

centerragOLD



NEWS RELEASE

Centerra Gold Reports 2009 Gold Production of 675,592 ounces

This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 4 and in our Cautionary Note Regarding Forward-looking Information on page 6. All figures are in United States dollars.

Toronto, Canada, January 11, 2010: Centerra Gold Inc. (TSX: CG) today announced that its fourth quarter gold production was 296,048 ounces resulting in 2009 consolidated gold production of 675,592 ounces. In 2009, the Kumtor mine, located in the Kyrgyz Republic, produced a total of 525,042 ounces of gold. In the fourth quarter, Kumtor set a new quarterly production record of 247,095 ounces of gold poured. In Mongolia, at the Boroo mine 150,550 ounces of gold were produced in 2009 of which 48,953 ounces were poured in the fourth quarter.

At year-end, the Company's cash balances stood at approximately \$320 million reflecting the higher gold production achieved and higher gold prices realized in the fourth quarter. Cash balances at the end of the third quarter were approximately \$163 million.

Steve Lang, President and CEO of Centerra stated, "Our operations had a very strong fourth quarter enabling us to build our balance sheet, which we will use to grow the Company. Significant capital investment at Kumtor is planned in order to expand and renew our mining fleet. Exploration at Kumtor will continue to look for opportunities to add further open pit resources to extend open pit mining past 2017 and give us sources of ore to blend with the higher grade material expected from the underground. We are continuing to spend the necessary capital (almost \$38 million in 2010) to develop the SB and Stockwork underground deposits with production targeted for 2012. In Mongolia, the advancement of Gatsuurt is in line with our strategy to grow our operations organically."

He concluded, "We are very excited about developing the underground potential of the high-grade zones at Kumtor, which are open both along strike and down dip. As we continue to expand our operations in both Mongolia and the Kyrgyz Republic, an aggressive focus on adding additional operating platforms through our business development and exploration efforts will increase our future gold production and help us achieve our goal of producing 1.5 million ounces of gold annually."

2009 Gold Production

Gold Production <i>Ounces of gold</i>	First Quarter 2009	Second Quarter 2009	Third Quarter 2009	Fourth Quarter 2009	Full-Year 2009
Kumtor mine	63,021	81,467	133,459	247,095	525,042
Boroo mine	40,183	28,990	32,424	48,953	150,550
Total	103,204	110,457	165,883	296,048	675,592

During the fourth quarter of 2009, the Kumtor mill performed better than expected in handling the high-grade feed in the flotation, concentrate and gold recovery circuits. During December, the average mill feed grade was 10.14 g/t gold and the average recovery was 85.5%.

At the Boroo mine during the fourth quarter, the mill throughput rate exceeded plan and less transitional ore was mined from Pit 3. Average mill recoveries exceeded plan by 10% to 12%. During the quarter, Boroo mined in an area that was less refractory in nature than anticipated. Better ore grades from the mine and the stockpiles, and better recovery lead to the higher gold production.

2010 Production Outlook

Gold Production <i>Ounces of gold</i>	2010 Full-Year Forecast
Kumtor mine	520,000 – 560,000
Boroo mine	120,000 – 140,000
Consolidated Total	640,000 - 700,000

Centerra's 2010 consolidated gold production is forecast to be in the 640,000 to 700,000 ounce range. The Kumtor mine is expected to produce between 520,000 to 560,000 ounces in 2010, which excludes any production from the nearby Sarytor deposit, which will be mined in 2012. On a quarterly break-down Kumtor's 2010 gold production profile will be somewhat similar to 2009, except that during the first quarter higher grade material will be processed as a result of the high-grade stockpile established in the fourth quarter of 2009. The planned mining sequence for the year has approximately 28% of gold production being recovered in the first quarter and 43% in the fourth quarter. The second and third quarters of 2010 will have reduced production partially due to the anticipated change of the ball mill ring gear at the end of second quarter and replacement of the SAG mill liner in the third quarter at the Kumtor mill.

At Boroo/Gatsuurt, gold production is forecast to be 120,000 to 140,000 ounces. The forecast assumes that:

- the Company has received the final operating permit for the Boroo heap leach facility by March 1, 2010 allowing it to restart the heap leach within days of receiving the permit. Approximately 36,000 ounces of gold production is planned from the heap leach and,
- the commencement of processing of Gatsuurt oxide ore to produce approximately 52,000 ounces of gold from the Gatsuurt project in the second half of 2010.

2010 Exploration Expenditures

Exploration expenditures of \$30 million are planned for 2010, an increase from the \$25 million budgeted in 2009. The 2010 program will continue the aggressive exploration work at the Kumtor mine with \$12.6 million of planned expenditures. Initially, \$2.1 million is allocated for target definition and drill programs on our large land holdings in Mongolia. In addition, drilling and generative programs will be continued in Russia (\$2.7 million), Turkey (\$2.9 million) and Nevada (\$2.1 million).

2010 Capital Expenditures

The capital expenditures for 2010 are estimated to be \$276.4 million, including \$49.7 million of sustaining capital and \$226.7 million of growth capital.

