

centerra**GOLD**



NEWS RELEASE

Centerra Updates on Kyrgyz Republic Parliamentary Decree and New Environmental Claim for Kumtor Project

This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 3 under the heading, “Cautionary Note Regarding Forward-looking Information”. All figures are in United States dollars.

Toronto, Canada, February 21, 2013: Centerra Gold Inc. (TSX: CG) reports on two matters relating to its Kumtor mine in the Kyrgyz Republic. Further to the Company’s news release of February 20, 2013, Centerra understands from Kyrgyz media reports that the Kyrgyz Republic Parliament has adopted a decree (resolution), in respect of the previously reported State Commission report that recommends negotiations with Centerra within the next three months to revise the project agreements signed in 2009 that govern the Kumtor Project (collectively, the “Kumtor Project Agreement”). In addition, Centerra’s operating subsidiary in the Kyrgyz Republic, Kumtor Operating Company CJSC received today a claim from the State Agency for Environmental Protection and Forestry under the Government of the Kyrgyz Republic for approximately \$315 million relating to alleged environmental damages at the Kumtor Project.

Parliamentary Decree

In connection with its consideration of the report from the Kyrgyz Government State Commission established to inspect and review Kumtor’s compliance with Kyrgyz operational and environmental laws and regulations and community standards, Centerra understands that the Kyrgyz Republic Parliament adopted a decree (the “Decree”) on February 21, 2013 regarding the Kumtor Project. The Decree recommends that the Kyrgyz Republic Government ensure the continuous operation of the Kumtor mine, and within three months of the date of the Decree, conduct negotiations with Centerra with a view to revising the Kumtor Project Agreements to return to conditions that existed prior to the restructuring of the project in 2003, but subject to the application of current Kyrgyz legislation, and to enter into new agreements on these terms. Centerra expects to continue its discussions with relevant Kyrgyz authorities to, among other things, clarify the meaning of the Decree’s recommendations with respect to returning to pre-2003 conditions.

If the parties cannot agree on mutually acceptable terms within such three month time period, the Parliament instructs the Government to take certain actions with respect to the Kumtor Project, including among other things, to:

- (i) invalidate the legislation enacted by Parliament in 2009 approving the Kumtor Project Agreements, and to unilaterally terminate the Kumtor Project Agreements;
- (ii) invalidate the legislation enacted by Parliament in 2009 amending the Kyrgyz Republic Tax Code (which provides for the tax regime set out in the Kumtor Project Agreements);
- (iii) confiscate land plots in connection with the adoption of Government Decree, “On abolition of the Government Decree on allocation of lands to Kumtor Gold Company CJSC dated March 25, 2010”, approved by the Government Decree dated July 5, 2012. (This March 25, 2010 Decree granted Kumtor surface rights in relation to the Kumtor Project. See Centerra’s news release dated July 6, 2012.); and

- (iv) authorize the State Inspectorate Office for Environmental and Technical Safety (“SIETS”) to take measures to have Kumtor Operating Company pay fines and other charges for violations of environmental, mining and geological and subsoil legislation. (See Centerra’s new release dated December 14, 2012 and February 20, 2013 for information on significant claims received from SIETS on alleged environmental violations for an aggregate total of approximately \$152 million.)

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

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

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

The Decree calls on the Government, General Prosecutor’s Office and the National Security Committee to report on the implementation of the instructions set out in the Decree by June 1, 2013.

While Centerra has not yet reviewed an official version of the Decree, it continues to believe that the Kumtor Project Agreements are legal, valid and enforceable obligations. The Kumtor Project Agreements were reviewed and approved by the Kyrgyz Republic Government and the Parliament, and were the subject of a positive decision of the Kyrgyz Republic Constitutional Courts and a legal opinion by the Kyrgyz Republic Ministry of Justice. Furthermore, the Company notes that the Kumtor Project Agreements provide for all disputes to be resolved by international arbitration, if necessary. The Company will continue to hold discussions with the Government and other regulatory officials regarding the State Commission report and the Decree, with the objective of resolving these matters through constructive dialogue. However, there can be no assurances that the Company will be able to successfully resolve any of these matters currently affecting the Kumtor Project. There can also be no assurance that the Kyrgyz Republic Government and/or the Parliament will not take actions that are inconsistent with the Kyrgyz Republic’s obligations under the Kumtor Project Agreements or cancel government decrees, orders or licenses under which Kumtor currently operates. Any such actions could have a material adverse impact on the Company’s future cash flows, earnings, results of operations and financial conditions. For further information regarding the Kyrgyz Republic State Commission, please see the Company’s news release of February 20, 2013.

