

centerra**GOLD**



NEWS RELEASE

Centerra Gold Reports 2012 Gold Production of 387,076 ounces and Provides 2013 Guidance

This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 5 and in our Cautionary Note Regarding Forward-looking Information on page 7. All figures are in United States dollars.

Toronto, Canada, January 14, 2013: Centerra Gold Inc. (TSX: CG) announced today that its 2012 consolidated gold production totalled 387,076 ounces, which includes 315,238 ounces of gold from the Kumtor mine, located in the Kyrgyz Republic and 71,838 ounces of gold from the Boroo mine, located in Mongolia.

During the fourth quarter of 2012, consolidated gold production was 219,316 ounces, including 189,438 ounces of gold produced by the Kumtor mine and 29,878 ounces of gold produced by the Boroo mine.

Ian Atkinson, President and CEO of Centerra stated, “At Kumtor, we finished 2012 at a disappointing 315,238 ounces. The year proved to be a challenging one beginning with the unexpected acceleration of ice and waste into the Central Pit which resulted in a reduction of our production forecast for the year. As a result of the accelerated ice and waste into the Central Pit, we shifted our ore mining activities to the strike extension of southwest end of the SB Zone, discovered in 2011, that had no historical mining production. In November, when we reported our third quarter results, we announced a further reduction in the Kumtor production due to the mine encountering an irregular till/bedrock contact while transitioning from waste to ore. This situation is not expected to occur again in the current mine plan (KS-13). Final production results at Kumtor for the year were impacted by lower than expected mill through put and recovery, as well as, lower than expected mill head grades encountered in the fourth quarter when mining the newly discovered portion of the orebody. However, as outlined in the December 2012 Kumtor technical report, the KS-13 model has proven to be a reliable indicator of mineral reserves relative to gold production and we expect that trend to continue. In 2013, we expect approximately 75% of our production to come from the SB Zone which has had a number of years of historical production.”

“The Boroo operation performed well in the fourth quarter, exceeding our gold production forecast for the year by about 7,000 ounces. The heap leach operation received final permitting and was restarted in the quarter, reaching solution breakthrough sooner than anticipated. We have also begun

discussions with the new Mongolian government on a way forward for the Gatsuert deposit. We have not included any production from Gatsuert in our production guidance for 2013 due to the associated uncertainty of approval and commissioning of the project.”

“We are very pleased to announce that a new collective labour agreement was ratified and signed by Kumtor and the unionized employees. The new two year labour agreement will expire on December 31, 2014 and provides a 6% wage increase effective January 1, 2013 and a 7% increase in 2014. Discussions between Kumtor and the union were extremely productive and resulted in a good outcome for both the Company and the employees.”

“In November last year we announced the expansion of the open pit at Kumtor. This very exciting development resulted in a significant increase in value of the Kumtor deposit and included a 58% increase in proven and probable reserves to a total of 9.7 million contained ounces. Just as important, the new plan is expected to deliver consistent annual gold production averaging 650,000 ounces per year for next ten years.”

“Finally, we and many of our peers in the industry are moving toward reporting an “all-in cash cost” methodology for our gold production. Having first reported along these lines with our announcement of the revised life-of-mine plan for Kumtor, we believe an all-in cash cost measure more fully reflects the actual cost of producing gold. Centerra’s projected consolidated all-in cash cost per ounce produced for 2013, described in this release, is within a range of \$1,067 to \$1,164, and includes all costs except revenue-based taxes in the Kyrgyz Republic and income taxes. This demonstrates the Company’s good margins at the current gold price and leverage to increases in the gold price. We continue to focus on our exploration and business development efforts as we look for additional operating platforms in an effort to increase our future gold production, diversify our regions of operation and help us achieve our goal of producing 1.5 million ounces of gold annually.”

Outlook for 2013

Centerra’s 2013 gold production and unit costs are forecast as follows:

| | 2013 Production Forecast (ounces of gold) | 2013 Cash Operating Cost ⁽¹⁾ (\$ per ounce produced) | 2013 All-in Cost ⁽²⁾ (\$ per ounce produced) |
|---------------------|--|--|--|
| Kumtor | 550,000 – 600,000 | \$342 – 373 | \$853 – 931 |
| Boroo | 55,000 – 60,000 | \$1,055 – 1,151 | \$1,225 – 1,336 |
| Consolidated | 605,000 – 660,000 | \$406 – 443 | \$1,067 – 1,164 |

- (1) Cash operating cost per ounce produced is a non-GAAP measure and includes mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes amortization, reclamation costs, financing costs, capital development, community investments, exploration and corporate general and administration expenses.
- (2) All-in cost per ounce produced is a non-GAAP measure and includes cash operating cost, sustaining and growth capital, corporate general and administrative expenses, global exploration expenses, and community investments, but excludes revenue-based taxes at Kumtor and income taxes.

