regional Administration

Bishkek Administration costs for the first nine months of 2010 were $10.7 million, $0.5 million or 5% higher than the same period 2009. This increase is primarily a result of increased contributions to the local communities impacted by the June 2010 disturbances in the country.

Depreciation and Amortization

Depreciation, depletion and amortization was $41.6 million in the first nine months of 2010, a decrease of $11.6million over the same period of 2009 mainly due to an extension to the life of mine in late 2009 leading to slower amortization of assets depreciated on the units of production method. This decrease was partially offset by higher mine and mill production in the first nine months of 2010 leading to an increase in depreciation for mining and milling assets and by an increase in additions to capital in the first nine months of 2010 in comparison with the same period of 2009.

Revenue-based Tax - Kumtor

Revenue-based tax totaled $58.2 million in the first nine months of 2010 compared to $23.3 million in the comparative 2009 period. The increase reflects the increased revenue in 2010 and the fact that the new revenue-based tax took effect from April 30, 2009.

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Exploration

Exploration costs for the first nine months of 2010 were $7.8 million, $1.1 million or 12% lower than the same period of 2009. The decrease was mainly due to lower contractor labour services ($0.6 million) and lower exploration materials and supplies ($0.5 million) which resulted from a delay in exploration activities.

Capital Expenditures

Capital expenditure for the first nine months of 2010 was $133.2 million compared to $57.3 million in the same period of 2009. This consisted of $31.6 million of sustaining capital, predominately spent on the heavy duty equipment overhaul program ($14.4 million). Other sustaining capital expenditures included shear key, buttress and tailings dam construction ($6.1 million), the replacement of 4 dozers ($4.2 million), the 2010 waste dump expansion ($1.9 million), the SAG mill girth gear quadrant replacement ($1.1 million), the SAG mill re-alignment ($0.7 million) and other projects totaling ($3.2 million). Growth capital investment totaled $101.6 million spent mainly on the underground development ($27.1 million) and the mine expansion, including the purchase of CAT 789 haul trucks ($57.7 million), Liebherr shovel ($4.0 million), track dozers ($2.6 million), tired dozer ($1.1 million), drills ($2.1 million), the purchase of Mack tractors and fuel trailers ($1.2 million) and the expansion of the camp ($1.2 million).

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BOROO and GATSUURT

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

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

Three-Month Period ended September 30, 2010 Compared with the Three-Month Period Ended September 30, 2009

Revenue and Gold Production

Revenue in the third quarter of 2010 increased to $33.3 million from $29.8 million in the third quarter of 2009 primarily as a result of a higher realized gold price, partially offset by lower ounces sold (27,072 ounces in the third quarter of 2010, compared to 30,803 ounces sold in the same period of 2009). Boroo produced 27,551 ounces of gold in the third quarter of 2010 compared to 32,422 ounces of gold in the same quarter of 2009. The milling operation experienced lower recovery and lower ore grades. The heap leach operation remained idle during the third quarter 2010 awaiting issuance of the final operating permit from the Mongolian government. In the third quarter of 2009, heap leach production was 4,322 ounces. The milling ore grade averaged 1.97 g/t with a recovery of 69.8% in the third quarter of 2010, compared to 2.45 g/t with a recovery of 76.0% in the same quarter of 2009.

The average realized gold price per ounce in the third quarter of 2010 was $1,228 compared to $967 in the same period of 2009.

Cost of Sales

Cost of sales increased in the third quarter of 2010 to $11.9 million compared to $11.7 million in same period of 2009.

Operating cash costs at Boroo increased by $2.2 million compared to the same period in 2009. The third quarter year over year operating cost variance can be explained as follows:

Mining costs for the third quarter in both 2010 and 2009 remained unchanged at $3.8 million

Milling costs for the third quarter 2010 were $5.4 million, $2.1 million or 63% higher than the same quarter in 2009. This primarily results from higher costs for electricity, reagents and grinding media. Electricity unit costs increased to $0.058 per kilowatt hour in the third quarter of 2010 compared to $0.046 per kilowatt hour in the same period of 2009 ($0.2 million). Consumption levels in the third quarter 2010 were higher as a result of the suspension of operations in July 2009. The increase in tonnes ore milled resulted in higher consumption of electricity, reagents and grinding media ($0.6 million). Additionally, higher maintenance related costs were incurred in the third quarter 2010 compared to the same period in 2009 ($0.8 million), largely because of the SAG mill reline performed in the third quarter 2010. The revised collective agreement for national employees, effective from July 1, 2010 contributed an additional $0.2 million in the third quarter 2010 compared to the same period in 2009.

Costs associated with the heap leach operation during the third quarter of 2010 were $0.5 million or 49% lower than the same period in 2009 as a result of the expiry of the temporary operating permit for the heap leach operation in April 2009. The heap leach operation remained idle during the third quarter 2010 awaiting issuance of the final operating permit from the Mongolian government. No cyanide has been added to the heap leach pad since the operating permit expired.

Site administration costs for the third quarter 2010 were $2.2 million, $0.3 million or 13% higher than the same quarter in 2009. This is mainly due to reclassification of expense elements from regional administration to the site administration such as insurance and permit fees.

Royalties increased by $0.4 million, primarily due to higher sales revenue achieved for the third quarter of 2010 compared to the same period in 2009.

The ultimate impact of these cost changes on the reported results for cost of sales is dependant on the relative levels of capital and operating activities and the buildup or drawdown of inventories during the periods presented. On a cash unit cost basis, cost of sales per ounce sold for the third quarter of 2010 increased to $440 from $354 for the same period in 2009 mainly as a result of higher operating costs.

Total cash cost per ounce produced in the third quarter 2010 was $575 compared to $411 per ounce for the same period in 2009. The increase in the cash cost per ounce results from increased operating costs and lower ounces produced mainly due to lower grades and lower recoveries. Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

Boroo Regional Administration

Regional administration costs for the third quarter 2010 were $2.1 million, $0.3 million or 20% higher than the same quarter in 2009, mainly due to higher social development funds spent in the third quarter of 2010.

Depreciation and Amortization

Depreciation, depletion and amortization in the third quarter 2010 totaled $3.9 million, a decrease of $2.3 million or 37% as compared to the same period in 2009. The decrease was mainly due to an increase in mine ore reserves and an extension of the mine life at Gatsuurt at the end of 2009 leading to a longer amortization period of the mill assets depreciated on the unit of production method in the third quarter of 2010. In addition the third quarter 2010 included lower amortization of pit 3 pre-stripping costs than the comparative quarter of 2009.

Exploration

Exploration expenditures in Mongolia increased to $2.2 million in the third quarter of 2010 from $0.9 million in the same period of 2009. This is primarily due to additional drilling activities performed at Gatsuurt and other projects in the country.

Capital Expenditures

Capital expenditures spent and accrued at Boroo in the third quarter of 2010 increased to $3.5 million compared to $0.6 million in the same period of 2009, which included $1.0 million of sustaining capital mainly for heavy equipment component change-outs required for the fleet. Growth capital totaled $2.5 million which was incurred to add a new lift to the main tailings dam wall to accommodate future production including Gatsuurt oxide ores. At Gatsuurt, $1.3 million was spent in the third quarter 2010 for site development, as compared to the same quarter in 2009 where $2.2 million was spent and accrued.

Nine-Month Period ended September 30, 2010 Compared with the Nine-Month Period Ended September 30, 2009

Revenue and Gold Production

Revenue in the first nine months of 2010 increased to $107.8 million from $101.0 million in the same period of 2009 primarily as a result of higher average realized gold price per ounce of $1,175 in the first nine months of 2010 compared to $916 in the same period of 2009.

The impact of the higher average realized gold price per ounce on revenue was partially offset by fewer ounces sold. In the first nine months 2010, 91,737 ounces of gold were sold compared to 110,213 ounces sold in the same period of 2009. Boroo produced 89,706 ounces of gold in the first nine months of 2010 compared to 101,597 ounces of gold in the same period of 2009. During the first nine months of 2010, the milling operation achieved increased recovery which was partially offset by lower milling grades. The mill head grade averaged 1.97 g/t with a recovery of 72.6% in the first nine months of 2010, compared to 2.41 g/t with a recovery of 69.7% in the same period of 2009. Recovery was improved by the less refractory ore fed to the mill in the first nine months of 2010 compared to the same period in 2009. The heap leach operation remained idle in the first nine months of 2010, pending issuance of the final permitting by the Mongolian government authorities. In the first nine months of 2009 heap leach production totaled 22,985 ounces.

Cost of Sales

Cost of sales decreased in the first nine months of 2010 to $36.4 million compared to $46.8 million in same period of 2009. The decrease results primarily from the lower ounces sold in the first nine months of 2010 partially offset by higher operating costs and royalties.

