



MONGOLIA
OPERATING MINE
48°45' N 106°10' E

Boroo

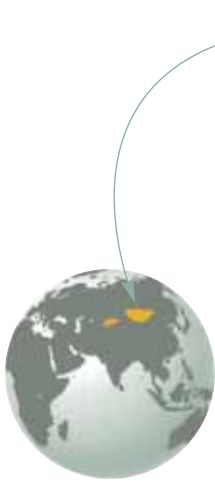
OPEN PIT MINE
COMMERCIAL
PRODUCTION BEGAN
IN MARCH 2004
95% EQUITY
INTEREST

TWO YEARS
FROM ACQUISITION
TO COMMERCIAL
PRODUCTION
CAPITAL COST OF
\$75 MILLION

NUMBER OF EMPLOYEES
500
90% MONGOLIAN
CITIZENS

CURRENT PROVEN AND
PROBABLE RESERVES OF
1.2 MILLION OUNCES

2004 REVENUES
\$88 MILLION
REALIZED GOLD PRICE
\$404 PER OUNCE
CASH COST
\$149 PER OUNCE



The Boroo open pit mine, located in the Republic of Mongolia, is the first significant foreign investment in Mongolia for industrial development since 1979.

Boroo, Mongolia PRODUCING MINE

Location

The mine is located about 110 kilometres northwest of the capital city of Ulaanbaatar and about 230 kilometres south of the border with Russia. It is easily accessible by all-weather highway as well as the Trans-Mongolian railway.

Mongolia

Mongolia is a landlocked country in northeast Asia with a population of about 2.7 million people. After independence from China in 1921, Mongolia became a satellite state of the Soviet Union and remained under a Communist regime until the mid-1980s. The country had its first multi-party elections in 1990 and adopted a new constitution in 1992. This led to the institution of a number of reform policies including liberalization of trade and promotion of foreign investment.

Political stability, democratic reforms and continued efforts by the Government to improve the business climate played a significant role in Centerra's decision to invest in Boroo.

The area in which the mine is located is sparsely populated, inhabited mainly by nomadic herdsmen living in single-family camps or small villages.

The Boroo operation

Construction of the project started in July 2002 and was completed 16 months later at the end of November 2003. After a four-month commissioning phase, the mine began commercial production in March 2004. The capital cost of the project was \$75 million.

The Boroo deposit extends over an area 2 kilometres by 0.5 kilometres and is contained in four separate pits. Mining operations are based on conventional open-pit methods, mining 5,000 tonnes of ore per day. The mine operates seven days a week using two 12-hour shifts. Ore from the mine



Boroo's on-time start-up and results reflect the fact that Mongolia is a good place to do business. The country has everything a foreign investor is looking for, a stable political, economic and legal environment and reasonable tax policies.

Paul Korpi, President, Boroo Gold Company

is processed at the Boroo plant which uses typical Carbon-In-Pulp (CIP) technology along with gravity concentration for recovery of the gold. The plant has a name-plate capacity to treat 1.8 million tonnes of ore per year at an average throughput rate of 220 tonnes per hour. It was designed to realize an average gold recovery rate of 90.5% over the life of the project.

Tailings material from the processing plant is treated in a detoxification plant before discharge to the tailings facility, which is operated on the basis of zero discharges to the environment. Water is recovered for reuse in the processing plant.

Gold doré produced by the Boroo mine is exported and refined under a contract with a third party.

The mine's permanent workforce currently stands at 500 employees with approximately 90% represented by Mongolian citizens. Consistent with Centerra's policy of increasing the percentage of employees who are local citizens, the mine has implemented a number of programs aimed at skills enhancement and career advancement. Currently 35% of the workforce is from the surrounding region.

Boroo provides a major contribution to the economy of Mongolia, with its operations providing more than a 75% increase in the country's gold output in 2004.

2004 results

During its 10 months of commercial operation in 2004, Boroo generated revenues of \$88 million, net of hedges, from the sale of 217,679 ounces of gold. The mine's cash cost was \$149 per ounce, calculated in accordance with the Gold Institute standard.

Proven and probable reserves at the end of 2004 totaled 1.2 million ounces of contained gold. At the current planned rate of operations, this should support mining at Boroo for another six years.

Production and Cost Performance

| | 2004 |
|--|---------|
| Ore mined – (thousands of tonnes) | 1,884 |
| Ore milled – (thousands of tonnes) | 1,850 |
| Average mill head grade – (grams/tonne) | 4.5 |
| Recovery – (%) | 93.7% |
| Gold poured – (thousands of ounces) ⁽¹⁾ | 217,998 |
| Unit production costs | |
| Cost per tonne milled – (\$) ⁽¹⁾ | 7.20 |
| Total cash cost per ounce – (\$) ⁽¹⁾ | 149 |

1) Does not include pre-commissioning production of 27,703 ounces for January and February 2004.

Reserves and Resources

| As at December 31, 2004 | Tonnes (thousands) | Grade (grams/tonne) | Contained gold (thousands of ounces) |
|----------------------------|-----------------------|------------------------|---|
| Reserves | | | |
| Proven | 830 | 2.5 | 68 |
| Probable | 10,981 | 3.1 | 1,104 |
| Total reserves | 11,811 | 3.1 | 1,172 |
| Indicated resources | 2,595 | 2.3 | 194 |
| Inferred resources | 3,215 | 1.9 | 193 |

Notes:

- 1) The reserves have been estimated based on a gold price of \$375 per ounce.
- 2) The resources at Boroo are estimated based on a variable cut-off grade depending on the type of material and the associated mill recovery. The cut-off grades range from 0.9 grams per tonne to 1.1 grams per tonne.
- 3) The reserve and resource estimates were prepared under the supervision of Robert S. Chapman, M. Sc., P. Geo., Centerra's Vice President of Exploration who is a Qualified Person under NI 43-101.