centerra GOLD

Notice of Annual Meeting of Shareholders
and
Management Information Circular

April 8, 2013

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Dear Shareholder,

It is my pleasure to invite you to attend the annual meeting of shareholders of Centerra Gold Inc. ("Centerra"), which will be held on Friday, May 10, 2013 at 10:00 a.m. (Toronto time) at the St Andrew's Club & Conference Centre, 150 King Street West, 27th Floor, Toronto, Ontario. It is an opportunity for the directors and management of Centerra to meet with you, our shareholders. At the meeting, we will report to you on Centerra's performance in 2012 and our plans for the future.

Included in this package are Centerra's 2012 annual report, notice of meeting and management information circular. These materials describe the business to be dealt with at the meeting and provide you with additional information about Centerra and its directors and officers. Please exercise your rights as a shareholder either by attending the meeting and voting in person or by using the enclosed request for voting instructions or form of proxy.

I thank you for your interest and confidence in Centerra and I urge you to exercise your right to vote.

Sincerely,

(Signed)
Stephen A. Lang
Chair of the Board of Directors

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholder:

NOTICE IS HEREBY GIVEN THAT the annual meeting of the shareholders (the "Meeting") of Centerra Gold Inc. ("Centerra") will be held on Friday, May 10, 2013 at 10:00 a.m. (Toronto time) at St Andrew's Club & Conference Centre, 150 King Street West, 27th Floor, Toronto, Ontario, in order for shareholders of Centerra to:

1. receive the audited financial statements for the year ended December 31, 2012 and the auditors' report thereon;
2. elect directors for the ensuing year;
3. appoint auditors for the ensuing year and authorize the directors to fix the remuneration to be paid to the auditors; and
4. transact such other business as may properly come before the Meeting, or any postponement or adjournment thereof.

The board of directors of Centerra has fixed the close of business on March 21, 2013 as the record date to determine which shareholders are entitled to receive notice of and to vote at the Meeting, or any postponement or adjournment thereof.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed)

Frank H. Herbert
Corporate Secretary

Toronto, Ontario, Canada
April 8, 2013

CENTERRA GOLD INC.

MANAGEMENT INFORMATION CIRCULAR

Dated April 8, 2013

SOLICITATION OF PROXIES AND VOTING INSTRUCTIONS

The information contained in this management information circular (the "Circular") is furnished in connection with the solicitation of proxies from holders of common shares ("Shares") of Centerra Gold Inc. ("Centerra" or the "Corporation"). These proxies will be used at the annual meeting of shareholders of the Corporation (the "Meeting") to be held on Friday, May 10, 2013 at 10:00 a.m. (Toronto time) at the St Andrew's Club & Conference Centre, 150 King Street West, 27th Floor, Toronto, Ontario or any adjournment or postponement thereof, for the purposes set forth in the accompanying notice of Meeting. It is expected that the solicitation will be made primarily by mail, but proxies and voting instructions may also be solicited personally or by telephone by employees of the Corporation. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation and the total cost of the solicitation of proxies will be borne by the Corporation.** The information contained in this Circular is given as at April 8, 2013 and in Canadian dollars, except where otherwise noted.

VOTING INFORMATION

Who May Vote

You are entitled to vote at the Meeting if you were a holder of Shares of Centerra at the close of business on March 21, 2013, the record date for the Meeting. Each Share is entitled to one (1) vote.

How to Vote

How you vote depends on whether you are a registered shareholder or a non-registered shareholder.

Registered Shareholders

You are a registered shareholder if your Shares are registered in your own name. As a registered shareholder, you may attend the Meeting and vote in person. If you are a registered shareholder and will not attend the Meeting, or if your Shares are registered in the name of a corporation, your Shares may still be counted by authorizing another individual, called a proxyholder, to attend the Meeting and vote your Shares. Any legal form of proxy may be used and a form of proxy is provided with this Circular.

Non-Registered Shareholders

You are a non-registered shareholder if you beneficially own Shares that are registered in the name of an intermediary such as a bank, trust company, securities broker or other nominee, or in the name of a depository of which the intermediary is a participant, and therefore do not have Shares registered in your own name.

In accordance with applicable securities laws, Centerra has distributed copies of the notice of Meeting, this Circular and Centerra's annual report for the year-ended December 31, 2012 (the "Meeting Materials") to intermediaries for onward distribution to non-registered shareholders who have not waived their right to receive them. The Corporation does not send proxy-related materials directly to non-registered shareholders and is not relying on the notice-and-access provisions of securities laws for delivery to either registered or non-registered shareholders. Typically, intermediaries will use a service company (such as Broadridge Investor Communications) to forward Meeting Materials to non-registered shareholders. The Corporation has elected to pay for the delivery of proxy-related materials to objecting non-registered shareholders by intermediaries. Meeting Materials will include either your intermediary's voting instruction form or a form of proxy stamped by the intermediary limited to the number of Shares beneficially owned by you, but that is otherwise not complete. The purpose of these documents is to permit you to direct the voting of the Shares you beneficially own. You should carefully follow the instructions set out in your intermediary's voting instruction form or form of proxy, as the case may be.

If you are a non-registered shareholder, you may attend the Meeting and vote in person provided you insert your own name in the space provided on the voting instruction form or form of proxy to appoint yourself as the proxyholder and follow your intermediary's instructions for return of the executed form. No other part of the voting instruction form or form of proxy should be completed as your vote will be taken at the Meeting.