Operating cash costs at Boroo increased by $2.9 million over the first nine months of 2009. This increase can be explained as follows:

Mining costs for the first nine months of 2010 were $15.1 million, $1.7 million or 13% higher than the same period in 2009. This primarily results from increased diesel costs at an average of $0.85 per liter in the first nine months of 2010 compared to $0.69 per liter in the same period of 2009 ($0.9 million) and higher consumption ($1.1 million) resulting from the increased distances as mining progresses deeper in pit 3.

Milling costs for the first nine months of 2010 were $15.8 million, $3.1 million or 25% higher than the same period in 2009. This primarily results from higher costs for electricity, reagents and grinding media. Electricity unit cost increased to $0.056 per kilowatt hour in the first nine months of

2010 compared to $0.047 per kilowatt hour in the same period of 2009 ($0.5 million). Consumption levels in the first nine months of 2010 were higher primarily as a result of the suspension of operations which ended July 27, 2009. The increase in tonnes of ore milled resulted in higher consumption of electricity, reagents and grinding media ($0.9 million). In addition, maintenance costs increased by $0.6 million compared to the same period in 2009 due to increased maintenance performed at the mill crusher, grinding and decant line; mine equipment rented for the mill crusher increased $0.4 million compared to 2009. The revised collective agreement for national employees, effective from July 1, 2010 contributed an additional $0.2 million in the first nine months of 2010 compared to the same period in 2009

Costs for the heap leach operations were $3.0 million lower than the same period in 2009 due to the expiry of the temporary operating permit for the heap leach operation in April 2009. The heap leach operation remained idle during the third quarter 2010 awaiting issuance of the final operating permit from the Mongolian government.

Site administration costs for the first nine months of 2010 were $6.1 million, $0.4 million or 7% higher than the same period in 2009.

Royalties increased by $0.5 million, primarily due to higher sales revenue achieved for the first nine months of 2010 compared to the same period in 2009.

The ultimate impact of these cost changes on the reported results for cost of sales is dependant on the relative levels of capital and operating activities and the buildup or drawdown of inventories during the periods presented. On a unit cost basis, cost of sales per ounce sold increased to $397 in the first nine months of 2010 compared to $388 in the same period of 2009.

Total cash cost per ounce produced in the first nine months of 2010 was $558 compared to $466 per ounce for the same period in 2009. The increase in the unit cash cost per ounce results from the lower ounce production, mainly due to heap leach license suspension and increased operating costs noted previously. Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

Mine Standby Costs

Standby costs at the Boroo mine during the first nine months of 2009 totalled $4.1 million as a result of the operation’s suspension due to a labour dispute and a temporary suspension of the main mining license by the Mongolian authorities. Although the main operating license was re-instated on July 27, 2009, the heap leach operation continues to be on care and maintenance pending issuance of the final operating permit.

Boroo Regional Administration

Regional administration costs in the first nine months of 2010 were $5.3 million, $0.2 million or 4% lower than the same period in 2009.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization in the first nine months of 2010 totaled $13.8 million, a decrease of $6.8 million or 33% as compared to the same period in 2009. This was mainly due to an increase in mine ore reserves at Gatsuurt and an extension of the mine life in late 2009 leading to slower amortization of assets depreciated on the unit of production method in the first nine months of 2010. In addition the first nine months of 2010 included lower amortization of pit 3 pre-stripping costs than the first nine months of 2009.

Exploration

Exploration expenditures in Mongolia increased to $4.9 million in the first nine months of 2010 from $1.7 million in the same period of 2009. This is primarily due to additional drilling activities performed at Gatsuurt, Ulaan Bulag and other projects in the country.

Capital Expenditures

Capital spent and accrued at Boroo in the first nine months of 2010 increased to $6.9 million compared to $0.9 million in the same period of 2009, which included $2.8 million of sustaining capital mainly for heavy equipment component change-outs required for the fleet. Growth capital at Boroo totalled $4.1 million which was incurred for the tailings dam expansion to accommodate future production of Boroo and Gatsuurt oxide ores. At Gatsuurt, $16.3 million was invested in the first nine months of 2010 on road building and site development.

Other Financial Information – Related Party Transactions

Kyrgyzaltyn and the Government of the Kyrgyz Republic

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

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

($ thousands)	Three months ended September 30		Nine months ended September 30	
	2010	**2009**	**2010**	**2009**
Management fees paid by KGC to Kyrgyzaltyn	**66**	135	**358**	343
Concession payments paid by KGC to Kyrgyz Republic	**-**	**-**	-	(116)*
Total	**66**	135	**358**	227
Gross gold and silver sales from KGC to Kyrgyzaltyn	**82,547**	129,642	**416,952**	261,940
Deduct: refinery and financing charges	**(331)**	(603)	**(1,629)**	(1,333)
Net sales revenue received by KGC from Kyrgyzaltyn	**82,216**	129,039	**415,323**	260,607

* Credit balance relates to a reversal of the concession tax accrued in 2008 for the last shipment in 2008, as per the Restated Investment Agreement.

Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to a Gold and Silver Sales Agreement which was amended and restated effective June 6, 2009. Under this amended and restated agreement Kyrgyzaltyn is required to pay for gold within 12 calendar days of shipment from the Kumtor mill at a price that is fixed based on the London PM fixed price of gold on the London Bullion Market. The obligations of Kyrgyzaltyn are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn, the value of which fluctuates with the market price.

At the request of the Kyrgyz government, the Company agreed in August 2010 to make advances of $11 million against future revenue-based taxes ($8 million was advanced in the third quarter and the balance of $3 million was advanced in October 2010). The advances will be applied against the 2010 revenue-based taxes otherwise payable in January 2011.

As at September 30, 2010, the Company had a receivable of $26.7 million from Kyrgyzaltyn (December 31, 2009 - $37.9 million).

Quarterly Results – Last Eight Quarters

Over the last eight quarters, Centerra's results reflect the positive impact of rising gold prices, increased gold production at Kumtor, partially offset by rising cash costs and lower production at Boroo. In 2009, production at Kumtor was impacted by the unplanned mining of ice and the removal of waste in the vicinity of the central pit. Unusual items of $49.3 million were recorded in the third quarter of 2009 as a result of the ratification of the revised taxation arrangements with the Kyrgyz Republic.

$ millions, except per share data	**2010**			**2009**				**2008**
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Revenue	115	152	255	324	159	104	98	241
Net earnings (loss)	18	30	122	140	20	(80)	(20)	43
Earnings (loss) per share (basic and diluted)	0.07	0.13	0.52	0.60	0.09	(0.36)	(0.09)	0.20

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Other Corporate Developments

Boroo/Gatsuurt

At the Boroo operation, the mining phase is coming to an end and mining activities will cease at the end of November 2010. The Boroo mill will continue to operate until mid-2011 processing stockpiled ores. Because of delays in receiving the necessary approvals and commissioning of the Gatsuurt project due to uncertain impact of the water basin and forest law, the Company will layoff of approximately 250 workers at Boroo on December 1, 2010, which the Company had originally planned to redeploy from Boroo to Gatsuurt. The Company continues its constructive discussions with the Government of Mongolia to resolve uncertainty resulting from the water basin and forests law. See "Mongolia – Mongolian Legislation" below.

Kumtor

At the Kumtor operation, production at the mine was suspended on October 1, 2010 after the unionized employees commenced an illegal work stoppage on October 1, 2010. The strike was settled on October 10, 2010 and workers returned to work that evening. A new collective agreement was ratified by the union and will expire on December 31, 2012.

Inaugural Annual Dividend

As part of the Company's long-term strategy to maximize shareholder value, the Company's inaugural annual dividend of Cdn$0.06 per common share was paid on September 8, 2010 to shareholders of record at the close of business on August 18, 2010. It is the intention of the Board of Directors to review the amount of the dividend on an annual basis depending upon the Company's cash balances, operating cash flows, anticipated capital requirements for future growth and the yields of comparable companies' dividend rates.

Board Appointments

In accordance with the restated shareholders agreement between the Company and Kyrgyzaltyn JSC dated as of June 6, 2009 (the "Restated Shareholders Agreement"), Centerra appointed Mr. Amandgeldy Muraliev and Mr. Karybek Ibraev to the Board of Directors August 19, 2010.

Mr. Muraliev, a Kyrgyz citizen, has extensive experience in politics, including being the Prime Minister of the Kyrgyz Republic from 1999 to 2000, and later being a member and advisor to the Ministry of Economic Development and Trade of the Kyrgyz Government. Mr. Muraliev is the First Vice Prime Minister of the Interim Government of the Kyrgyz Republic, and the Chairman of the Board of Directors of Kyrgyzaltyn JSC, a shareholder of the Company. Mr. Muraliev received degrees from the Academy of National Economy under the USSR Council of Ministers and the Frunze Polytechnic Institute.

Mr. Ibraev, a Kyrgyz citizen, has extensive experience in the mining industry. Mr. Ibraev is a consultant with the Extractive Industries Transparency Initiative (EITI) Secretariat in the Kyrgyz Republic. Mr. Ibraev is also a former executive director of the Kyrgyz Mining Association. Mr. Ibraev is a member of the Kyrgyz Mining Association and received degrees from the L'Ecole de Mine de Paris, and the Moscow Geological Exploration Institute. In accordance with the Restated Shareholders Agreement, Mr. Ibraev is independent from the Kyrgyz government.

