

centerra**GOLD**



NEWS RELEASE

CENTERRA GOLD ANNOUNCES SIGNIFICANT NEW PRECIOUS/BASE METAL DISCOVERY IN NORTHEAST MONGOLIA

(All figures are in United States dollars.)

To view the complete drill results, graphics, and maps/drill sections discussed in this news release, please visit the following link: <http://media3.marketwire.com/docs/CGATO711.pdf> or visit the Company's web site at: www.centerragold.com.

Toronto, Canada, July 11, 2011: Centerra Gold Inc. (TSX: CG) is pleased to announce the discovery of a significant precious and base metal deposit on its 100%-owned Altan Tsagaan Ovoo (ATO) property in northeast Mongolia.

Highlights:

- Multiple long intercepts of high-grade gold, silver and base metal mineralization
- A large land position covering a total of 77,000 hectares
- ATO property acquired in May 2010, \$6.5 million spent to date
- 124 diamond drill holes completed through May 2011 for a total of 21,753 metres
- Preliminary metallurgical test work initiated at Xstrata Process Support in Sudbury, ON
- Exploration budget for 2011 has been expanded to include:
 - o Further drilling of known targets in the ATO licenses
 - o Initial drilling of the other targets already identified in the land package, including High Land, Duut Nuur, Bayan Gol, Davkhar Tolgoi and Bayan Munkh
 - o Additional metallurgical test work
 - o Baseline social, environmental and hydrologic studies
- Initial resource estimate expected at year-end

Commentary:

Steve Lang, President and CEO of Centerra stated, "We are very excited about this new discovery in what we view as a new emerging mineral district. In the past thirteen months, our exploration group has identified initial targets, drilled those targets with very strong results and identified other potential targets within our license package. Our Board of Directors has recognized the potential of this project and has expanded our 2011 exploration budget to continue the rapid advancement."

He continued, "Drilling to date at ATO has outlined three breccia pipes which carry significant precious and base metal mineralization on a large property which has several other targets that have yet to be evaluated and tested by diamond drilling. We expect to have an initial resource statement

by year-end. Centerra has the in-house operating and technical expertise, as well as, the financial capacity to rapidly advance the ATO discovery to add considerably to shareholder value.”

“Centerra’s Board has approved a \$6 million increase in the Company’s 2011 exploration budget from \$34 million to \$40 million, with \$4 million of this additional funding allocated for further work on the ATO property,” he concluded.

Centerra has expended a total of \$6.5 million on exploration work since acquiring the ATO property in May 2010. An additional \$4 million has been allocated to complete further drill testing this year of the known mineralization and other targets identified on the property and to carry out additional target definition work on the Company’s large land holdings. Additionally, detailed metallurgical test work will be continued and social, environmental and hydrological baseline studies have been started.

ATO

The Altan Tsagaan Ovoo (ATO) prospect was discovered in May 2010 after a drilling program to follow up surface prospecting and sampling. The property is located in Tsagaan Ovoo (“White Mountain”) Soum, Dornod Aimag, the easternmost Aimag in Mongolia approximately 600 kilometres east-northeast of Ulaanbaatar, the capital of Mongolia. The ATO prospect is located approximately 40 kilometres southwest of the town of Tsagaan Ovoo (population about 2,000) and 175 kilometres west-northwest of Choibalsan, the nearest relatively large population center (38,150).

The ATO prospect is located on the Tsagaan Ovoo license, which was acquired from Cogegobi, a wholly-owned subsidiary of Areva by Centerra in May 2010 and is subject to a 1.75% NSR to Areva. In addition, Centerra holds three additional exploration licenses (Tariat, Khuren Tolgoi and Davkhar Tolgoi) adjoining to the Tsagaan Ovoo license. The four licenses combined cover an area of approximately 77,000 hectares measuring approximately 35 by 25 kilometres. This area is located in the steppe region of eastern Mongolia and is not impacted by the Mongolian law regarding Water Basins and Forested Areas.

Beginning in May 2010 and through June 2011, Centerra has carried out a significant amount of exploration work in the area, including geologic mapping, stream sediment sampling, grid soil sampling, geophysical surveys (ground and airborne magnetic surveys, IP and gravity), trenching, and extensive diamond drilling. This target definition work has outlined a number of geological, geochemical and geophysical targets on the large property holdings of which only five have been tested by diamond drilling to date. Through the end of May 2011, 124 diamond drill holes have been completed for a total of 21,753 metres of drilling. This work has identified four closely spaced breccia pipes, three of which carry significant precious and base metal mineralization.