Voting by Proxy

Appointment of Proxies

The persons named in the voting instruction form or the form of proxy you received are representatives of management of the Corporation. **You have the right to appoint another person (who need not be a shareholder) to represent you at the Meeting. You may appoint another person by inserting that person's name in the blank space set out in the form of proxy provided or by completing another proper form of proxy.** By properly completing and returning a voting instruction form or form of proxy, you are authorizing the individual named in the form to attend the Meeting and to vote your Shares. To be valid, proxies must be deposited with our transfer agent, CIBC Mellon Trust Company through their Administrative Agent, Canadian Stock Transfer Company Inc. ("CST") at P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1 (Fax: (416) 368-2502; or toll-free within North America 1-866-781-3111) no later than 10:00 a.m. (Toronto time) on Wednesday, May 8, 2013 or, if the Meeting is postponed or adjourned, on a day other than a Saturday, Sunday or holiday which is at least 24 hours before the time of such reconvened meeting.

Exercise of Discretion by Proxies

The Shares represented by your voting instruction form or form of proxy must be voted or withheld from voting in accordance with your instruction on the form and if you specify a choice with respect to any matter to be acted upon, your Shares will be voted accordingly. If you have not specified how to vote on a particular matter, if any amendments are proposed to any matter, or if other matters are properly brought before the Meeting, then, in each case, your proxyholder can vote your Shares as your proxyholder sees fit.

If you properly complete and return your voting instruction form or form of proxy appointing representatives of management of the Corporation as your proxy, but do not specify how you wish the votes to be cast, your Shares will be voted FOR the appointment of KPMG LLP as independent auditors for 2013 and the authorization of the directors to fix their remuneration, FOR the election of directors nominated by management, and, at the discretion of management, on any matter which may properly come before the Meeting.

Revocation

If you are a registered shareholder and have provided a proxy, you may revoke your proxy by: (i) completing and signing another form of proxy bearing a later date and depositing it with CST at

P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1 (Fax: (416) 368-2502) or toll-free within North America 1-888-781-3111) no later than 10:00 a.m. (Toronto time) on Wednesday, May 8, 2013 or, if the Meeting is postponed or adjourned, on a day other than a Saturday, Sunday or holiday which is at least 24 hours before the time of such reconvened meeting; (ii) depositing a document that is signed by you (or by someone you have properly authorized to act on your behalf) stating that you wish to revoke your proxy, to the Corporate Secretary of the Corporation at the registered office of the Corporation (1 University Avenue, Suite 1500, Toronto, Ontario, Canada, M5J 2P1) at any time up to and including the last business day preceding the day of the Meeting, or any postponement or adjournment thereof; (iii) notifying the Chair of the Meeting prior to the commencement of the Meeting or any postponement or adjournment of the Meeting that you have revoked your proxy; or (iv) following any other procedure that is permitted by law.

If you are a non-registered shareholder, you may revoke your voting instruction form at any time by following instructions given by your intermediary.

VOTING SHARES

Centerra is authorized to issue an unlimited number of Shares, class A non-voting shares and preference shares with no par value. On April 8, 2013, the Corporation had 236,376,011 Shares issued and outstanding. The directors have fixed March 21, 2013 as the record date for the Meeting. Only holders of Shares who are on record on that date will be entitled to vote on the matters proposed to come before the Meeting on the basis of one (1) vote for each Share held.

PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of the directors and officers of the Corporation, the only persons or companies who beneficially own, or exercise control or direction over, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities are indicated below:

Name	Number of Securities	Percentage(1)
Kyrgyzaltyn JSC	77,401,766 Shares	32.7%

(1) Percentage is based on 236,376,011 shares issued and outstanding.

Kyrgyzaltyn JSC ("Kyrgyzaltyn") is a joint stock company formed under the laws of the Kyrgyz Republic, 100% of whose shares are owned by the Government of the Kyrgyz Republic (the "KR Government"). Pursuant to a Restated Shareholders Agreement dated as of June 6, 2009 entered into by Kyrgyzaltyn and Centerra (the "Restated Shareholders Agreement"), so long as Kyrgyzaltyn and its affiliates continue to hold 10% or more of Centerra's outstanding Shares, Centerra has agreed to include in Centerra's proposed slate of directors nominated for election at each annual or special meeting at which directors are to be elected two board nominees designated by Kyrgyzaltyn, at least one of whom must be independent of the KR Government, within the meaning of applicable securities laws in Canada. Should Kyrgyzaltyn and its affiliates own less than 10% but more than 5% of Centerra's outstanding Shares, Centerra has agreed to include in its proposed slate of directors one nominee of Kyrgyzaltyn who shall not be required to be independent. Messrs. Ibraev and Muraliev are Kyrgyzaltyn's nominees to Centerra's board of directors (the "Board").

Centerra also entered into a separate agreement with Kyrgyzaltyn providing that Centerra would use commercially reasonable efforts to have at least one representative of Kyrgyzaltyn elected as Chair of the board of directors of Centerra's wholly-owned subsidiary, Kumtor Gold Company ("KGC"), as well as a member of the KGC Management Committee and a member of the KGC Auditing Committee. KGC directly owns 100% of the Kumtor mine.

Kyrgyzaltyn purchases all of the gold produced from the Kumtor mine for processing at its refinery in the Kyrgyz Republic pursuant to a Restated Gold and Silver Sale Agreement (the "Sales Agreement") between Kyrgyzaltyn and KGC. Under the Sales Agreement Kyrgyzaltyn is required to pay for gold within 12 calendar days of shipment from the Kumtor mill at a price that is fixed based on the London PM fixed price of gold on the London Bullion Market. The obligations of Kyrgyzaltyn owing to KGC are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn.

Kumtor pays to Kyrgyzaltyn a management fee of US$1.00 per ounce of gold produced.

For further information regarding the commercial arrangements with Kyrgyzaltyn, please see the Corporation's most recently filed annual management discussion and analysis available on www.sedar.com.

BUSINESS TO BE TRANSACTED AT THE MEETING

Financial Statements

The audited financial statements of Centerra for the period ended December 31, 2012 and the auditors' report thereon will be placed before the Meeting. These financial statements, together with the auditors' report thereon, are contained in the Meeting Materials included with this Circular.