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On August 19, 2010, Mr. Raphael Girard was also appointed to Centerra's Board of Directors. Mr. Girard is a public policy and international business consultant who retired from the Department of Foreign Affairs in August 2003. Prior to his retirement, Mr. Girard was the Canadian Ambassador to Romania, and earlier to the Federal Republic of Yugoslavia. Mr. Girard was a member of the Board of Directors of Gabriel Resources Ltd. from 2005 to 2010. Mr. Girard received his Bachelor of Arts degree from the University of British Columbia.

Kyrgyz Republic

Parliamentary elections were held in the Kyrgyz Republic on October 10, 2010. According to reports the elections were carried out according to accepted democratic standards and the results reflect the will of the electorate. Five parties have received sufficient votes to be represented in the Parliament. Currently, the parties are in talks to form a governing coalition. While political and civil conditions appear to have stabilized, the political situation in the Kyrgyz Republic continues to evolve and there can be no assurances that future political developments will not have a significant adverse impact on the Company's assets or operations.

Mongolia

Mongolian Regulatory Matters

The regulatory conditions in Mongolia have not changed substantially since Centerra's second quarter 2010 report. During the quarter however, progress was made in the development of dispute resolution mechanisms through a commitment made by the Prime Ministers of both Canada and Mongolia to press forward on the conclusion of a Foreign Investment Protection Agreement. The following discussion summarizes the current status of Mongolian regulatory matters affecting Centerra.

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

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

Mongolian Legislation

The legislative conditions in Mongolia have not changed substantially since Centerra's second quarter 2010 report. The commissioning of the Gatsuurt project has been delayed as a result of the uncertain impact of the Water and Forest Law. The following discussion summarizes the current status of certain Mongolian legislation that may affect Centerra, including its Gatsuurt project and other Mongolian mineral licenses.

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

In August 2009, the Government of Mongolia repealed its windfall profit tax of 68% in respect of gold sales at a price in excess of US$850 an ounce, with the repeal to take effect on January 1, 2011.

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Other

On July 2, 2010, the Company closed the sale of its REN interest to Homestake Mining Company of California ("Homestake"), a subsidiary of Barrick Gold Corporation, for cash proceeds of $35.2 million and a resulting net gain of $34.9 million.

For information on forward-looking information see "Caution Regarding Forward-looking Information".

Critical Accounting Estimates

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

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

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

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

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

If it is determined that carrying values of property, plant and equipment cannot be recovered, then the asset is written down to fair value. Similarly, Centerra tests goodwill at least annually for impairment to ensure that the fair value remains greater than or equal to book value. Any excess of

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book value over fair value is charged to income in the period in which the impairment is determined. Recoverability and fair value assessments are dependent upon assumptions and judgments regarding future prices, costs of production, sustaining capital requirements and economically recoverable ore reserves and resources. A material change in assumptions may significantly impact the potential impairment of these assets.

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

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

Changes in Accounting Policies

There were no new accounting policies adopted during the three months and nine months ended September 30, 2010.

New Pronouncements

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

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

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

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

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

As previously disclosed, the IFRS project is now in its final phase, the implementation phase. During the first quarter 2010, the Company initiated work to quantify its opening balance sheet as of January 1, 2010 under IFRS, applying the IFRS1 elections/exemptions and accounting policies it selected during the development work performed in 2009. During the third quarter 2010, the IFRS opening balance sheet was reviewed with the Company's Audit Committee of the Board.

During the third quarter 2010, the Company completed work on the conversion of its second quarter 2010 financial statements to IFRS standards. The converted financial statements have been discussed with the Company's Audit Committee. The Company is working with its auditors during the conversion process.

Full auditor attestation of the 2010 converted IFRS statements will be provided at the conclusion of the annual audit of the 2011 financial statements which is scheduled to be completed during the first quarter of 2012.

Impact of Adopting IFRS on the Company's Opening Balance Sheets

Standards under IFRS are based on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. While the Company believes that the adoption of IFRS will not have a material impact on the Company's reported cash flows, it will likely have a more significant impact on the consolidated balance sheets and statements of income. In particular, the Company's opening balance sheet will reflect the fair value of the provision for reclamation (Decommissioning Liabilities) and liability resulting from cash-settled share-based compensation. In addition, a portion of the book value of the Property Plant and Equipment associated with the Asset Retirement Obligation will be increased. Finally, all changes to the opening balance sheet will require that a corresponding tax asset or liability be established based on the resultant differences between the carrying value of assets and liabilities and their associated tax bases. Certain income statement items such as depreciation, depletion and amortization expense, accretion and share based compensation expense are also expected to be impacted.

The Company's estimate of the impact of the conversion to IFRS will decrease opening retained earnings by approximately $6.9 million. As a result the retained earnings under Canadian GAAP as at December 31, 2009 decreased from $272 million to $265 million. The following summarizes the preliminary quantitative impact of differences between Canadian GAAP and IFRS in the Company's more significant accounting policies and from its transition elections from Canadian GAAP to IFRS as of January 1, 2010.

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		Summary of Opening Balance Sheet Impact		
		Assets	Liabilities	Opening R/E
	Notes	Dr (Cr)	Dr (Cr)	Dr (Cr)
Provision for reclamation	(i) & (ii)	1.3	(4.3)	3.0
Share-based compensation	(iii)	-	0.08	(0.08)
Future income taxes	(iv)	(2.9)	(1.1)	4.0
		(1.6)	(5.3)	6.9

Adjustments to IFRS opening balance sheet as at the transition date

This discussion has been prepared using the IFRS standards and interpretations currently issued and expected to be in force during 2011, the Company's first annual IFRS reporting period. It should be noted that should the regulatory environment or standards substantially change from those currently defined, the Company's elections and accounting policy selections may be modified accordingly. This change would potentially affect the underlying values and results of the Company's opening balance sheet at January 1, 2010. At the present time however, we are not aware of any significant expected changes that would materially impact the summary presented below.

i.) Provision for reclamation and rehabilitation *(Decommissioning Liabilities)*

Under IFRS, a liability must be recognized at the time when the entity becomes legally or constructively obliged to rehabilitate a disturbance resulting from mining activities, while under Canadian GAAP, a liability is only recognized when the entity is legally bound. Discount rates used should reflect the risks specific to the decommissioning provision. Unlike IFRSs, under Canadian GAAP discount rates for asset retirement obligations are based on the entity's credit-adjusted risk-free rate. IFRS requires re-measurement of the liability at each reporting date whereas Canadian GAAP requires re-measurement of the liability in the event of changes in the amount or timing of cash flows required to settle the obligation. Over and above this, IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, requires the re-measurement of the provision for reclamation and rehabilitation if there is a change in the current market based discount rate. However under CGAAP HB 3110 *Asset Retirement Obligations*, the provision for reclamation and rehabilitation is not adjusted for changes in the discount rate.

The use of the current discount rate for all changes in estimates combined with the requirement to re-measure the liability at each reporting date under IFRS will significantly simplify the process required to measure any restoration liabilities as there will no longer be a need to record separate layers for the original liability and each subsequent upward revision in estimated cash flows. As a result, the ARO liability under IFRS has been re-measured using the risk free discount rate in effect at December 31, 2009 resulting in an adjustment of $4.2 million recorded as an increase to the provision for reclamation.

ii.) Property, Plant and Equipment

Under IFRIC 1, *Changes in Decommissioning, Restoration and Similar Liabilities,* contains guidance on accounting for changes in decommissioning, restoration and similar liabilities due to timing in the revision of estimated outflows and revisions to the risk free discount rate. Where these

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changes occurred, these changes are required to be capitalized as part of the cost of the underlying assets and depreciated prospectively over the remaining life of the asset to which they relate.

Due to the adjustments to the provision for reclamation discussed in (i) above, the book value of the property, plant and equipment at January 1, 2010 increased by $1.3 million.

iii.) Share-based payments

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to cash settled share-based compensation than current Canadian GAAP. While there is convergence in that share based payments are recognized as an expense, there are a number of measurement differences. IFRS requires that cash-settled share based payments be accounted for using a fair value method, as opposed to an intrinsic value under Canadian GAAP. IFRS requires that when the employee has the choice of settling for cash or shares, the entity has been deemed to have granted a compound instrument and must account for the debt and equity components separately. Unlike IFRSs, Canadian GAAP requires that when the employee has the choice of settling for cash or shares, the award is accounted for as a liability based on its intrinsic value. If modifications are made to share based payments, differences could arise due to the specific guidance in IFRS that is absent from Canadian GAAP.

IFRS 2, *Share Based Payments* was applied for applicable liabilities arising from cash settled share-based payment transactions that existed at December 31, 2009. Under Canadian GAAP, the liability for cash-settled share-based payments is accrued based upon the intrinsic value (mark-to-market) of the award. However the liability for cash-settled share-based awards is measured, under IFRS, at the fair value of the vested awards using the Monte Carlo model. Changes in fair value are recognized in the period of change until the liability is settled.