The precious and base-metal mineralization identified at ATO is in three vertically plunging, breccia pipes (Pipes #1, #2 and #4) that cut Jurassic sediments and Permian strata and volcanoclastic rock. Pipes #1 and #2 are partially exposed whereas Pipe #4 is completely concealed. Morphology of the mineralized section of the three pipes (Pipes #1, #2 and #4) varies in plan with increasing depth. In Pipe #1 an upper zone of gold-silver (Au-Ag) and lead-zinc (Pb-Zn) mineralization has approximate

dimensions of 300 by 200 metres; a lower zone, approximately 150 by 300+ metres. Pipe #2, the near surface upper zone of Au-Ag and Pb-Zn mineralization is approximately 120 by 240 metres; the lower zone 60+ by 60 metres. The mineralization in Pipe #4 has dimensions in plan of approximately 250 by 300 metres down to a depth of approximately 200 metres. Three holes were drilled in Pipe #3 with no significant intercepts.

Gold grades in upper and lower parts of the pipes are similar with grades ranging from 0.1 g/t Au to as high as 160 g/t Au. Silver contents generally are 10 to 30 g/t Ag, but range as high as 500 g/t Ag. Combined base metal (Pb + Zn) grades range from 0.5 to 1 – 3% in much of the better precious metal-mineralized parts of the pipes, but base metals grades are as high as 40% across narrow intercepts.

The mineralization is fairly consistent and confined to the pipes from surface to a depth of 200 metres where a set of flat-lying diorite dikes cross cut the mineralized breccia pipes and below which only sparse intercepts of low-grade mineralized rock are present.

Some of the better intercepts are:

Centerra Gold Inc. - ATO 2011 Drilling Results
Pipe 1

Location	Drill Section	Drill Hole		From (m)	To (m)	Core Length (m)	Au (g/t)	Ag (g/t)	Pb %	Zn %
PIPE 1	4 SE	ATO-40		0.00	91.60	91.60	3.24	14.56	1.02	1.77
			includes	1.40	50.25	48.85	2.45	10.32	0.56	1.11
			includes	51.30	78.40	27.10	6.07	24.39	2.33	3.53
		ATO-50		0.00	113.50	113.50	3.91	10.81	0.87	1.08
			includes	1.00	23.00	22.00	3.09	10.22	0.46	0.41
			includes	25.00	83.00	58.00	5.78	14.16	1.18	1.10
				117.10	125.60	8.50	0.17	1.90	0.12	0.49
				145.55	156.70	11.15	0.32	4.98	0.79	1.66
				0.00	100.60	100.60	2.06	9.47	1.18	1.52
	5 SE	ATO-69		0.00	10.50	10.50	2.25	15.78	1.71	0.11
			includes	26.00	39.00	13.00	1.30	1.10	0.42	0.90
			includes	40.00	73.00	33.00	3.28	13.47	1.87	2.59
				0.00	173.30	173.30	1.72	7.76	1.03	1.18
		ATO-75	includes	1.70	17.35	15.65	1.99	17.45	1.66	0.14
			includes	36.70	52.70	16.00	1.98	7.83	1.69	1.88
			includes	90.90	123.35	32.45	3.69	9.00	1.48	2.13
				178.50	191.00	12.50	0.21	2.04	0.06	0.55
				207.30	209.70	2.40	0.11	1.65	0.15	0.42
		ATO-93		0.00	131.30	131.30	2.11	9.29	1.06	0.95
			includes	0.00	11.00	11.00	2.49	12.12	0.86	0.06
			includes	12.05	28.75	16.70	2.97	8.52	1.14	0.17
			includes	29.75	44.85	15.10	1.80	12.14	1.65	0.45
			includes	106.35	120.85	14.50	5.07	24.27	2.47	3.24
				0.00	132.90	132.90	2.85	8.66	1.12	1.32
	6 SE	ATO-27	includes	0.00	126.00	126.00	2.99	8.98	1.18	1.36
				0.00	113.50	113.50	2.31	10.54	0.82	0.82
		ATO-37	includes	0.00	71.45	71.45	3.30	9.07	0.82	0.31
				119.40	122.45	3.05	0.23	2.80	0.79	0.84
		ATO-41		0.00	147.00	147.00	2.89	6.52	1.04	1.10
			includes	4.50	16.65	12.15	1.88	6.86	1.23	0.07
			includes	18.75	88.10	69.35	3.98	7.85	1.35	1.39
			includes	114.10	131.40	17.30	4.64	7.47	0.87	1.41
				150.60	160.00	9.40	0.39	2.90	0.42	1.06
				172.00	200.30	28.30	0.65	3.00	0.63	1.05
		ATO-62		0.00	196.00	196.00	2.09	8.32	0.81	1.58
			includes	19.40	35.85	16.45	2.26	6.19	0.68	0.82
			includes	57.30	119.95	62.65	4.14	11.94	1.40	2.20
				210.30	213.30	3.00	0.13	11.37	0.78	1.19
	7 SE	ATO-80		0.00	111.90	111.90	2.27	6.42	0.63	0.64
			includes	0.00	19.00	19.00	1.59	8.79	0.70	0.02
		ATO-120	includes	24.00	86.20	62.20	3.08	6.50	0.72	0.56
				0.00	210.70	210.70	1.76	7.88	1.22	1.76
			includes	2.30	99.30	97.00	2.63	7.93	1.00	0.71
			includes	134.25	168.05	33.80	2.08	11.30	1.78	2.62
				224.60	229.60	5.00	0.22	7.40	1.33	4.11
				0.00	70.15	70.15	2.02	12.10	0.96	1.12
	10 SE	ATO-58	includes	25.25	40.00	14.75	4.41	24.53	2.27	2.80
			includes	42.20	55.40	13.20	2.42	12.82	1.13	1.73
				77.55	184.80	107.25	2.95	7.49	1.43	2.45
			includes	77.55	91.85	14.30	4.83	14.84	1.34	1.37
			includes	106.80	133.80	27.00	6.03	9.94	2.37	4.15
				0.00	120.20	120.20	3.12	14.63	0.84	1.29
	14 NE	ATO-11	includes	37.05	56.90	19.85	3.22	10.87	0.61	1.62
			includes	58.90	97.00	38.10	5.91	22.25	1.66	2.44
			includes	101.40	114.70	13.30	3.76	13.57	0.77	0.45
				165.25	220.80	55.55	0.36	3.50	0.40	1.49

Notes: Mineralized intervals are greater than 0.10 g/t Au.

Higher grade sub-intervals are greater than 1.00 g/t Au

Individual assays are top cut to 30 g/t Au prior to composite calculation

True widths for mineralized zones are about 20% to 50% of stated down hole interval

Pipe 2

Location	Drill Section	Drill Hole		From (m)	To (m)	Core Length (m)	Au (g/t)	Ag (g/t)	Pb %	Zn %
PIPE 2	6 SE	ATO-60		0.00	5.40	5.40	0.24	0.08	0.45	3.49
				11.90	17.20	5.30	0.16	0.10	0.58	2.75
				21.70	24.70	3.00	0.17	0.11	0.17	2.55
				27.70	78.35	50.65	0.44	0.26	0.31	5.25
				82.40	144.00	61.60	2.09	4.73	0.22	14.48
				157.20	162.20	5.00	0.10	0.28	0.11	1.29
	8 SE	ATO-20		0.00	93.55	93.55	1.59	8.29	1.61	1.67
				102.05	117.05	15.00	0.61	9.59	1.31	2.26
		ATO-74		0.00	26.00	26.00	0.54	2.87	0.24	0.24
				31.20	85.10	53.90	1.21	5.09	0.63	0.83
				128.30	170.05	41.75	0.10	2.94	0.57	1.28
	10 SE	ATO-55		0.00	57.85	57.85	0.18	2.67	0.33	0.68
				62.85	88.20	25.35	0.51	3.69	0.64	1.26
				132.00	172.95	40.95	2.27	9.91	1.94	7.59