2013 Production

Centerra’s 2013 consolidated gold production is forecast to be in the 605,000 to 660,000 ounce range.

In 2013, approximately 50% of Kumtor's gold production is expected to occur in the fourth quarter creating a greater potential variability to Kumtor's 2013 production guidance. Centerra estimates that the Kumtor mine will produce between 550,000 and 600,000 ounces in 2013. Ore production in the fourth quarter is planned to come from the high-grade SB Zone ore that has several years of production history. The high-grade ore from the SB Zone is only available for mining at the end of the third quarter when it is exposed by Cut Back 15.

According to the KS-13 mine plan, 2013 is expected to be the last year with a significant back-end loaded production profile as the mine continues to build stockpiles, which will allow for more consistent production on a quarterly basis going forward.

At the Boroo mine, gold production is forecast to be approximately 55,000 to 60,000 ounces, which includes about 24,000 ounces from heap leach and 36,000 ounces from processing mill stockpiles. The Boroo mill is expected to process ore stockpiles during the year with an average grade of 0.82 g/t. The 2013 forecast assumes no mining activities at Boroo and Gatsurt, and no gold production from Gatsurt.

All-in Unit Costs

Centerra's 2013 all-in unit production costs per ounce are forecast as follows:

| | Kumtor | Boroo | Consolidated |
|--|-------------------------|-------------------------|-------------------------|
| | (\$ per ounce produced) | (\$ per ounce produced) | (\$ per ounce produced) |
| Cash operating cost ¹ | \$342 – 373 | \$1,055 – 1,151 | \$406 – 443 |
| Capitalized stripping costs - cash | 354 – 386 | 0 | 322 – 351 |
| Total operating and stripping cost | \$696 – 759 | \$1,055 – 1,151 | \$728 – 794 |
| Sustaining capital | 105 – 115 | 170 – 185 | 113 – 124 |
| Growth capital | 52 – 57 | 0 | 49 – 53 |
| Total operating cost including capital | \$853 – 931 | \$1,225 – 1,336 | \$890 – 971 |
| Other cost ² | 0 | 0 | 177 – 193 |
| All-in cost³ | \$853 – 931 | \$1,225 – 1,336 | \$1,067 – 1,164 |
| Revenue-based tax and income tax | 234 – 255 | 130 – 142 | 224 – 245 |
| All-in cost including taxes⁴ | \$1,087 – 1,186 | \$1,355 – 1,478 | \$1,291 – 1,409 |

1. Cash operating cost per ounce produced is a non-GAAP measure and includes mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes amortization, reclamation costs, financing costs, capital development, community investments, exploration and corporate general and administrative expenses.
2. Other cost per ounce produced is a non-GAAP measure and includes corporate general and administrative expenses, global exploration expenses, and community investments.
3. All-in cost per ounce produced is a non-GAAP measure and includes cash operating cost, sustaining and growth capital, corporate general and administrative expenses, global exploration expenses, and community investments, excludes revenue-based taxes at Kumtor and income taxes.
4. All-in cost per ounce produced including taxes is a non-GAAP measure and includes all-in cash cost and revenue-based taxes at Kumtor and income taxes.

2013 Exploration Expenditures

Exploration expenditures of \$45 million are planned for 2013, which is unchanged from the budgeted expenditures for 2012. The 2013 program will continue the successful exploration work below and west of the Central Pit at the Kumtor mine and includes drilling on the adjacent Sarytor and Northeast satellite deposits. Planned expenditures on the Kumtor concession are expected to be about \$13.5 million.

In Mongolia, approximately \$7 million is allocated for exploration programs that will focus on expanding the mineral resource at the Altan Tsagaan Ovoo (“ATO”) project and evaluating targets in the greater ATO district.

Exploration spending in Turkey will increase to approximately \$8 million as work focuses on expanding and upgrading the Oksut gold deposit resource, advancing ongoing metallurgical testwork and initiating detailed environmental and technical project studies.

In 2013, drilling programs will continue in Russia on the Kara Beldyr and Dvoinoy Joint Ventures and commence on the new Umlekan Joint Venture adjoining Dvoinoy. Expenditures for the projects in Russia are expected to be, in the aggregate, approximately \$6 million. The China 2013 exploration program of \$2 million includes the drilling of targets developed on the Laogouxi Joint Venture project and generating new projects in several prospective areas. Generative programs will continue in Central Asia, Russia, China, Turkey and several new regions to increase the pipeline of projects that the Company is developing to meet the longer term growth targets of Centerra.