Consequently, as a result of the difference in measurement at December 31, 2009, an adjustment of $0.08 million was recorded to decrease the outstanding liability related to cash-settled share-based compensation (“PSU”) included as part of accounts payables and accrued liabilities.

iv.) Income Taxes

IAS 12, *Taxes* contains different guidance related to the recognition and measurement of future income taxes. It requires the recognition of future taxes in situations not required under Canadian GAAP. Specifically, a future tax liability (asset) is recognized for exchange gains and losses relating to foreign non-monetary assets and liabilities that are re-measured into the functional currency using historical exchange rates. Similar timing differences are also recognized for the difference in tax bases between jurisdictions as a result of the intra-group transfer of assets

Furthermore, Canadian GAAP requires that the current and long term portions of future income tax assets, and future income tax liabilities, be shown separately on the financial statements, whereas IFRS does not. As a result of differences in recognition and measurement under IFRS and CGAAP, a decrease to the future income tax asset of $2.9 million associated with Boroo was derecognized and adjusted to opening retained earnings. An additional $1.04 million of future income tax liability was recognized as the deferred tax effect on differences between CGAAP and IFRS, described in (i) to (iii) above.

v.) Impact of ongoing or future IFRS to Canadian GAAP differences

a.) *Impairment of Assets*

IAS 36, *Impairment of Assets*, uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use, which is based on discounted future cash flows. Canadian GAAP, on the other hand, generally uses a two-step approach to impairment testing of long-lived assets and finite-life intangible assets by first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists. If it is determined that there is impairment under this basis, the impairment is then calculated by comparing the asset carrying values with fair values (on a discounted basis) in much the same manner as computed under IFRS. Additionally under IFRS, testing for impairment occurs at the level of cash generating units, which is the lowest level of assets that generate largely independent cash inflows. This lower level of grouping compared to CGAAP along with the one-step approach to testing for impairment may or may not increase the likelihood that the Company will realize an impairment of assets under IFRS. It should also be noted that under IAS 36, previous impairment losses can be reversed when there are indications that circumstances have changed whereas Canadian GAAP prohibits reversal of non-financial asset impairment losses.

As at January 1, 2010, impairment testing was performed in accordance with the provisions of IFRS. The result indicated no impairment of the assets or goodwill.

The Company's IFRS based accounting policies related to impairment of non-financial assets will be changed to reflect the differences in the standards.

b.) Revenue recognition.

Under Canadian GAAP, revenues from the sale of gold and silver are recognized when title transfers, risks of ownership have substantially passed, delivery is effected and when the Company has reasonable assurance with respect to measurement and collectability. Under IFRS, revenues from the sale of gold and silver are recognized when risks and rewards of ownership are transferred, which is defined to be at the point when the customer has taken delivery. Revenue is measured at the fair value of the consideration received or receivable, provided it is probable that economic benefit will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

As at January 1, 2010, there were no differences between the treatment under both standards for the shipments and sales at that time: hence there was no impact on the revenue recognized in accordance with the Company's IFRS-based accounting policy at the transition date. During the current accounting year ended December 31, 2010, there may exist at times differences in accounting for the shipments and sales between the recognition of revenue under IFRS and the existing Canadian GAAP treatment: these differences could be material.

c.) Foreign Currency

IFRS requires that the functional currency of Centerra and its subsidiaries be determined separately, and the factors considered to determine functional currency are somewhat different than current Canadian GAAP. After review, the Company does not expect any changes to its accounting policies related to foreign currency and its determination of entity-specific functional currency that would result in a significant change to its financial statements.

d.) Exploration Expenditures

IFRS currently allows an entity to retain its existing accounting policies related to the exploration and evaluation of mineral properties, subject to some restrictions. The Company expects to retain its current policy of expensing exploration costs as incurred, and therefore does not expect that the adoption of IFRS will result in any significant change to the related line items within the Company's financial statements.

e.) Others

The Company has assessed the impacts of adopting IFRS on other contractual arrangements, internal planning process and compensation arrangements and has not identified any material compliance issues.

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

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

A review of complete, annual IFRS-compliant financial statement notes disclosures is scheduled with the Company's Audit Committee of the Board during the fourth quarter of 2010.

The Company continues to monitor the project's progress and the potential impact on internal controls. At this point in the project, the Company does not anticipate any significant impact on internal controls.

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

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Outlook for 2010

2010 Production

Centerra's 2010 consolidated gold production is forecast to be in the 640,000 to 700,000 ounce range, which is unchanged from the prior guidance disclosed in the Company's news release of July 30, 2010.

Gold production for the full year 2010 at the Kumtor mine in the Kyrgyz Republic is forecast to be between 530,000 to 570,000 ounces, which is unchanged from prior guidance. Production at the mine was suspended on October 1, 2010 after the unionized employees commenced an illegal work stoppage on October 1, 2010. The strike was settled on October 10, 2010 and workers returned to work that evening. A new collective agreement was ratified by the union and will expire on December 31, 2012. The Company continues to expect that during the fourth quarter Kumtor will produce approximately 40% of its 2010 production.

At Boroo/Gatsuurt, gold production is forecast to be 110,000 to 130,000 ounces, which is unchanged from prior guidance.

While the Company believes it has met all the regulatory pre-conditions for the issuance of the final heap leach operating permit, its issuance continues to be delayed. Due to these continued delays in obtaining the final permit, the Company has removed any heap leach production from this year's production guidance. If the final operating permit is received, resumption of heap leach operations at Boroo would add approximately 3,000 to 4,000 ounces per month to production.

The production guidance does not include any gold production from Gatsuurt. While the Company received the permits and approvals in connection with the road construction to Gatsuurt and for construction of surface facilities at the project, further approvals and commissioning of the project has been delayed as a result of the Water and Forest Law, see "Other Corporate Developments, Mongolia, Mongolian Legislation".

The processing of remaining mine ores by the Boroo mill, in conjunction with, the processing of stockpiled lower grade ores will allow the operation to meet its production guidance. Mining activities will be terminated at Boroo during the fourth quarter as the ores in Pit 3 will be exhausted.

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

2010 Total Cash Cost per Ounce

Total cash cost in 2010 is expected to be between $460 and $505 per ounce produced, which is unchanged from the prior guidance of April 28, 2010. Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures" in the Management's Discussion and Analysis issued in conjunction with this news release.

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

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Boroo total cash cost for 2010 which reflects no production from either the heap leach operation or Gatsuurt and is expected to be $590 to $690 per ounce produced, which is unchanged from the prior guidance.

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

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

(1) Total cash cost is a non-GAAP measure. See "Non-GAAP Measures" in the Management's Discussion and Analysis issued in conjunction with this news release.

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

2010 Exploration Expenditures

Exploration expenditures of $30 million are planned for 2010, and the exploration plan is unchanged from the prior guidance. Generative programs will continue in Central Asia, Russia, China, Turkey and the U.S. to increase the pipeline of projects that are being developed to meet the longer term growth targets of Centerra.

2010 Capital Expenditures

The capital expenditures for 2010 are estimated to be $230.8 million, including $44.1 million of sustaining capital and $186.7 million of growth capital. This represents a decrease of $10.3 million from prior guidance primarily due to the timing of expenditures and reclassification of some expenditures related to growth capital at Gatsuurt.

Capital expenditures include:

Projects	2010 Growth Capital (millions of dollars)	2010 Sustaining Capital (millions of dollars)
Kumtor mine	$164.2	$40.2
Boroo mine	$5.9	$3.6
Gatsuurt project	$16.6	0
Other	0	$0.3
Consolidated Total	**$186.7**	**$44.1**

Kumtor Capital

At Kumtor capital expenditures are estimated at $204.4 million representing a $7.7 million increase from prior guidance, which includes an increase in growth capital of $11.1 million partially offset by decrease in sustaining capital of $3.4 million. The primary reason for the increase in the growth capital relates to a determination that approximately $10 million of planned pres-stripping costs associated with the SB Zone should be treated as capital and not operating costs in accordance with the Company's accounting policies. The decrease of $3.4 million in sustaining capital is due to postponing or cancellation of some capital projects.

The largest growth capital expenditure will be for the North Wall Expansion project, estimated at $92.7 million primarily for purchases of mining and auxiliary support equipment to renew and expand the mining fleet by 22 haul trucks. The equipment ordered has begun to arrive on schedule. In addition, seven new CAT 789 haul trucks were purchased to increase haulage capacity to manage the ice/waste movement in the high movement area for a total cost of $20.7 million. At the end of September 2010, 13 new CAT 789 trucks were on site and operational. The balance of the equipment, remaining CAT 789 trucks and four new Liebherr 9350 shovels, are expected to be delivered in the fourth quarter of 2010 and the first half of 2011. The underground growth capital for developing the SB Zone and Stockwork Zone, as well as for delineation drilling and capital purchases, is estimated to be $38.7 million in 2010.

