



centerraGOLD



RESULTS

in the 2nd Quarter of 2012

- DURING THE FIRST SIX MONTH OF 2012 KUMTOR PRODUCED 3,173 KG OF GOLD.
- THE COMPANY HAS CONTRIBUTED MORE THEN 3 BILLION 679 MILLION SOMS IN TAXES AND MANDATORY PAYMENTS.

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 May 1997 and, as of June 30, 2012, has produced approximately 8.5 million ounces or about 264 tonnes of gold.

Kumtor Operating Company is the operator of the Kumtor project responsible for the entire production cycle.

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. Company is headquartered in Toronto, Canada.

In addition to the Kyrgyz Republic owning approximately 33% of shares via Kyrgyzaltyn JSC, Centerra has other shareholders, including major investment funds in the USA, Britain, Canada as well as minor European and North American investors.

Currently Centerra has two producing gold mines in the Kyrgyz Republic and in Mongolia.

It also has interests in promising exploration properties located in Mongolia, Turkey, China and the Russian Federation.

The Kyrgyz Republic, via Kyrgyzaltyn JSC, is Centerra's largest shareholder owning 77,401,766 shares (about 33%).

AS OF JUNE 29, 2012,
KYRGYZSTAN'S INTERESTS
WERE ESTIMATED AT \$538 MILLION.

BASIC OPERATING AND FINANCIAL RESULTS

	Three months ended June 30			Six months ended June 30		
	2012	2011	Change (%)	2012	2011	Change (%)
Gold produced – ounces ¹	41,307	139,077	(70%)	102,014	303,244	(66%)
Gold produced – kg	1,284.8	4,325.8	(70%)	3,172.9	9,431.9	(66%)
Gold sold – ounces	40,228	144,687	(72%)	102,425	310,832	(67%)
Gold sold – kg	1,251.2	4,500.3	(72%)	3,185.7	9,667.9	(67%)
Average realized gold price – \$/oz	1,592	1,529	4%	1,677	1,451	16%
Revenue from gold sales to Kyrgyzaltyn – \$ millions	64.0	221.2	(71%)	171.8	451.1	(62%)
Total production cost (with depletion and amortization) – \$millions	40.7	85.5	(52%)	113.7	156.8	(28%)
Revenue-based tax + Issyk-Kul Development Fund – \$millions	41.6	24.4	71%	63.6	72.7	(13%)
Capital expenditures – \$millions	110.0	46.0	139%	235.0	117.9	99%
Exploration expenditures – \$millions	2.9	2.8	4%	5.1	6.9	(26%)
Tonnes mined – 000s	42,736	38,271	12%	73,482	74,779	(2%)
Tonnes ore mined – 000s	16	1,448	(99%)	79	2,036	(96%)
Tonnes milled – 000s	1,376	1,545	(11%)	2,627	2,936	(11%)
Average mill head grade – g/t	1.33	3.27	(59%)	1.64	3.68	(55%)
Recovery – %	71.2	82.6	(14%)	72.0	82.6	(13%)

¹One Troy ounce equals to 31,10348 grammes.

The gold produced by the Kumtor mine, is purchased at the mine site by Kyrgyzaltyn JSC for processing at its refinery in the Kyrgyz Republic pursuant to a Gold and Silver Sales Agreement signed by KOC, Kyrgyzaltyn and the Government of the Kyrgyz Republic. Kyrgyzaltyn JSC enjoys the exclusive right to sell the refined gold and silver.

CORPORATE DEVELOPMENTS:

- The Kumtor mill processed stockpiled ore until July 22, 2012, at which time surface ore stockpiles were exhausted, and after which the mill was temporarily shut down. The planned downtime of the mill during August (reported in the Company's May 15, 2012, update) will be used to carry out scheduled mill maintenance. The Company expects the mill to recommence work in mid-September.
- Development work on the Kumtor underground project at the Kumtor Mine was temporarily suspended effective in August 10, 2012. The temporary suspension is a result of the ongoing technical and financial study of the potential for expanding the limits of the open pit at Kumtor. The Company expects to complete the study and release its findings by the end of the third quarter of 2012.

OUTLOOK FOR 2012:

The Kumtor mine is expected to produce 390,000 to 410,000 ounces or 12.1 to 12.75 tonnes of gold in 2012. Production at Kumtor is dependent on successfully maintaining the mining rates of the waste and ice in the south section of the pit to gain access to the higher grade ore in the SB Zone.

A substantial acceleration of ice and waste movement in the first quarter, which was exacerbated by the labour disruption which occurred in early February 2012, required that operations in the southeast section be delayed. This is expected to delay the ore release from the cut-back to late 2013.

The Company is planning to focus on removal of ice and waste in the high movement area by allocating more of the existing mining capacity to unload activities.

The Company expects to access part of the new reserves in September 2012 to provide ore for the Kumtor mill.

2012 total capital expenditures for Kumtor are forecast to be \$370 million.

Exploration costs in 2012 are expected to total \$13 million.

Additional information on Centerra and the full text of the news release on the results of the second quarter of 2012 are available on SEDAR at www.sedar.com and on the corporate websites of Kumtor Operating Company and Centerra Gold Inc.

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OTHER DEVELOPMENTS:

- On the basis of Agreement with the Kyrgyz Government, Company has allocated \$21 million (on a grant basis) to the microcredit agency "Ala-Too Finance" in April to provide financing for small sustainable development projects throughout the country;
- In May, 2012, with the financial support from Kumtor Operating Company, a Microcredit Agency was opened in Bylykchi, Issyk-Kul Region. The credit portfolio of MCA totaled to million soms. Loans are provided for development of small business and farming sphere at 10-12 % per annum.
- In May 2012, Company made an advance payment of Tax on Gross Revenue in the amount of US \$30 million to the budget of the Kyrgyz Republic. It will be regarded as paid by installments at the end of 2012 and throughout 2013.

KUMTOR GOLD PROJECT'S CONTRIBUTIONS IN TAXES AND MANDATORY PAYMENTS FOR THE FIRST SIX MONTHS OF 2012

As of June 30, 2012	USD thousands
Gross Proceeds Tax (13%)	61,161.9
Issyk-Kul Contribution (1%)	2,550.9
Environmental Pollution Charge for 2012	310.0
Individual Income Tax	2,627.8
Contributions to the KR Social Fund	10,428.8
Customs Administration Fee (0.15%)	569.4
Withholding Tax on non-residents	208.5
Other taxes and mandatory payments	34.9
Total	77,892.4
US\$ official exchange rate to the Kyrgyz Soms as of June 30, 2012	47.2445
Equivalent of payments effected in million Kyrgyz Soms	3,679.9

Note: Under the Agreement on New Terms of April 24, 2009, the revenue-based tax and contributions to the Issyk-Kul Development Fund are estimated based on actual cash revenues from sales during the specified period.