2013 Capital Expenditures

Centerra’s capital expenditures for 2013, excluding capitalized stripping, are estimated to be \$107 million, including \$75 million of sustaining capital and \$32 million of growth capital.

Capital expenditures (excluding capitalized stripping) include:

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

Kumtor

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

Growth capital investment at Kumtor for 2013 is forecast at \$31 million, which includes the relocation of certain infrastructure at Kumtor related to the KS-13 life-of-mine expansion (previously disclosed in November 2012) (\$26 million) and other items (\$5 million).

Capitalized stripping costs related to the development of the open pit includes \$212 million cash and \$77 million non-cash for a total forecast of \$289 million.

Mongolia (Boroo & Gatsuurt)

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

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

2013 Corporate Administration and Community Investment

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

Total community investments for 2013 are forecast at \$27.5 million, in accordance with Centerra's Community Investment policy. This investment includes \$7.5 million for donations and sustainable development projects in the various communities in which Centerra operates and \$20 million for strategic community investment projects. Note that these costs are not included in cash operating cost per ounce.

Material Assumptions & Risks

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

- a gold price of \$1,700 per ounce,
- exchange rates:
 - \$1USD:\$0.99 CAD
 - \$1USD:47.0 Kyrgyz som
 - \$1USD:1,375 Mongolian tugriks
 - \$1USD:0.78 Euro
- diesel fuel price assumption:
 - \$0.80/litre at Kumtor
 - \$1.18/litre at Boroo

The assumed diesel price of \$0.80/litre at Kumtor assumes that no Russian export duty will be paid on the fuel exports from Russia to the Kyrgyz Republic. Diesel fuel is sourced from separate Russian suppliers for both sites and only loosely correlates with world oil prices. The diesel fuel price assumptions were made when the price of oil was approximately \$87 per barrel.

Other material assumptions include the following:

- any recurrence of political and civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine,
- the activities of the Parliamentary Committee and State Commission, referred to under the heading “Other Corporate Developments – Kyrgyz Republic - Kyrgyz Republic Parliamentary Commission Report and State Commission” in Centerra’s management’s discussion and analysis for the quarter ended September 30, 2012 filed on November 7, 2012 (the “Q3 2012 MD&A”) do not have an impact on operations or financial results. No assurances can be given by the Company in this regard,
- the Government of the Kyrgyz Republic taking no action in connection with the matters referred to under the heading “Other Corporate Developments – Kyrgyz Republic - Kyrgyz Republic Parliamentary Commission Report and State Commission” in the Q3 2012 MD&A that has an impact on operations or financial results. No assurances can be given by the Company in this regard,
- the previously disclosed environmental claims received from the Kyrgyz regulatory authorities in the amount of \$152 million, in aggregate, (see news release of December 14, 2012) and any further claims that may result from the State Commission, are resolved without material impact on Centerra’s operations or financial results. No assurances can be given by the Company in this regard,
- grades and recoveries at Kumtor will remain consistent with the life-of-mine plan to achieve the forecast gold production,
- the Company is able to manage the risks associated with the increased height of the pit walls at Kumtor,
- the design of the new and expanded waste dumps at Kumtor adequately address the risks associated with size and stability,
- the dewatering program at Kumtor continues to produce the expected results and the water management system works as planned,
- the Company is able to satisfactorily manage the ice movement and to unload the ice and waste in the southeast portion of the Kumtor pit,
- prices of key consumables are not significantly higher than prices assumed in planning,
- no unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks,
- the royalty paid by Boroo increases to 10% after the Boroo stability agreement expires in July 2013 and the current 25% income tax rate remains unchanged, and
- all necessary permits, licenses and approvals are received in a timely manner.

Production and cost forecasts and capital estimates are forward-looking information and are based on key assumptions and subject to material risk factors. If any event arising from these risks occurs, the Company’s business, prospects, financial condition, results of operations or cash flows and the market price of Centerra’s shares could be adversely affected. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business operations, prospects, financial condition, results of

operations or cash flows and the market price of Centerra's shares. See the section entitled "Risk Factors" in the Company's most recently filed Annual Information Form (the "2011 Annual Information Form"), available on SEDAR at www.sedar.com and see also the discussion below under the heading "Caution Regarding Forward-looking Information".

Qualified Person

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

The Kumtor deposit is described in Centerra's 2011 Annual Information Form and a NI 43-101 technical report dated December 20, 2012, which is 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 Boroo deposit is described in Centerra's 2011 Annual Information Form and a technical report dated December 17, 2009 prepared in accordance with NI 43-101, which is available on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Boroo deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Boroo site are the same as, or similar to, those described in the technical report.