Pipe 4

Location	Drill Section	Drill Hole		From (m)	To (m)	Core Length (m)	Au (g/t)	Ag (g/t)	Pb %	Zn %
PIPE 4	11 SE	ATO-92		3.20	186.60	183.40	2.15	12.95	0.32	0.52
			includes	6.20	21.90	15.70	2.20	95.69	0.24	1.10
			includes	33.60	50.00	16.40	2.39	11.20	0.11	0.27
			includes	90.00	124.50	34.50	7.56	8.21	1.02	1.21
				191.00	199.90	8.90	0.18	1.10	0.16	0.20
				204.30	208.50	4.20	0.10	0.91	0.10	0.28
				214.60	222.00	7.40	0.32	1.19	0.07	0.15
		ATO-111		6.50	171.50	165.00	1.21	5.66	0.42	0.73
			includes	115.70	132.00	16.30	6.97	13.37	3.24	4.88
				191.00	244.50	53.50	0.20	3.62	0.32	0.43
				252.00	288.00	36.00	1.59	14.50	2.35	4.90
				359.80	362.10	2.30	0.17	1.51	0.00	0.01
	13 SE	ATO-116		5.40	116.00	110.60	2.27	50.34	0.25	0.35
			includes	23.00	57.00	34.00	5.89	13.14	0.65	0.83
	22 NE	ATO-92		91.10	153.10	62.00	4.29	5.53	0.66	0.82
			includes	96.30	118.50	22.20	10.46	11.49	1.44	1.68

Notes: Mineralized intervals are greater than 0.10 g/t Au.
Higher grade sub-intervals are greater than 1.00 g/t Au
Individual assays are top cut to 30 g/t Au prior to composite calculation
True widths for mineralized zones are about 20% to 50% of stated down hole interval

Drilling has been carried on a 30 by 30 metre grid in Pipe #1 and on 30 by 60 metre grid in Pipe #2 and #4. Drilling is continuing to define the boundaries of Pipe #4 and to test additional targets that have been identified on the property.

The majority of drill holes are oriented to the southeast with a dip of -60 degrees, a number of holes have also been drilled to the northwest and southwest with a dip of -60 degrees in order to delineate the oval-shaped breccia pipes. All holes are HQ diameter core, with the majority drilled to depths of 100 to 250 metres with a few deeper holes to 300 to 500 metres.

Samples were collected at primarily one metre intervals using half of the HQ diameter core. Samples were processed and analyzed by Actlabs Asia LLC in Ulaanbaatar, Mongolia. Fire assaying was used to analyze for Au and Ag with a gravimetric finish for all analyses reported > 5 g/t Au and > 150 g/t Ag. Base metals were analyzed by atomic absorption. ICP determinations of specially selected holes were completed in labs of SGS and Alex Stewart Assayers Mongolia LLC, also in Ulaanbaatar, Mongolia.

A comprehensive QA/QC program was employed throughout the sampling and analytical program, and included suitable numbers of standards, duplicates, and blanks. Select holes were re-analyzed by SGS laboratory in Ulaanbaatar, Mongolia.

A complete listing of the drill results and supporting maps/sections for the ATO 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.

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/CGATO711.pdf>.

Qualified Person

The new drilling results for the ATO project 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 Senior Vice-President, Global Exploration, who is the qualified person for the purpose of NI 43-101.

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 the impact of the Water and Forest Law on the Company's ATO project, business prospects (including the timing and development of new deposits and the success of exploration activities), and opportunities, including exploration expenditures and exploration plans.

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.

Other 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 and base metal prices; the political risks associated with the Company's operations in Mongolia; the impact of changes in, or more oppressive enforcement of, laws, regulations and government practices in the in Mongolia; the effect of the Water and Forest Law on the Company's operations in Mongolia; the impact of continued scrutiny from Mongolian regulatory authorities; the success of the Company's future exploration and development activities; competition for mineral acquisition opportunities; the adequacy of the Company's insurance; 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; 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 obtain future financing; the impact of current global financial conditions; the impact of currency fluctuations; the effect of recent 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 payments of principal and interest on the Company's debt facilities; risks associated with the conduct of joint ventures;. 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 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 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 July 11, 2011. 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.

For more information:

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

Renmark Financial Communications Inc.

Henri Perron: hperron@renmarkfinancial.com
Robert Thaemlitz: rthaemlitz@renmarkfinancial.com
Media – Lindsay Jacques-Dubé: ldube@renmarkfinancial.com
Tel. : (514) 939-3989 or (416) 644-2020
www.renmarkfinancial.com

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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