Election of Directors

As disclosed in the Corporation's news release of December 12, 2012, Mr. Anthony J. Webb resigned from the Board effective from January 2, 2013. Mr. Webb joined the Board at the initial public offering of Centerra in 2004. Also, as disclosed in the Corporation's news release of June 28, 2012, Mr. Niyazbek Aldashev resigned from the Board effective as of June 22, 2012. Mr. Aldashev had been a director since June 2011.

As previously disclosed, following last year's annual general meeting of shareholders, the Board appointed Mr. Stephen Lang as the Chair of the Board. As Mr. Lang is not considered an independent director due to his prior role as an executive of Centerra, the independent members of the Board named Mr. Terry Rogers as the independent lead director. Following Mr. Lang's resignation as President and Chief Executive Officer of the Corporation and in accordance with the succession plan previously established by the Board, Mr. Ian Atkinson (formerly Centerra's Senior Vice President, Global Exploration) was promoted to the position of President and Chief Executive Officer of Centerra. Mr. Atkinson also joined the Board on January 2, 2013 filling the vacancy created by Mr. Webb's retirement. Mr. Richard Connor was appointed to the Board on June 5, 2012 and became the Chair of the Audit Committee effective that date.

Unless otherwise instructed, the management representatives designated in the enclosed form of proxy intend to vote **FOR** the election as directors of the proposed nominees whose names are set out below.

All of the proposed nominees are currently directors of Centerra and have been since the dates indicated below. Each of the nominees, with the exception of Mr. Atkinson and Mr. Connor who were appointed to the Board in 2013 and 2012 respectively, were elected to his or her present term as a director by the shareholders of the Corporation at the annual meeting of the Corporation's shareholders held on May 17, 2012.

Kyrgyzaltyn is entitled to designate two Board nominees pursuant to the Restated Shareholders Agreement. Such nominees are Mr. Karybek Ibraev and Mr. Amangeldy Muraliev who are incumbent directors of Centerra.

Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason before the Meeting, the management representatives designated in the enclosed form of proxy reserve the right to nominate and vote for another nominee at their discretion, unless otherwise instructed. **The form of proxy permits shareholders to vote for or withhold from voting for each nominee.** Each director elected will hold office until the next annual meeting or until his or her successor is elected or appointed.

Majority Voting

Effective December 31, 2012, the Toronto Stock Exchange (the "TSX") requires listed issuers to disclose annually whether they have adopted a majority voting policy for the election of directors for non-contested meetings. If an issuer has not adopted a majority voting policy, the issuer must explain its practices for electing directors and why it has not adopted a majority voting policy.

Centerra has not adopted a majority voting policy and instead, as permitted under the CBCA, voting for the election of directors of the Corporation for a non-contested meeting is based on a "plurality system".

The Nominating and Corporate Governance Committee and Board understand the rationale in favour of adopting a majority voting policy and endorse the principles behind such a policy. However, they have determined that the adoption of a majority voting policy is not in the best interests of Centerra and its shareholders at this time given the unique circumstances faced by the Corporation.

In particular, the Nominating and Corporate Governance Committee and Board have considered the role of Kyrgyzaltyn, as a 33% shareholder of Centerra entitled to designate two Board nominees on Centerra's proposed slate of directors, and the potential implications of a Kyrgyzaltyn-designated Board nominee not receiving majority support from the Corporation's shareholders.

Following careful consideration of these and other relevant factors, it is felt that the potential prejudicial effect of a majority voting policy on the interests of the Corporation and its shareholders outweighs its benefits at this time.

However, as required by the TSX, Centerra will provide notice to the TSX if a director receives a majority of "withhold" votes and will issue a news release disclosing the detailed results of the vote for election of directors of the Corporation.

Nominees — Biographies

The following tables set out the name and biographical information of each nominee, including present principal occupation, principal occupations and directorships during the past five years and whether or not the nominee has been determined by the Board to be independent under Canadian securities laws. The table below also sets out for each nominee, as of April 8, 2013, the number of Shares, Deferred Share Units ("DSUs"), Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") and the number of outstanding stock options ("Options") held by the nominees, and the market value of securities held as of the date hereof (in Canadian dollar figures). The numbers of DSUs, RSUs, and PSUs have been rounded down to the nearest whole number. The table below also sets out the applicable minimum ownership requirements (in Canadian dollar figures), the appointment date to Centerra's Board and the areas of expertise for each director.

The Board's mandate provides for retirement of directors at age 75 unless this requirement has been waived by the Board or the Nominating and Corporate Governance Committee for a valid reason. This requirement was increased from the age of 72 by the Nominating and Corporate Governance Committee in 2012 following a review of comparator groups, and a review of the benefits of raising the retirement age for directors.

Ian Atkinson, 63
Toronto, Ontario, Canada

Shares[1]	24,000
DSUs	Nil
PSUs	111,438
Options	246,942
RSUs	Nil
Value of securities held[2]	$1,407,760
Minimum ownership[5]	$1,800,000 by May 17, 2017 ($600,000 in shares, $1,200,000 in PSUs)

Director since January 2, 2013

Non-Independent

Areas of Expertise[4]: Mining, Exploration and Operations, and Industry Knowledge.

Mr. Atkinson currently serves as President and Chief Executive Officer of Centerra and has almost 40 years of experience in worldwide natural resource management. Mr. Atkinson joined Centerra in 2005 as Vice-President Exploration, was promoted as Senior Vice-President, Global Exploration in 2010 and was appointed President and Chief Executive Officer in May of 2012. Prior to joining Centerra, he served as Vice-President Exploration & Strategy of Hecla Mining Company in Coeur d'Alene, Idaho from 2004 to 2005. Between 2001 and 2004, Mr. Atkinson held an independent management consultant role for a number of companies including, BHP Hilton, Hecla Mining Company and Atikwa Minerals Ltd. Prior to this, he was employed with Battle Mountain Gold Company first as Senior Vice-President from 1996 to 1999 and then Senior Vice-President, Operations & Exploration between 1999 and 2001. From 1991 to 1996, he served as Senior Vice-President of Hemlo Gold Mines, Inc. in Toronto, Ontario. From 1979 to 1991, he held various positions with Noranda Exploration Company, Limited, including Assistant Regional Manager in Ontario and northwest Quebec. Mr. Atkinson graduated from King's College, University of London with a Bachelor of Science degree in geology and a Masters degree in geophysics from the Royal School of Mines, University of London.