Cautionary Note Regarding Forward-looking Information

Information contained in this news release and the documents incorporated by reference herein, contain statements which are not current statements or historical facts and may be "forward looking information" for the purposes of Canadian securities laws. Such forward looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking information.

These forward-looking statements relate to, among other things, the statements made under the heading, "Outlook for 2013"; the Company's expectations regarding future production and its belief that the irregular till/bedrock situation observed in the southwest end of the orebody will not be repeated, cash cost per ounce produced, expected recoveries; 2013 exploration expenditures; 2013 capital expenditures; Centerra's statements regarding future growth, results of operations, future production and sales, operating capital expenditures, and performance; the Company's ability to successfully manage the ice and waste movement at Kumtor; the outcome of the Parliamentary Review, State Commission reviews and interagency commissions on Kumtor's compliance with

Kyrgyz operational and environmental laws and regulations and community standards, and other matters, including without limitation, the continued validity of the restated project agreements that set out the financial and legal framework in which Kumtor currently operates, the resolution of temporary land-use matters affecting the Kumtor project; the resolution of the environmental claims received by the Company in relation to the Kumtor project; the final resolution of the claim commenced by the Kyrgyz Republic Social Fund regarding re-opening completed assessments for the years 2004-2009; expected trends in the gold market, including with respect to costs of gold production; exploration plans for 2013 and the success thereof; the outcome of discussions with the new Mongolian government on the way forward for the Company's Gatsuurt deposit; the impact of the Water and Forest Law on the Company's Mongolian activities; anticipated delays and approvals and regulatory commissioning of the Company's Gatsuurt development property as a result of the Water and Forest Law; the Company's business and political environment and business prospects; and the timing and development of new deposits.

Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Centerra, are inherently subject to significant political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward looking information. Material assumptions used to forecast production and costs include those described under the heading "Outlook for 2013". Factors that could cause actual results or events to differ materially from current expectations include, among other things: the sensitivity of the Company's business to the volatility of gold prices; the political risks associated with the Company's principal operations in the Kyrgyz Republic and Mongolia; the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates; the effect of the Water and Forest Law on the Company's operations in Mongolia; ground movements at the Kumtor project; waste and ice movement at the Kumtor project; the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities; competition for mineral acquisition opportunities; the adequacy of the Company's insurance to mitigate operational risks; the effect of the 2006 Mongolian Minerals Law on the Company's Mongolian operations; the effect of the November 2010 amendments to the 2006 Mongolian Minerals Law on the royalties payable in connection with the Company's Mongolian operations; the impact of continued scrutiny from Mongolian regulatory authorities on the Company's Boroo project; the impact of changes to, or the increased enforcement of, environmental laws and regulations relating to the Company's operations; the Company's ability to replace its mineral reserves; the occurrence of any labour unrest or; litigation; the imprecision of the Company's mineral reserves and resources estimates and the assumptions they rely on; the accuracy of the Company's production and cost estimates; environmental, health and safety risks; defects in title in connection with the Company's properties; the impact of restrictive covenants in the Company's revolving credit facility; the Company's ability to successfully negotiate an investment agreement for the Gatsuurt project to complete the development of the mine and the Company's ability to obtain all necessary permits and regulatory commissions needed to commence mining activity at the Gatsuurt project; seismic activity in the vicinity of the Company's operations in the Kyrgyz Republic and Mongolia; long lead times required for equipment and supplies given the remote location of the Company's properties; illegal mining on the Company's Mongolian properties; the Company's ability to enforce its legal rights; the Company's ability to accurately predict decommissioning and reclamation costs; the Company's ability to obtain future financing;

the impact of global financial conditions; the impact of currency fluctuations; the effect of market conditions on the Company's short-term investments; the Company's ability to attract and retain qualified personnel; the Company's ability to make payments including any payments of principal and interest on the Company's debt facilities depends on the cash flow of its subsidiaries; risks associated with the conduct of joint ventures; risks associated with having a significant shareholder; and possible director conflicts of interest. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risk Factors" in the Company's 2011 Annual Information Form 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.

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward looking statements contained herein or incorporated by reference. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward-looking information. Forward looking information is as of January 14, 2013. Centerra assumes no obligation to update or revise forward-looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward looking information, except as required by applicable law.

About Centerra

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

For more information:

John W. Pearson
Vice President, Investor Relations
(416) 204-1241
john.pearson@centerragold.com

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

- end -