Boroo & Gatsuurt Capital

At Boroo, 2010 sustaining capital expenditures are expected to be $3.6 million, primarily for the mobile equipment component change-outs ($3.3 million). Growth capital is estimated to be $5.9 million, primarily for the expansion of the existing Boroo tailings facility ($4.9 million) to contain Boroo and Gatsuurt oxide tailings. These expenditures are based on operational needs and also assume the receipt of the required approvals for Gatsuurt.

At Gatsuurt, expected 2010 growth capital spending is forecasted at $16.6 million down from $38.6 million in the prior guidance. The $20.0 million reduction in growth capital relates to the deferral of the pre-stripping of the sulphide ores initially planned to be carried out in 2010 ($9.2 million), expansion of the existing Boroo tailings facility ($4.9 million) which has been reclassified from the

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Gatsuurt project capital to Boroo growth capital and the removal of the cost of the haul trucks ($5.3 million) for hauling ore from the Gatsuurt site to the Boroo mill as these will be sold to a third party for ore haulage. Minimal capital spending is planned on the Gatsuurt project going forward while waiting for the final approvals to commence mining (See "Other Corporate Developments – Mongolia – Mongolian Legislation").

The Company's planned phased approach to the development of the Gatsuurt orebody consisting of an oxide project component followed by a sulphide project component, has been delayed due to the delays in receiving the final approvals including the commissioning of the Gatsuurt project pending the resolution of the water basin and forests law. The engineering and construction of the bio-oxidation facility, which is needed to oxidize the sulphide ores, will be restarted only after the approval to begin mining at Gatsuurt has been received from the Government of Mongolia. The Company expects that the capital for the development of the deeper sulphide ores at Gatsuurt will be invested only following successful commissioning of the Gatsuurt oxide project.

Administration

Annual corporate and administration expenses are estimated at $45 million, which represents an increase of $4 million from prior guidance due to higher stock-based compensation from the increased Centerra share price.

Production, cost and capital forecasts for 2010 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed under the heading "Material Assumptions" and "Cautionary Note Regarding Forward-looking Information".

Sensitivities

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

	Change	**Impact on** *($ millions)*			
		Costs	**Revenues**	**Cash flow**	**Earnings before income tax**
Gold Price	**$50/oz**	1.6	10.7	9.1	9.3
Diesel Fuel (1)	**10%**	1.1	-	1.1	1.1
Kyrgyz som	**1 som**	0.6	-	0.6	0.6
Mongolian tugrik	**25 tugrik**	0.1	-	0.1	0.1
Canadian dollar	**10 cents**	1.1	-	1.1	1.1

(1) 10% change in diesel fuel price equals $5/oz.

Material Assumptions

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

- a gold price of $1,175 per ounce,
- exchange rates:
  - $1USD:$1.04 CAD
  - $1USD:47.00 Kyrgyz Som
  - $1USD:1,300 Mongolian Tugrik
  - $1USD:0.80 Euro
- diesel fuel price assumption:
  - $0.68/litre at Kumtor*
  - $0.90/litre at Boroo

*The assumed diesel price of $0.68/litre at Kumtor includes a customs export duty imposed by the Russian authorities on the diesel fuel exported to the Kyrgyz Republic. Russia imposed a customs duty of approximately $194 per tonne on gasoline and diesel fuel exports to the Kyrgyz Republic that went into effect on April 1, 2010. The Company estimates that the introduction of this new export duty will increase operating costs at Kumtor by approximately $7 million.

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 $82 per barrel.

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

- political and civil unrest in the Kyrgyz Republic does not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine,
- grades and recoveries at Kumtor will remain consistent with the life-of-mine plan to achieve the forecast gold production,
- the dewatering and depressurization programs at Kumtor continue to produce the expected results and the water management system works as planned,
- the remedial plan to deal with the Kumtor waste and ice movement is successful, see "Kumtor Mine - Remedial Plan to Manage the High Movement Area" in the Company's December 7, 2009 news release,
- no unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, labour, regulatory or political disputes, equipment breakdown or other developmental and operational risks,
- certain issues at Boroo raised by the General Department of Specialized Inspection ("SSIA") concerning state alluvial reserves, the production and sale of gold from the Boroo heap leach facility and other matters will be resolved through negotiation without material adverse

impact on the Company, see "Other Corporate Developments, Mongolia, Mongolian Regulatory Matters",
- no further suspension of Boroo's operating licenses, and
- all necessary permits, licences and approvals are received in a timely manner.

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

Non-GAAP Measures

This MD&A presents information about total cash cost of production of an ounce of gold and total production cost per ounce of gold for the operating properties of Centerra. Except as otherwise noted, total cash cost per ounce produced is calculated by dividing total cash costs by gold ounces produced for the relevant period. Total production cost per ounce produced includes total cash cost plus depreciation, depletion and amortization 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. Total cash cost and total production cost per ounce produced, as well as cost of sales per ounce sold, are non-GAAP measures.

Total cash costs include mine operating costs such as mining, processing, administration, royalties and production taxes (except at Kumtor where revenue-based taxes and production taxes are excluded), but exclude amortization, reclamation costs, financing costs, capital development and exploration. Certain amounts of stock-based compensation have been excluded as well. Total production costs includes total cash cost plus depreciation, depletion and amortization. Total cash cost per ounce produced, total production cost 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 total cash cost per ounce and total production cost per ounce may enable investors to better understand year-over-year changes in production costs, which in turn affect profitability and cash flow.

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

	Three months ended September 30, 2010	**Three months ended September 30, 2009**	**Nine months ended September 30, 2010**	**Nine months ended September 30, 2009**
Centerra:				
Cost of sales, as reported	**$ 75.0**	$ 70.7	**$ 195.2**	$ 221.8
Adjust for: Refining fees & by-product credits	**(0.1)**	0.1	**0.1**	0.5
Regional Office administration	**6.0**	4.9	**16.0**	15.7
Mining Standby Costs	**-**	0.7	**-**	4.1
Operating taxes excluded (1)	**-**	-	**-**	(8.7)
Non-operating costs	**(0.9)**	5.1	**(1.0)**	(0.7)
Inventory movement	**(3.2)**	(11.3)	**13.3**	(4.3)
Total cash cost - 100%	**$ 76.8**	$ 70.2	**$ 223.6**	$ 228.4
Depreciation, Depletion, Amortization and Accretion	**15.0**	27.0	**56.6**	74.7
Inventory movement - non-cash	**1.2**	(3.9)	**(1.5)**	(6.8)
Total production cost - 100%	**$ 93.0**	$ 93.3	**$ 278.7**	$ 296.3
Ounces poured - 100% (000)	**96.3**	165.9	**429.1**	379.5
Total cash cost per ounce	**$ 798**	$ 424	**$ 521**	$ 602
Total production cost per ounce	**$ 966**	$ 563	**$ 650**	$ 781
Kumtor:				
Cost of sales, as reported	**$ 63.1**	$ 59.7	**$ 158.8**	$ 179.1
Adjust for: Refining fees & by-product credits	**(0.1)**	0.1	**-**	0.3
Regional Office administration	**4.0**	3.2	**10.7**	10.2
Mining Standby Costs		-		-
Operating taxes excluded (1)		-		(8.7)
Non-operating costs	**(0.9)**	5.2	**(0.8)**	(0.4)
Inventory movement	**(5.1)**	(11.3)	**4.9**	0.6
Total cash cost - 100%	**$ 61.0**	$ 56.9	**$ 173.6**	$ 181.1
Depreciation, Depletion, Amortization and Accretion	**$ 10.9**	$ 20.7	**$ 41.9**	$ 53.3
Inventory movement - non-cash	**$ 1.3**	$ (4.6)	**$ (2.9)**	$ (8.3)
Total production cost - 100%	**$ 73.2**	$ 73.0	**$ 212.6**	$ 226.1
Ounces poured - 100% (000)	**68.8**	133.5	**339.4**	277.9
Total cash cost per ounce	**$ 887**	$ 427	**$ 512**	$ 651
Total production cost per ounce	**$ 1,065**	$ 547	**$ 626**	$ 813
Boroo:				
Cost of sales, as reported	**$ 11.9**	$ 11.0	**$ 36.4**	$ 42.7
Adjust for: Refining fees & by-product credits	**-**	-	**0.1**	0.2
Regional Office administration	**2.0**	1.7	**5.3**	5.5
Mining Standby Costs	**-**	0.7	**-**	4.1
Operating taxes excluded (1)	**-**	-	**-**	-
Non-operating costs	**-**	(0.1)	**(0.2)**	(0.3)
Inventory movement	**1.9**	-	**8.4**	(4.9)
Total cash cost - 100%	**$ 15.8**	$ 13.3	**$ 50.0**	$ 47.3
Depreciation, Depletion, Amortization and Accretion	**4.1**	6.3	**14.7**	21.4
Inventory movement - non-cash	**(0.1)**	0.7	**1.4**	1.5
Total production cost - 100%	**$ 19.8**	$ 20.3	**$ 66.1**	$ 70.2
Ounces poured - 100% (000)	**27.5**	32.4	**89.7**	101.6
Total cash cost per ounce	**$ 575**	$ 411	**$ 558**	$ 466
Total production cost per ounce	**$ 720**	$ 625	**$ 737**	$ 692

(1) Kumtor's production taxes under the previous regime are removed in the comparative year since these were replaced with a revenue-based tax in April 2009 combining income and operating taxes from the previous regime.