Richard W. Connor, 63
Columbine Valley, Colorado, U.S.A.

Shares[1]	Nil
DSUs	8,875
PSUs	Nil
Options	Nil
RSUs	Nil
Value of securities held[2]	$74,258
Minimum ownership[3]	$420,000 by June 5, 2017

Director since June 5, 2012

Independent

Areas of Expertise[4]: Financial Literacy, Industry Knowledge, International Experience, Human Resources

Richard W. Connor, Director, has over 25 years of experience as an audit partner with KPMG LLP in the United States, principally for publicly traded clients in a variety of industries, including Energy and Mining, and Media and Telecommunications. Mr. Connor retired from KPMG LLP in 2009, where he served as the Office Managing Partner of the KPMG Denver Office from 1996 to 2008. Mr. Connor was elected to the partnership in 1980 and was appointed to the firm's SEC Reviewing Partners Committee in 1987. Mr. Connor earned his BS degree in Accounting from the University of Colorado. He is a member of the American Institute of Certified Public Accountants and the Colorado Society of Certified Public Accountants. Mr. Connor currently serves on the Board of Directors of the Zayo Group LLC, and Alcohol Monitoring Systems, Inc. He is also a member of the Executive Board of the Denver Area Council of the Boy Scouts of America, and the Chairman of its audit committee.

Raphael A. Girard, 73
Ottawa, Ontario, Canada

Shares[(1)]	8,954
DSUs	977
PSUs	Nil
Options	Nil
RSUs	24,492
Value of securities held[(2)]:	$434,132
Minimum ownership[(3)]:	$189,000 by August 19, 2015 $420,000 by January 1, 2016

Director since August 19, 2010

Independent

Areas of Expertise[(4)]: Government Relations, International Experience, Corporate Responsibility and Sustainable Development, Human Resources.

Mr. Girard is a public policy and international business consultant who retired from the Canadian Department of Foreign Affairs in August 2003. Prior to his retirement, Mr. Girard was the Canadian Ambassador to Romania from June 2000 to July 2003, and earlier to the Federal Republic of Yugoslavia. Between 2005 and 2010, Mr. Girard was a director of Gabriel Resources and was chair of its Corporate Governance Committee. Mr. Girard received his Bachelor of Arts degree from the University of British Columbia.

Karybek U. Ibraev, 50
Bishkek, Kyrgyz Republic

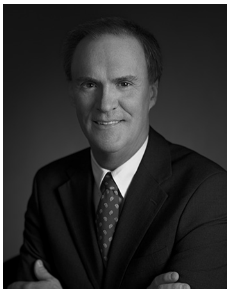
Shares[(1)]	Nil
DSUs	1,023
PSUs	Nil
Options	Nil
RSUs	19,625
Value of securities held[(2)]	$236,659
Minimum ownership[(3)]	$189,000 by August 19, 2015 $420,000 by January 1, 2016

Director since August 19, 2010

Independent

Areas of Expertise[(4)]: Mining, Exploration and Operations, Corporate Responsibility and Sustainable Development, Industry Knowledge.

Mr. Ibraev has extensive experience in the mining industry. Currently, Mr. Ibraev is a consultant with the Extractive Industries Transparency Initiative (EITI) Secretariat in the Kyrgyz Republic. From 2008 to 2009, he served as Executive Director to the Kyrgyz Mining Association. From 2004 to 2007, Mr. Ibraev was Project Head for Building Capacity in Governance and Revenue Streams Management for Mining and Natural Resources for the Joint World Bank/Kyrgyz Government. From 1998 to 2004, he was the Expert for Fuel Energy, Mining and Natural Resources Department of the Prime Minister's Office of the Kyrgyz Republic. Mr. Ibraev is a member of the Kyrgyz Mining Association and received degrees from L'Ecole de Mine de Paris and the Moscow Geological Exploration Institute.



Stephen A. Lang, 57
Columbia, Missouri, U.S.A.

Shares[(1)]	57,000
DSUs[(4)]	Nil
PSUs	60,092
Options	227,249
RSUs	21,883
Value of securities held[(2)]	$465,245
Minimum ownership[(3)]	$836,400 by May 17, 2017 $930,000 by January 1, 2018

Director since June 17, 2008

Non-Independent

Areas of Expertise[(4)]: International Experience, Mining, Exploration and Operations, Managing/ Leading Growth, Financial Literacy

Mr. Lang is currently a lecturer at Missouri University of Science and Technology. Mr. Lang was appointed a director of Centerra in June 2008 and was appointed Chair in May 2012. Mr. Lang formerly served as President and Chief Executive Officer of Centerra and has over 30 years of experience in the mineral sector including engineering, development and production in gold, coal, platinum group metals and copper operations. Mr. Lang joined Centerra in 2007 as Vice President and Chief Operating Officer and was appointed President and Chief Executive Officer in June of 2008. Between 2003 and 2007, Mr. Lang served as Executive Vice President and Chief Operating Officer of Stillwater Mining Company. Prior to joining Stillwater, he was employed with Barrick Gold Corporation as Vice President and General Manager of Barrick Gold's Goldstrike/Meikle operation from 2001 to 2003. Prior to this, he served as Vice President of Engineering and Project Development of Rio Algom, Limited in Santiago, Chile from 1999 to 2001. From 1996 to 1999, he served as Vice President and General Manager of Kinross Gold Corporation/Amax Gold Corporation's Fort Knox Mine in Fairbanks, Alaska. From 1981 to 1996, he held various positions with Santa Fe Pacific Gold Corporation, including General Manager of the Twin Creeks Mine in Golconda, Nevada. Mr. Lang earned a Bachelor of Science degree in Mining Engineering from the University of Missouri-Rolla and a Masters degree in Mining Engineering from the University of Missouri-Rolla.