New Environmental Claim Received by the Kumtor Project

Centerra’s operating subsidiary, Kumtor Operating Company CJSC, received today a new claim from the State Agency for Environmental Protection and Forestry under the Government of the Kyrgyz Republic (“SAEF”) relating to alleged environmental damages at the Kumtor Project. This claim is in addition to the five environmental claims that Kumtor received in December 2012 for an aggregate amount of \$152 million (see the Company’s news releases dated December 14, 2012 and February 20, 2013 for information on these five claims). The claim issued by SAEF is for approximately \$315 million for alleged damage in relation to waste placed in the tailings management facility, waste rock dumps, and for the generation, management and

treatment of other types of wastes. The claim covers the period from 1996 to 2011. Similar to the five claims received by the Kumtor Project in December 2012, the claim by SAEF references the review of the Kumtor Project carried out by the environmental and technical working group of the Kyrgyz Republic State Commission.

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

The Company notes that the Kumtor Project Agreements provide a complete listing of all taxes and payments to be made to the Kyrgyz Republic Government, including a fixed environmental charge. Accordingly, no other tax, duties, or other obligations are to be paid to the Kyrgyz Republic, however they may be characterized. Centerra also notes that, as part of the Kumtor Project Agreements signed by Centerra and the Kyrgyz Republic in 2009, the Kyrgyz Republic fully released Kumtor in respect of all prior claims, including in relation to all environmental matters known by or reported to any Kyrgyz authority.

The Company has benefited from a close and constructive dialogue with the Kyrgyz authorities over many years and remains committed to continuing to work with them to resolve these issues in accordance with the Kumtor Project Agreements, which provide for all disputes to be resolved by international arbitration, if necessary. However, no assurances can be given that this claim from SAEF can be resolved without a material impact on the Company. Further claims from Kyrgyz authorities arising from the State Commission review may also be forthcoming. For a discussion on the existing environmental claims issued by Kyrgyz Republic regulatory authorities in December 2012, see the Company's news releases of February 20, 2013 and December 14, 2012.

Cautionary Note Regarding Forward-looking Information

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

These forward-looking statements relate to, among other things, the successful resolution of matters discussed in the Decree and matters relating to the State Commission report, including discussions with the Government on the Kumtor Project Agreements and the Kyrgyz Parliament and Government not taking any unilateral actions that are inconsistent with the Kyrgyz Republic obligation under the Kumtor Project Agreements, the successful resolution of the environmental claim issued by SAEF in the amount of \$315 million, and the previously issued environmental claims for an aggregate amount of approximately \$152 million.

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, political and regulatory risks, including the political risks associated with the Company's principal operations in the Kyrgyz Republic, resource nationalism, the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates, the impact of any actions taken by the Kyrgyz Republic Government and Parliament as a result of the Kyrgyz State Commission on Kumtor, any impact on the purported cancellation of Kumtor's land use rights at the Kumtor Project, the impact of changes to, or the increased enforcement of, environmental laws and regulations relating to the Company's operations; risks relating to the Company's ability to enforce its legal rights, risks associated with having a significant shareholder, and possible director conflicts of interest. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risk Factors" in the Company's Annual Management's Discussion and Analysis for the year ended December 31, 2012 available on SEDAR at www.sedar.com.

There can be no assurances that forward looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward looking statements contained 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 February 21, 2013. Centerra assumes no obligation to update or revise forward looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward looking information, except as required by applicable law.

About Centerra

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

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

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