Capital expenditures include:

Projects	2010 Growth Capital (millions of dollars)	2010 Sustaining Capital (millions of dollars)
Kumtor mine	\$152.1	\$44.3
Boroo mine	\$0.8	\$5.0
Gatsuurt project	\$73.8	0
Consolidated Total	\$226.7	\$49.7

At Gatsuurt, of the \$73.8 million to be spent in 2010, approximately \$30 million is committed for infrastructure (road and site preparation) related to the oxide ores and for engineering on the bio-oxidation plant. The balance will be spent only when an agreement is finalized with the Mongolian Government.

Kumtor

At Kumtor, during 2010 the largest sustaining capital spending will be on the major overhaul maintenance of the heavy duty mine equipment (\$21.9 million) and mill equipment overhaul (\$1.8 million). Sustaining capital spending also includes \$6.8 million expenditures for shear key, buttress and tailings dam construction works and a waste dump expansion project (\$1.2 million) will be implemented to reduce the geotechnical risk of the Davidov glacier movement.

The significant growth capital investment of \$152.1 million during 2010 at Kumtor will enable Centerra to develop the long-term potential of the mine, by expanding and renewing the open pit mining fleet, increasing ice haulage capacity and continuing the underground development.

The North Wall Expansion project's growth capital requirements for 2010 are estimated at \$92.9 million primarily for purchases of mining and auxiliary support equipment to renew and expand the mining fleet. To increase haulage capacity to manage the ice movement, seven new CAT 789 haul trucks for the total cost of \$19.7 million will be acquired early in 2010. It is expected that the trucks will be delivered in the second quarter of 2010. 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 \$37.6 million in 2010.

Boroo & Gatsuurt

At Boroo, 2010 sustaining capital expenditures are expected to be \$5.0 million, primarily for the purchase of new ball and SAG mill gears (\$2.1 million) and mobile equipment component change-outs (\$1.9 million). At Gatsuurt, 2010 growth capital spending is expected to be \$73.8 million which includes infrastructure related capital of \$65.6 million including costs related to the construction of the bio-oxidation plant (\$40 million), mine pre-stripping costs for Gatsuurt sulphide ore (\$12.9 million, capitalized) and tailings dam costs (\$4.9 million) and the purchase of mobile equipment to be used at Gatsuurt (\$6.3 million).

Capital for the development of the deeper sulphide ores at Gatsuurt, which includes the mobilization of the construction management and the construction of the process facilities, will only be invested if the Company is successful in obtaining an acceptable agreement for Gatsuurt with the Government of Mongolia.

Major Assumptions

The following material assumptions have been used to forecast production and future capital expenditures;

- 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,
- the equipment to execute the Company’s remedial plan to manage the high movement area at Kumtor is available for purchase and will be delivered on time,
- a major ramp-up in mining production at Kumtor,
- no further delays in or interruption of scheduled production from our mines, including due to natural phenomena, labour or regulatory disputes or other developmental and operational risks,
- certain issues at Boroo raised by the General Department of Specialized Inspection (“SSIA”) concerning state alluvial reserves will be resolved through negotiation without material adverse impact on the Company, see “Mongolian Regulatory Matters” in the Company’s December 7, 2009 news release,
- issues concerning value added taxes at Boroo raised by the Ministry of Finance will be resolved through negotiation without material adverse impact on the Company,
- Boroo ore does not become more refractory in nature affecting mill recoveries,
- no further suspension of Boroo’s operating licenses,
- Boroo receives the final operating permit for the heap leach facility by March 1, 2010,
- the commitment of capital for developing the Gatsuurt sulphides is dependent on signing an acceptable agreement with the Government of Mongolia,

- the development of Gatsuurt will be exempt from the new forest and water basin legislation in Mongolia, see “Mongolian Law Affecting Licenses” in the Company’s December 7, 2009 news release, and
- all necessary permits, licences and approvals are received in a timely manner.

Production 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, results of operations or cash flows. See the sections entitled “Recent Developments” and “Risk Factors” in the Company’s prospectus dated December 21, 2009, 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 production information and 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 a technical report dated December 16, 2009 prepared in accordance with NI 43-101. The technical report has 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 Boroo deposit is described in 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.

The Gatsuurt deposit is described in the Company’s most recently filed Annual Information Form (the “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

Information contained in this news release and the documents referred to herein which are not a statement of historical facts 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, 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.

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 above under the heading “Major Assumptions”. Factors that could cause actual results or events to differ materially from current expectations include, among other things: gold prices, replacement of reserves, reduction in reserves related to geotechnical risks, ground movements, political risk, nationalization risk, changes in laws and regulations, 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, costs associated with the movement of ice and waste at the Kumtor mine, the ability to renew and obtain licenses, permits and other rights, costs associated with 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, illegal mining, enforcement of legal rights, decommissioning and reclamation cost estimates, future financing and personnel.

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 resources figures

in consideration of these risks and, therefore, Centerra can give no assurances that any resource estimate will ultimately be reclassified as proven and probable reserves.

If Centerra's reserve or resource estimates for its gold properties are inaccurate or are reduced in the future, this could have an adverse impact on Centerra's future cash flows, earnings, results of 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 January 11, 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 North American-based gold mining company focused on acquiring, exploring, developing and operating 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 and the former Soviet Union. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is based in Toronto, Canada.

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

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