John W. Lill, 61
Toronto, Ontario, Canada

Shares[1]	10,000
DSUs	3,691
PSUs	Nil
Options	Nil
RSUs	17,615
Value of securities held[2]	$373,557
Minimum ownership[3]	$189,000 by December 30, 2014 $420,000 by January 1, 2016

Director since December 30, 2009

Independent

Areas of Expertise[4]: Mining, Exploration and Operations, Industry Knowledge, Senior Officer experience, Corporate Responsibility and Sustainable Development

Mr. Lill is currently the chief executive officer of Intergeo Management Ltd., a company with mineral properties in Russia. Mr. Lill served as President and Chief Executive Officer of FNX Mining Corporation from 2007 until 2008, as Executive Vice President and Chief Operating Officer of Dynatec Corporation from 2003 until 2007, as President and Chief Operating Officer of BHP Base Metals from 2001 through 2003 and held a number of senior executive positions with predecessor companies Billiton and Rio Algom from 1998 to 2001. He has extensive experience in the mining industry and mining operations having had executive roles with over twenty major mining operations. Mr. Lill also worked for Barrick Gold from 1988 through 1997 as Vice President of US Operations, Senior Vice President US Operations and the President of Barrick Chile. Prior to joining Barrick, Mr. Lill worked for Rio Tinto plc at the Palabora Mining Company in a number of roles over a ten year period, including Manager of Mining. Mr. Lill has served as a Director of a number of public companies including Rio Algom, Western Oil Sands, Dynatec and FNX. Mr. Lill is a Professional Engineer and holds a BSc. (Hons) in Mining Engineering from Queens University.

Amangeldy M. Muraliev, 65
Bishkek, Kyrgyz Republic

Shares[(1)]	Nil
DSUs	920
PSUs	Nil
Options	Nil
RSUs	17,615
Value of securities held[(2)]	$222,109
Minimum ownership[(3)]	$189,000 by August 19, 2015 $420,000 by January 1, 2016

Director since August 19, 2010

Non-Independent

Areas of Expertise[(4)]: Government Relations, International Experience, Corporate Social Responsibility and Sustainable Development, Senior Officer

Mr. Muraliev currently serves as the Chairman of the board of directors of Kyrgyzaltyn. During 2010 he was the First Deputy Prime Minister of the Interim Government of the Kyrgyz Republic. From December 2009 to April 2010, he was a member of the board of directors of Kyrgyzaltyn. From January 2009 to January 2010, Mr. Muraliev was an Adviser at the Ministry of Economic Development and Trade of the Kyrgyz Republic. From October 2005 to December 2008, he was President of the Federation of Football of the Kyrgyz Republic. From February 2004 to September 2005 he was Minister of the Ministry of Economic Development and Trade of the Kyrgyz Republic. Prior to that, from February 2001 to July 2004, Mr. Muraliev was President of the Kyrgyz Stock Exchange Joint-Stock Company. In 1999-2000 Mr. Muraliev was the Prime Minister of the Kyrgyz Republic. From 1991 to 1998 he was the Minister of Economy, Minister of Finance, Vice Prime Minister and Governor of the Osh oblast. Mr. Muraliev has received degrees from the Academy of National Economy under the USSR Council of Ministers and the Frunze Polytechnic Institute.

Sheryl K. Pressler, 62
Atlanta, Georgia, U.S.A.

Shares[(1)]	Nil
DSUs	28,913
PSUs	Nil
Options	Nil
RSUs	3,617
Value of securities held[(2)]	$256,243
Minimum ownership[(3)]	$189,000 by May 7, 2013 $420,000 by January 1, 2016

Director since May 7, 2008

Independent

Areas of Expertise[(4)]: Financial Literacy, Managing/Leading Growth, Board Experience, Senior Officer

Ms. Pressler is currently an investment and strategy consultant in Atlanta, Georgia. From 2000 to 2001, she served as Chief Executive Officer of Lend Lease Real Estate Investments-United States. From 1994 to 2000, she served as Chief Investment Officer of California Public Employees' Retirement System. Prior thereto, she was responsible for the investment management of the retirement funds for the McDonnell Douglas Corporation. Ms. Pressler received a Bachelor of Arts degree from Webster University and a Master of Business Administration degree from Washington University. Ms. Pressler currently serves on the board of directors of Stillwater Mining Company (and is Chair of the Audit Committee of Stillwater) and ING Mutual Funds. She also serves on several advisory and not-for-profit boards.

Terry V. Rogers, 66
McCall, Idaho, U.S.A.