Qualified Person

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

Caution Regarding Forward-Looking Information

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

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

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

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

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

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

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this Management's Discussion and Analysis. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward-looking information. Forward-looking information is as of November 4, 2010. Centerra assumes no obligation to update or revise forward-looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

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Centerra Gold Inc.

Consolidated Financial Statements

For the Third Quarter Ended September 30, 2010

(Unaudited)

(Expressed in United States Dollars)

Centerra Gold Inc.

Consolidated Balance Sheets
(Expressed In Thousands of United States Dollars)

	September 30, 2010 (Unaudited)	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	$ 282,403	$ 176,904
Short-term investments	52,255	145,971
Amounts receivable	35,090	44,281
Current portion of future income tax asset	1,657	1,555
Inventories (note 3)	153,870	151,822
Prepaid expenses	27,042	11,718
	552,317	532,251
Property, plant and equipment	483,250	380,979
Goodwill	129,705	129,705
Long-term receivables and other	18,535	6,554
Long-term inventories (note 3)	30,308	23,120
Future income tax asset	45	1,418
	661,843	541,776
Total assets	$ 1,214,160	$ 1,074,027
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 55,417	$ 49,178
Taxes payable	11,305	35,066
Current portion of provision for reclamation (note 4)	8,326	8,169
Current portion of future income tax liability	2,362	7,662
	77,410	100,075
Provision for reclamation (note 4)	22,001	21,533
Shareholders' equity (note 5)		
Share capital	653,541	646,081
Contributed surplus	33,275	34,298
Retained earnings	427,933	272,040
	1,114,749	952,419
Total liabilities and shareholders' equity	$ 1,214,160	$ 1,074,027

Commitments and contingencies (note 8)

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Revenue from Gold Sales	**$ 115,467**	$ 158,822	**$ 523,125**	$ 361,596
Expenses				
Cost of sales [1]	**74,975**	70,650	**195,241**	221,823
Mine standby costs	**-**	738	**-**	4,081
Regional office administration	**6,108**	4,886	**16,025**	15,748
Depreciation, depletion and amortization	**17,355**	26,980	**55,723**	74,474
Accretion and reclamation expense (note 4)	**552**	437	**1,657**	1,725
Revenue based taxes (note 6(a))	**11,510**	18,065	**58,145**	23,345
Exploration and business development	**8,045**	6,966	**20,701**	16,992
Other (income) and expenses	**(1,661)**	(632)	**742**	(744)
Corporate administration	**13,370**	8,089	**30,946**	20,789
	130,254	136,179	**379,180**	378,233
Gain on sale of REN property (note 7)	**(34,866)**	-	**(34,866)**	-
Kyrgyz settlement	**-**	-	**-**	49,333
	95,388	**136,179**	**344,314**	**427,566**
Earnings (loss) before income taxes	**20,079**	22,643	**178,811**	(65,970)
Income tax expense (note 6 (b))	**2,418**	2,413	**9,298**	13,672
Net earnings (loss) and comprehensive income (loss)	**$ 17,661**	$ 20,230	**$ 169,513**	$ (79,642)
Basic and diluted net earnings (loss) per common share (note 5)	**$ 0.07**	$ 0.09	**$ 0.72**	$ (0.36)
[1] Excludes depreciation, depletion and amortization expenses	**17,238**	26,798	**55,360**	73,772

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Operating activities				
Net earnings (loss)	**$ 17,661**	$ 20,230	**$ 169,513**	$ (79,642)
Items not involving cash:				
Depreciation, depletion and amortization	**17,355**	26,980	**55,723**	74,474
Accretion and reclamation expense	**552**	437	**1,657**	1,725
Loss on disposal of property plant and equipment	**376**	179	**1,366**	716
Stock based compensation expense	**297**	455	**1,180**	1,269
Gain on disposal of REN property	**(34,866)**	-	**(34,866)**	-
Kyrgyz settlement	**-**	-	**-**	31,616
Future income tax (recovery) expense	**(2,739)**	365	**(4,030)**	3,738
Long-term inventory	**(4,741)**	(1,377)	**(7,188)**	(4,846)
Long-term other assets	**(11,981)**	-	**(11,981)**	-
Other operating items	**487**	(845)	**(1,034)**	(2,000)
	(17,599)	46,424	**170,340**	27,050
Decrease (increase) in working capital	**(6,873)**	16,992	**(36,003)**	29,932
Cash provided by (used in) operations	**(24,472)**	63,416	**134,337**	56,982
Investing activities				
Additions to property, plant and equipment	**(70,894)**	(21,250)	**(149,101)**	(63,676)
Short-term investments matured	**108,412**	-	**93,716**	17,781
Proceeds from disposition of property,plant and equipment	**-**	62	**44**	64
Advance for long-term assets	**5,152**	-	**-**	-
Proceeds from disposition of REN property	**34,866**	-	**34,866**	-
Cash provided by (used in) investing	**77,536**	(21,188)	**(20,475)**	(45,831)
Financing activities				
Issuance of common shares for cash	**3,779**	-	**5,257**	1,944
Dividends paid	**(13,620)**	-	**(13,620)**	-
Cash provided by (used in) financing	**(9,841)**	-	**(8,363)**	1,944
Increase in cash and cash equivalents during the period	**43,223**	42,228	**105,499**	13,094
Cash and cash equivalents at beginning of the period	**239,180**	120,449	**176,904**	149,583
Cash and cash equivalents at end of the period	**$ 282,403**	$ 162,677	**$ 282,403**	$ 162,677

Supplemental disclosure with respect to cash flows

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Cash and cash equivalents consist of :				
Cash	**$ 36,144**	$ 44,528	**$ 36,144**	$ 44,528
Cash equivalents	**246,259**	118,149	**246,259**	118,149
	$ 282,403	$ 162,677	**$ 282,403**	$ 162,677
Additions to property,plant and equipment				
Capital expenditures during the period	**$ 72,761**	$ 20,993	**$ 156,585**	$ 61,037
Reduction (increase) to accruals included in additions to PP&E	**(1,867)**	257	**(7,484)**	2,639
Additions to property, plant and equipment	**$ 70,894**	$ 21,250	**$ 149,101**	$ 63,676

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

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

	Number of Common Shares	Amount	Contributed Surplus	Retained Earnings	Total
Balance at December 31, 2008	**216,318,188**	**$ 523,107**	**$ 32,904**	**$ 211,727**	**767,738**
Common shares issued for Agreement on New Terms	18,232,615	120,700	-	-	120,700
Common shares issued on exercise of stock options	306,425	2,274	(330)	-	1,944
Stock-based compensation expense	-	-	1,269	-	1,269
Net loss for the period	-	-	-	(79,642)	(79,642)
Balance at September 30, 2009	**234,857,228**	**$ 646,081**	**$ 33,843**	**$ 132,085**	**812,009**
Balance at December 31, 2009	**234,857,228**	**$ 646,081**	**$ 34,298**	**$ 272,040**	**$ 952,419**
Common shares issued on exercise of stock options	898,260	7,460	(2,203)	-	5,257
Stock-based compensation expense	-	-	1,180	-	1,180
Dividends declared	-	-	-	(13,620)	(13,620)
Net earnings for the period	-	-	-	169,513	169,513
Balance at September 30, 2010	**235,755,488**	**$ 653,541**	**$ 33,275**	**$ 427,933**	**$ 1,114,749**

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

1. Basis of Presentation

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

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

As at September 30, 2010 and December 31, 2009, Centerra held a 100% interest in the Kumtor mine, the Boroo mine, and the Gatsuurt property.

2. Significant Accounting Policies:

These unaudited interim consolidated financial statements are prepared following accounting policies consistent with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2009. There were no new accounting policies adopted during the three months and nine months ended September 30, 2010.

New Pronouncements

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

2. Significant Accounting Policies (continued):

New Pronouncements (continued)

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

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

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

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

(Expressed in thousands of United States Dollars)

3. Inventories

(Thousands of US$)	**September 30, 2010**	December 31, 2009
Stockpiles	**$ 58,146**	$ 50,234
Gold in-circuit	**11,356**	5,045
Heap leach in circuit	**3,423**	4,908
Gold doré	**7,104**	8,818
	80,029	69,005
Supplies	**104,149**	105,937
	184,178	174,942
Less: Long-term inventory (Heap leach-stockpiles)	**(30,308)**	(23,120)
Total inventories-current portion	**$ 153,870**	$ 151,822

During the nine month ended September 30, 2010, the Company recorded $0.8 million (September 30, 2009 – Nil) as an expense for the write-down of inventories to net realizable value.

4. Asset Retirement Obligations

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

(Thousands of US$)	**Three Months Ended**		**Nine Months Ended**	
	Sept 30/10	**Sept 30/09**	**Sept 30/10**	**Sept 30/09**
Balance, beginning of period	**$ 30,317**	$ 31,499	**$ 29,702**	$ 32,780
Liabilities settled	**(542)**	(277)	**(1,032)**	(872)
Revisions in cost	**-**	-	**-**	(1,974)
Accretion expense	**552**	437	**1,657**	1,725
Balance, end of period	**30,327**	31,659	**30,327**	31,659
Less: current portion	**(8,326)**	(4,463)	**(8,326)**	(4,463)
	$ 22,001	$ 27,196	**$ 22,001**	$ 27,196

(Expressed in thousands of United States Dollars)

5. Shareholders' Equity

a. Earnings (Loss) Per Share

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

The diluted net earnings (loss) per share is computed by dividing the net earnings (loss) applicable to common shares by the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents such as stock options. The number of additional shares for inclusion in diluted earnings per share is determined using the treasury stock method, whereby stock options, whose exercise price is less than the average market price of the Company's common shares, are assumed to be exercised and the proceeds plus the amount of fair value of the stock options not yet recognized in income as expense are used to purchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and warrants is included in the calculation of diluted earnings per share.

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

(Thousands of shares)	Three Months Ended Sept 30/10	Three Months Ended Sept 30/09	Nine Months Ended Sept 30/10	Nine Months Ended Sept 30/09
Basic weighted average number of common shares outstanding	**235,406**	234,857	**235,088**	222,027
Effect of stock options	**387**	123	**343**	-
Diluted weighted average number of common shares outstanding	**235,793**	234,980	**235,431**	222,027

(Thousands of shares)	Three Months Ended Sept 30/10	Three Months Ended Sept 30/09	Nine Months Ended Sept 30/10	Nine Months Ended Sept 30/09
Anti-dilutive number of common share equivalents excluded	**7**	391	**23**	1816

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

(Expressed in thousands of United States Dollars)

5. Shareholders' Equity (continued)

b. Stock-Based Compensation

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

(Millions of US$ except as indicated)	Number outstanding	Expense/(Income)				Liability	
		Three Months Ended		Nine Months Ended			
	Sept 30/10	Sept 30/10	Sept 30/09	Sept 30/10	Sept 30/09	Sept 30/10	Dec 31/09
(i) Centerra stock options	**917,895**	**$ 0.3**	$ 0.5	**$ 1.2**	$ 1.3	**$ -**	**$ -**
(ii) Centerra -PSU [1]	**1,528,209**	**6.2**	1.3	**10.8**	2.3	**15.9**	6.2
(iii) Centerra annual-PSU	**155,014**	**1.4**	1.0	**2.9**	2.9	**2.5**	6.3
(iv) Deferred share units	**368,478**	**2.1**	0.9	**2.8**	1.3	**6.0**	3.8
(v) Cameco stock options	**-**	**-**	-	**-**	0.4	**-**	1.3
		$ 10.0	$ 3.7	**$ 17.7**	$ 8.2	**$ 24.4**	$ 17.6

(1) Performance Share Units (PSU).

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

	Number outstanding Dec 31/09	Issued	Exercised	Expired/ Forfeited (1)	Number outstanding Sept 30/10	Number Vested Sept 30/10
(i) Centerra stock options	1,816,155	-	(898,260)	-	917,895	441,877
(ii) Centerra -PSU	1,201,677	539,546	(99,434)	(113,580)	1,528,209	-
(iii) Centerra annual- PSU	420,870	177,492	(425,877)	(17,471)	155,014	116,261
(iv) Deferred share units	375,216	47,103	(53,841)	-	368,478	368,478

(1) 112,439 units from the Centerra PSU 2007 series expired.

5. Shareholders' Equity (continued)

b. Stock-Based Compensation (continued)

The terms of Centerra's performance share unit plan for the regularly issued series in 2010 (282,171 units issued) were modified from the standard terms described in the December 31, 2009 audited annual consolidated financial statements and notes thereto as follows:

Vesting - 50% of the units granted in any particular year vest on December 31 of the second year, and the remaining 50% vest on December 31 of the third year.

Multiplier - maximum adjustment factor by which granted units are multiplied increased from 1.5 to 2.0

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

6. Taxes

a. Revenue Based Taxes

Revenue based taxes are payable to the Kyrgyz government under the Restated Investment Agreement between the Company and the Kyrgyz government which received the approval of the Kyrgyz Parliament on April 30, 2009. Under the tax provisions of this agreement, which has retroactive effect to January 1, 2008, taxes are payable monthly at a rate of 13% of gross revenue. In addition, effective from January 1, 2009, a contribution is made monthly to the Issyk-Kul Oblast Development Fund in the amount of 1% of gross revenue.

During the three months and nine months ended September 30, 2010, the revenue based tax expensed by Kumtor was $11.5 million and $58.1 million respectively ($18.1 million and $23.3 million for both the three months and nine months ended September 30, 2009).

At the request of the Kyrgyz government, the Company agreed in August 2010 to make advances of $11 million against future revenue based taxes ($8 million was advanced in the third quarter and the balance of $3 million was advanced in October 2010). The advances will be applied against the 2010 revenue based taxes otherwise payable in January 2011.

6. Taxes

b. Corporate Income Taxes

The Company recorded income tax expense of $2.4 million and $9.3 million for the three months and nine months ended September 30, 2010 ($2.4 million and $13.7 million for the three and nine months ended September 30, 2009).

Boroo
The income tax rate for Boroo is 25% of taxable income in excess of 3 billion Tugriks (approximately $2.3 million as at the balance sheet date), and 10% for income up to that amount.

During the three months and nine months ended September 30, 2010, Boroo recorded income tax expense of $2.4 million and $9.3 million respectively ($2.4 million and $16.5 million for the three months and nine months ended September 30, 2009).

Kumtor
Effective April 30, 2009 Kumtor became subject to a tax regime pursuant to which income taxes, and other taxes, were replaced by taxes computed by reference to Kumtor's revenue (as discussed in 6(a) above). As a result, the income tax expense was no longer recorded by Kumtor, from May 1, 2009 onward, including the three and nine months periods ended September 30, 2010 and for the three months ended September 30, 2009. For the first nine months of 2009, Kumtor recorded an income tax recovery of $2.9 million representing taxes under the old tax regime where Kumtor was subjected to 10% income tax rate computed on earnings and 2% of net income as a contribution to Issyk-Kul Social Fund.

7. Disposal of interest in REN Property

On July 2, 2010, the Company closed the sale of its REN interest to Homestake Mining Company of California (a subsidiary of Barrick Gold Corporation) for gross cash proceeds of $35.2 million resulting in a net gain of $34.9 million.

8. Commitments and Contingencies

Commitments
As at September 30, 2010, the Company had entered into contracts to purchase capital equipment and operational supplies totalling $84.0 million (Kumtor $83.3 million, Boroo $0.1 million and Centerra Gold Mongolia LLC , a subsidiary of Centerra, $0.6 million). These are expected to be settled over the next twelve months.

8. Commitments and Contingencies (continued)

Mongolian Regulatory Matters

The regulatory conditions in Mongolia have not changed substantially since Centerra's second quarter 2010 report. During the quarter however, progress was made in the development of dispute resolution mechanisms through a commitment made by the Prime Ministers of both Canada and Mongolia to press forward on the conclusion of a Foreign Investment Protection Agreement. The following discussion summarizes the current status of Mongolian regulatory matters affecting Centerra.

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

On November 2, 2009, Centerra received a letter from the Mongolian Ministry of Finance re-iterating some of the issues raised by the SSIA and indicating that the Boroo Stability Agreement would be terminated if such issues were not resolved within a period of 120 days from the date of the letter.

The Company has held discussions with the Ministry of Finance regarding such concerns and has received no further notice from the Ministry of Finance with respect to the possible termination of the Boroo Stability Agreement. While the Company believes that the issues raised by the Ministry of Finance and the SSIA will be resolved through negotiations without a material impact on the Company, there can be no assurance that this will be the case.

8. Commitments and Contingencies (continued)

Mongolian Legislation

The legislative conditions in Mongolia have not changed substantially since Centerra's second 2010 quarter report. The commissioning of the Gatsuurt project has been delayed as a result of the uncertain impact of the Water and Forest Law. The following discussion summarizes the current status of certain Mongolian legislation that may affect Centerra, including its Gatsuurt project and other Mongolian mineral licenses.

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

In August 2009, the Government of Mongolia repealed its windfall profit tax of 68% in respect of gold sales at a price in excess of US$850 an ounce, with the repeal to take effect on January 1, 2011.