Shares[(1)]	9,000
DSUs	35,201
PSUs	Nil
Options	Nil
RSUs	1,828
Value of securities held[(2)]	$388,948
Minimum ownership[(3)]	$189,000 by July 1, 2012 $420,000 by January 1, 2016

Director since February 1, 2003

Independent

Areas of Expertise[(4)]: Mining, Exploration and Operations, Human Resources, Industry Knowledge, Financial Literacy

Mr. Rogers served as Senior Vice President of Cameco Corporation ("Cameco") until his retirement in June 2007 and has more than 30 years' experience in the coal, gold, lignite and uranium mining businesses. Prior to being appointed Senior Vice President and Chief Operating Officer of Cameco in 2003, he served as President of Kumtor Operating Company in the Kyrgyz Republic. Prior to his association with Cameco, Mr. Rogers served with Morrison-Knudsen Company and its subsidiaries at a variety of operating sites worldwide and in the corporate headquarters in Boise, Idaho. His assignments included that of Managing Director, Technical for MIBRAG mbH, a company in Leipzig, Germany producing lignite from three open cast mines and generating electricity at three coal-fired power stations. Mr. Rogers has also served as president of the Jerooy Gold Company, worked for MK Gold Company in the Kyrgyz Republic and served as General Manager of American Girl Mining Joint Venture with MK Gold in Southern California. Other assignments with Morrison-Knudsen included operations management at several gold and coal mining projects in the United States. Mr. Rogers received an Associate degree in Applied Science from the Superior Technical Institute in Wisconsin in 1972. Mr. Rogers currently serves on the board of directors of Hecla Mining Company. In 2011, Mr. Rogers received his Chartered Director (C. Dir.) designation from the Directors College.

Bruce V. Walter, 55
Toronto, Ontario, Canada

Shares[(1)]	15,000
DSUs[(6)]	27,384
PSUs	Nil
Options	150,000
RSUs	11,664
Value of securities held[(2)]	$459,026
Minimum ownership[(3)]	$189,000 by May 7, 2013 $420,000 by January 1, 2016

Director since May 7, 2008

Non-Independent

Areas of Expertise[(4)]: Legal, Managing/Leading Growth, Industry Knowledge, International Experience

Mr. Walter is currently Chairman of Nunavut Iron Ore, Inc. and serves as Vice Chair of Centerra (part-time). From 2002 until 2007, Mr. Walter was a director and officer of Dynatec Corporation, initially as Vice-Chairman and from 2005 as President and CEO. Prior thereto his career included serving as President of Sherritt Inc., President and CEO of Plaintree Systems Inc., and Managing Director and Co-Head of the Media, Telecom & Technology investment and corporate banking group at BMO Nesbitt Burns. Mr. Walter also served as Vice-President of Horsham Corporation and was a partner in the predecessor law firm to Davies Ward Phillips & Vineberg LLP. Mr. Walter received his Juris. Doctor (J.D.) and Master of Business Administration degrees from York University in 1981. He received his PhD in law in 1985 from the University of Cape Town. Mr. Walter currently serves on the board of the National Ballet School of Canada, and on the National Advisory Board of The Salvation Army.

(1) Information about Shares owned, or over which control or direction is exercised, directly or indirectly, not being within the knowledge of Centerra, has been provided by the respective nominee.

(2) Calculation of the Value of Centerra securities for all directors was determined in accordance with the share ownership policies of the Company which provides that (a) the value of Shares will be determined as the higher of cost and current fair market value, and (b) the value for DSUs and RSUs, will be the greater of the fair market value on date of award/grant and current fair market value. Current fair market value was determined using the five trading day-volume weighted average price of a Centerra Share on the Toronto Stock Exchange as of April 8, 2013, which was $5.74. In the case of Mr. Ian Atkinson, Centerra's President and CEO, who also has PSUs, the value is equal to the intended value at the time of award. Mr. Lang's valuation does not include PSUs as he is subject to the share ownership requirement for directors, which does not count PSUs towards share ownership. For information on the calculation of the share ownership requirements applicable to non-executive directors and to executives, please see pages 48 and 21 respectively. Pursuant to his employment contract, Mr. Walter has agreed to comply with the terms of the Share Ownership Policy for Non-executive Directors.

(3) The minimum share ownership requirement for directors is three times their annual retainer (from time to time) to be achieved within a period of five years of becoming a director. When a director receives an increase in his/her annual retainer, which would result in an increase to his/her ownership requirement, the director has five years from the date of such increase to achieve the incremental share ownership requirement. In January 1, 2011, the annual retainer for non-executive directors (other than the chairman) was increased from $63,000 to $140,000. Accordingly, directors at such time were given five years from January 1, 2011 to comply with the new share ownership requirement. Mr. Lang's initial share ownership requirement upon his appointment as Chair (in 2012) was set as $836,400. Effective January 1, 2013, his retainer was increased and accordingly his share ownership requirement is now $930,000. For a further description of the minimum ownership expectations of directors, please refer to "Directors Share Ownership Policy" on page 48.

(4) Areas of Expertise reflect the skills matrix self-assessment information provided elsewhere in this Circular, and reflects a subset of the skills for each director.

(5) Mr. Atkinson is currently the President and Chief Executive Officer of Centerra and, as such, is not remunerated for his service on the Board. As a result, he is not subject to the minimum ownership requirement that applies to non-executive directors of Centerra and is not eligible to receive DSUs or RSUs. As the President and Chief Executive Officer, Mr. Atkinson is expected to hold

securities of Centerra equivalent in value to 3 times his base salary within 5 years of his appointment; at least one-third of the required securities ownership must be met through the ownership of Shares. See "Compensation Discussion & Analysis — Executive Share Ownership Expectations" on page 21.

(6) Mr. Walter was appointed Vice Chair of Centerra on June 17, 2008 and, as such, is no longer remunerated for his services on the Board or entitled to receive DSUs under the Directors Deferred Share Unit Plan. However, he receives employment remuneration and is entitled to receive DSUs under the Corporation's Vice Chair Deferred Share Unit Plan, and to receive RSUs under the Corporation's RSU Plan.

To Centerra's knowledge, no nominee for director is or has been in the last 10 years a director, chief executive officer or chief financial officer of any company that: (a) was subject to an order that was issued while the nominee was acting in that capacity, or (b) was subject to an order that was issued after the nominee ceased to act in that capacity and which resulted from an event that occurred while that person was acting in that capacity. For the purposes of the foregoing, "order" means (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, which was in effect for a period of more than 30 consecutive days.