(Expressed in thousands of United States Dollars)

9. Related Party Transactions

Kyrgyzaltyn and the Government of the Kyrgyz Republic

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

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

	Three Months Ended		**Nine Months Ended**	
Thousands of US$)	**Sept 30/10**	**Sept 30/09**	**Sept 30/10**	**Sept 30/09**
Management fees to Kyrgyzaltyn	**$ 66**	$ 135	**$ 358**	$ 343
Concession payments to the Kyrgyz Republic	**-**	-	**-**	(116)
	$ 66	$ 135	**$ 358**	$ 227
Gross gold and silver sales to Kyrgyzaltyn	**$ 82,547**	$ 129,642	**$ 416,952**	$ 261,940
Deduct: refinery and financing charges	**(331)**	(603)	**(1,629)**	(1,333)
Net sales revenue received from Kyrgyzaltyn	**$ 82,216**	$ 129,039	**$ 415,323**	$ 260,607

Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to Gold and Silver Sale Agreement that was amended and restated, effective June 6, 2009.

Pursuant to the amended and restated Gold and Silver Sales Agreement, Kyrgyzaltyn is required to pay for gold delivered within 12 days from the date of shipment. Default interest is accrued on any unpaid balance after the permitted payment period of 12 days.

(Expressed in thousands of United States Dollars)

9. Related Party Transactions (continued)

The obligations of Kyrgyzaltyn are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn. As at September 30, 2010, $26.7 million was outstanding under these arrangements (December 31, 2009 - $37.9 million).

As noted in note 6 (a) above, the Company has prepaid a portion of its revenue based taxes to the Kyrgyz government.

10. Financial Risk Exposure and Risk management

a. Currency Risk

As required, the Company either makes purchases at the prevailing spot price to fund corporate activities or enters into short-term forward contracts to purchase Canadian Dollars, or other currencies. During the three months and nine months ended September 30, 2010, Cdn nil and Cdn $6.7 million of such forward contracts were executed (Cdn $0.6 million and Cdn $6.3 million for three months and nine months ended September 30, 2009). These forward contracts all expire in 2010, and the fair value is determined based on a mark-to-market valuation approach. The closing exchange rate is a quoted rate obtained from observable market data for the particular foreign currency, and therefore is classified within Level 2 of the fair value hierarchy. Level 2 of the fair value hierarchy is defined as inputs, other than the quoted market prices in active markets, which are observable, either directly and/or indirectly.

There were six forward contracts, to purchase a total of Cdn $1.7 million, outstanding at September 30, 2010 (December 31, 2009 -Nil).

The exposure of the Company's financial assets and liabilities to currency risk as at September 30, 2010 are as follows:

(Thousands of US$)	Kyrgyz Som	Mongolian Tugrik	Canadian Dollar	European Euro
Financial Assets				
Cash and cash equivalents	$ 136	$ 129	$ 3,042	$ 1,366
Amounts receivables	76	3,314	154	177
	$ 212	$ 3,443	$ 3,196	$ 1,543
Financial Liabilities				
Accounts payable and accrued liabilities	$ 4,616	$ 5,948	$ 23,881	$ 1,210

10. Financial Risk Exposure and Risk management (continued)

a. Currency Risk (continued)

A strengthening of the U.S. Dollar by 5% against the Canadian Dollar, the Kyrgyz Som, European Euro and the Mongolian Tugrik at September 30, 2010, with all other variables held constant would have led to additional before tax net income of $1.4 million as a result of a change in value of the financial assets and liabilities denominated in those currencies

b. Concentration of Credit Risk

To partially mitigate exposure to potential credit risk related to Kumtor sales, the Company has an agreement in place whereby Kyrgyzaltyn has pledged 2,850,000 of Centerra common shares as security against unsettled gold shipments, in the event of default on payment (Note 9). Based on movements of Centerra's share price, and the value of individual or unsettled gold shipments, over the course of the three months and nine months ended September 30, 2010, the maximum exposure during the period, reflecting the shortfall in the value of the security as compared to the value of any unsettled shipments, was approximately nil and $36.3 million.

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

At the balance sheet date, approximately 68% of the Company's liquid assets were held in government securities and highly-rated, highly-liquid commercial paper. The remaining cash and cash equivalents, and short-term investments, were held with highly-rated U.S. and Canadian banks (26%) and invested in other highly-rated sovereign paper (6%).

11. Segmented Information

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

Geographic Segmentation of Revenue

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

(Expressed in thousands of United States Dollars)

11. Segmented Information (continued)

Three months ended September 30, 2010

($ millions)	**Kygyz Republic**	**Mongolia**	**North America**	**Total**
Revenue	**$ 82.2**	**$ 33.3**	**$ -**	**$ 115.5**
Expenses				
Cost of sales	**63.1**	**11.9**	**-**	**75.0**
Mine standby costs	**-**	**-**	**-**	**-**
Regional office administration	**4.0**	**2.1**	**-**	**6.1**
Depreciation, depletion and amortization	**13.4**	**3.9**	**0.1**	**17.4**
Accretion and reclamation expense	**0.3**	**0.3**	**-**	**0.6**
Revenue based taxes	**11.5**	**-**	**-**	**11.5**
Exploration and business development	**3.5**	**2.1**	**2.4**	**8.0**
Other (income) and expenses	**(1.4)**	**-**	**(0.3)**	**(1.7)**
Administration	**0.5**	**0.1**	**12.8**	**13.4**
	(12.7)	**12.9**	**(15.0)**	**(14.8)**
Gain on sale of REN property				**34.9**
Earnings before income taxes				**20.1**
Income tax expense				**2.4**
Net earnings				**17.7**
Capital expenditure for the period	**$ 70.3**	**$ 2.5**	**$ -**	**$ 72.8**

Three months ended September 30, 2009

($ millions)	**Kygyz Republic**	**Mongolia**	**North America**	**Total**
Revenue	$ 129.0	$ 29.8	$ -	$ 158.8
Expenses				
Cost of sales	59.7	11.0	-	70.7
Mine standby costs	-	0.7	-	0.7
Regional office administration	3.2	1.7	-	4.9
Depreciation, depletion and amortization	20.7	6.1	0.2	27.0
Accretion and reclamation expense	0.3	0.1	-	0.4
Revenue based taxes	18.1	-	-	18.1
Exploration and business development	3.4	0.9	2.7	7.0
Other (income) and expenses	1.3	(1.7)	(0.3)	(0.7)
Administration	0.9	-	7.2	8.1
	21.4	11.0	(9.8)	22.6
Kyrgyz settlement				-
Loss before income taxes				22.6
Income tax expense				2.4
Net loss				$20.2
Capital expenditure for the period	$ 18.0	$ 2.8	$ 0.2	$ 21.0

(Expressed in thousands of United States Dollars)

11. Segmented Information (continued)

Nine months ended September 30, 2010

($ millions)	Kygyz Republic	Mongolia	North America	Total
Revenue	$ 415.3	$ 107.8	$ -	$ 523.1
Expenses				
Cost of sales	158.8	36.4	-	195.2
Mine standby costs	-	-	-	-
Regional office administration	10.7	5.3	-	16.0
Depreciation, depletion and amortization	41.6	13.8	0.3	55.7
Accretion and reclamation expense	0.8	0.9	-	1.7
Revenue based taxes	58.2	-	-	58.2
Exploration and business development	8.1	4.8	7.8	20.7
Other (income) and expenses	1.0	(0.1)	(0.2)	0.7
Administration	1.5	0.2	29.3	31.0
	134.6	46.5	(37.2)	143.9
Gain on sale of REN property				34.9
Earnings before income taxes				178.8
Income tax expense				9.3
Net earnings				169.5
Capital expenditure for the period	$ 133.2	$ 23.2	$ 0.2	$ 156.6
Assets(excluding Goodwill)	$ 557.8	$ 471.2	$ 55.4	$ 1,084.4

Nine months ended September 30, 2009

($ millions)	Kygyz Republic	Mongolia	North America	Total
Revenue	$ 260.6	$ 101.0	$ -	$ 361.6
Expenses				
Cost of sales	179.1	42.7	-	221.8
Mine standby costs	-	4.1	-	4.1
Regional office administration	10.2	5.5	-	15.7
Depreciation, depletion and amortization	53.3	20.6	0.6	74.5
Accretion and reclamation expense	0.8	0.9	-	1.7
Revenue based taxes	23.3	-	-	23.3
Exploration and business development	9.2	1.7	6.1	17.0
Other (income) and expenses	1.2	(2.7)	0.8	(0.7)
Administration	2.2	0.9	17.7	20.8
	(18.7)	27.3	(25.2)	(16.6)
Kyrgyz settlement				(49.3)
Loss before income taxes				(65.9)
Income tax expense				13.7
Net loss				$(79.6)
Capital expenditure for the period	$ 57.1	$ 3.7	$ 0.2	$ 61.0
Assets(excluding Goodwill)	$ 445.6	$ 297.7	$ 19.0	$ 762.3