To Centerra's knowledge, no nominee for director: (a) is or has been in the last 10 years a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has in the last 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Bruce Walter is currently the subject of proceedings before the Ontario Securities Commission (the "OSC"). According to the Statement of Allegations by the OSC, a copy of which can be found at the OSC website, the OSC alleges that Mr. Walter and a business colleague engaged in insider trading and conduct contrary to the public interest in connection with an acquisition of a publicly traded company which was completed in 2011. The OSC seeks an order that, among other things, would require Mr. Walter to resign all positions he holds as an officer or director of any publicly traded company. The allegations against Mr. Walter have not been substantiated. The hearings on this matter began in mid-February 2013 and will continue in June or July 2013. As of the date hereof, no decision has been made on the matter.

Committee Members

The following table sets out the members of each of the standing committees of Centerra's Board as at April 8, 2013:

Audit Committee
Richard W. Connor (Chair)
Sheryl K. Pressler
Terry V. Rogers

Human Resources and Compensation Committee
Terry V. Rogers (Chair)
Richard W. Connor
Raphael A. Girard

Nominating and Corporate Governance Committee
Sheryl K. Pressler (Chair)
Raphael A. Girard
Stephen A. Lang
Amangeldy M. Muraliev

Reserves Committee
John W. Lill (Co-Chair)
Karybek U. Ibraev (Co-Chair)
Terry V. Rogers
Bruce V. Walter

Safety, Health and Environmental Committee
Bruce V. Walter (Chair)
Karybek U. Ibraev
Amangeldy M. Muraliev
John W. Lill

Corporate Social Responsibility Committee
Raphael A. Girard (Chair)
Karybek U. Ibraev
Stephen A. Lang
John W. Lill

Appointment of Auditors

The management representatives, designated in the enclosed form of proxy, intend to vote **FOR** the re-appointment of KPMG LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the Board to fix their remuneration. The resolution to reappoint KPMG LLP as auditor of the Corporation must be passed by a majority of the votes cast by the holders of Shares present in person or represented by proxy at the meeting. KPMG LLP was first appointed auditors of the Corporation on May 10, 2005.

Audit, tax and other fees billed by KPMG LLP in respect of the financial years ended December 31, 2012 and 2011 were as follows:

	2012	**2011**
Audit Fees	713,870	801,805
Audit Related Fees(1)	172,900	153,400
Tax Fees(2)	46,541	29,667
All Other Fees(3)	54,451	10,000
Total	**987,762**	**994,872**

(1) Audit Related Fees included interim reviews of Centerra and its Kyrgyz and Mongolian entities.

(2) Tax Fees comprise amounts billed for tax compliance and advisory services.

(3) All Other Fees are for comparison of tax and royalty rates amongst different jurisdictions.

All non-audit services to be provided by KPMG LLP must be pre-approved by the Audit Committee.

COMPENSATION DISCUSSION AND ANALYSIS

All dollar amounts in this Compensation Discussion and Analysis (including disclosure with respect to director compensation) are expressed in Canadian dollars except where otherwise indicated. For reporting purposes, Centerra prepares its financial statements in United States dollars and in conformity with international financial reporting standards (IFRS) applicable in Canada, as issued by the International Accounting Standards Board (IASB).

Named Executive Officers

Centerra's Named Executive Officers ("NEO") are determined in accordance with applicable securities laws. In 2012, the NEOs were:

Name	Title
Ian Atkinson[(1)]	President and Chief Executive Officer
Jeff Parr	Vice President and Chief Financial Officer
Ron Colquhoun[(2)]	Vice President and Chief Operating Officer
Frank Herbert	General Counsel and Corporate Secretary
Dennis Kwong	Vice President, Business Development
Stephen Lang[(1)]	Former President and Chief Executive Officer

(1) Mr. Lang resigned as President and CEO effective May 17, 2012. Mr. Atkinson was appointed as President and CEO effective as of May 17, 2012.

(2) Mr. Colquhoun retired from the Company effective February 1, 2013.

Human Resources and Compensation Committee Governance

Human Resources and Compensation Committee Composition

The current members of the Human Resources and Compensation Committee (the "HRC Committee") of Centerra are Mr. Rogers (Chair), Mr. Connor and Mr. Girard. Each member of the HRC Committee is independent of Centerra. The Board has adopted a formal charter for the HRC Committee, which provides that one of the primary purposes of the HRC Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the selection, retention and compensation of senior management. See page 57 for a detailed description of the HRC Committee charter.

Human Resources and Compensation Committee Expertise

Centerra's HRC Committee is currently comprised of three independent directors, who together have over 64 years of prior experience in human resources and compensation matters, including serving on human resources and compensation committees of other public companies, executive management experience in compensation matters, and/or pursuing education opportunities. As well, the Chair of the HRC Committee, Mr. Rogers, has received his Chartered Director designation from the Directors College which included an extensive module on human resources and compensation matters.

HRC Committee's Role in Setting Executive Compensation

The HRC Committee is involved in setting and reviewing executive compensation in the following ways:

- It annually reviews executive compensation practices among the Corporation's comparator group to benchmark Centerra's executive compensation practices at the median of the Corporation's comparators, including base salaries, and applicable targets for short-term and long-term incentive awards to executives.
- It reviews annually the Corporation's compensation framework to ensure that it is designed to meet the Corporation's compensation philosophy and objectives and does not encourage excessive risk-taking by executives and other employees, including reviewing the relative weighting of fixed and variable/"at risk" compensation such as options and performance share units.

- It reviews and approves annually (or recommends to the Board for approval, where required) the Corporation's targets for its annual incentive plan, taking into consideration Centerra's corporate objectives and potential risks that the Corporation may face or that are inherent in the industry. The review process is carried out with the involvement of other Board committees, including the Safety, Health and Environmental Committee and the Corporate Social Responsibility Committee. The HRC Committee also reviews annually, with the assistance of other Board committees, the achievement of such targets.
- It reviews and approves compensation for the executives that report directly to the President and Chief Executive Officer, and makes recommendations to the Board regarding compensation for the President and Chief Executive Officer.
- It retains discretion to create, modify or reduce incentive awards, including bonuses, performance share units and options.
- It reviews share ownership guidelines and whether directors and executives have met the required standards.

Compensation Philosophy and Objectives

Guiding Principles

Centerra's executive compensation program is intended to support the Corporation's business and financial objectives, and is designed to attract, retain and motivate executives and align their interests with the short and long-term interests of Centerra's shareholders by:

- Providing compensation levels competitive with compensation levels at comparator group companies in the mining industry;
- Linking executive compensation to corporate performance and the creation of shareholder value;
- Promoting prudent risk taking;
- Rewarding achievement of corporate and individual performance objectives; and
- Promoting internal equity and a disciplined qualitative and quantitative assessment of performance.

Managing Compensation-Related Risk

Annually, the HRC Committee reviews the Corporation's compensation policies and practices to assess any risks associated with them. The HRC Committee also receives regular updates from external advisors regarding compensation related risks and corporate governance matters affecting compensation practices.

In 2012, the HRC Committee retained Mercer Consulting, an independent consulting firm, to advise on corporate governance trends in compensation practices. In 2011 the HRC Committee retained Meridian Compensation Partners, an independent consulting firm, to provide advice to the HRC Committee on compensation related risk.

The HRC Committee is actively involved in the risk oversight of its compensation policies and practices. In 2011, the HRC Committee reviewed Centerra's key compensation programs to ensure that they do not promote excessive risk-taking. As a result of this review in 2011, the HRC Committee introduced a clawback policy which allows it to require repayment of incentive compensation in certain circumstances. As well, the HRC Committee amended the Corporation's insider trading policy to specifically prohibit directors and officers from purchasing financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the officer or director.

Centerra uses the following practices to discourage or mitigate excessive risk-taking:

- Incentive awards are based on multiple metrics, including both relative and absolute metrics and environmental, health and safety and corporate responsibility and sustainability as well as production and cost metrics.
- Centerra has share ownership requirements of executives.

- Centerra's incentive programs provide for deferred vesting of performance share units and options, with overlapping vesting periods, so executives remain exposed to the risks of their decisions and the vesting periods align with risk realization periods.
- There is an appropriate compensation mix, including fixed and performance based compensation with short and longer term performance conditions and multiple forms of compensation.
- Incentive awards are reasonable in relation to salary and are capped to ensure there is no unlimited upside.
- Centerra has a clawback policy that applies to its employees.
- The HRC Committee has discretion in assessing a portion of the annual incentive performance.
- Messrs. Connor and Rogers are on both the HRC and Audit Committees which assists the HRC Committee in having a comprehensive understanding of Centerra's financial-related risks.

As a result of the HRC Committee's review of Centerra's compensation plans, it has concluded that there are no identified risks arising from Centerra's compensation programs which are reasonably likely to have a material adverse effect on Centerra.

Benchmarking Compensation

Compensation Comparator Group

In December 2008, Centerra retained Mercer Consulting to assist with the selection of an appropriate group of companies as a reference for determining competitive total compensation packages. Although there have been minor adjustments since then, the intention continues to be identifying the group of mining companies with which Centerra competes for executives and other professional talent. The criterion continues to be North American-based, publicly-traded, gold and base metal mining companies. Key considerations include size, complexity, organizational structure and geography. As a result of a review in 2012, Quadra FNX Mining Ltd. and Thompson Creek Metals Company Inc. were replaced by Eldorado Gold Corporation and NewGold Inc. Centerra's comparator group is now as follows:

Agnico-Eagle Mines Limited
Eldorado Gold Corporation
HudBay Minerals Inc.
IAMGOLD Corporation
Inmet Mining Corporation
Kinross Gold Corporation
Lundin Mining Corporation
NewGold Inc.
Yamana Gold Inc.

Compensation Surveys

In addition to annual proxy data of companies within the comparator group noted above, Centerra relies on several surveys prepared by independent consultants to ensure Centerra's compensation program provides competitive compensation opportunities for its executive officers while satisfying Centerra's compensation philosophy and objectives. In 2012, Centerra purchased the Hay Group Global Mining Compensation Reviews for 2012, the Coopers Consulting Mining Industry Salary Surveys for 2012, and various executive and non-executive surveys from Mercer Consulting. The amounts paid in 2011 and 2012 by Centerra to compensation consultants for surveys were as follows:

Consultant	Amounts Paid in 2012 $	Amounts Paid in 2011 $
Hay Group[(1)]	45,867	44,028
Coopers Consulting[(2)]	12,128	9,368
Mercer Consulting[(3)]	4,023	7,048
Total	**62,018**	**60,444**

(1) Centerra has purchased Hay Group survey data annually since 2005.

(2) Centerra has purchased survey data from Coopers Consulting on an annual basis since 2005.

(3) With the exception of 2008, Centerra has purchased survey data from Mercer annually since 2004.

Human Resources and Compensation Consultant Fees

The following chart shows the aggregate fees paid to any human resources consultant or advisor, or any of its affiliates, for consulting services (excluding purchased surveys) related to determining compensation for any of the Corporation's directors and executive officers, for the past two financial years.

	Amounts Paid in 2012		Amounts Paid in 2011	
Consultant	Executive Compensation-Related Fees $	All Other Fees $	Executive Compensation-Related Fees $	All Other Fees $
Hay Group[(1)]	117,395	7,536	77,701	22,576
Meridian Compensation Partners[(2)]	19,241	nil	11,644	nil
Ernst & Young[(3)]	nil	19,141	4,892	9,532
Mercer Consulting[(4)]	18,436	nil	nil	nil
Total	**155,072**	**26,677**	**94,237**	**32,108**

(1) Centerra has engaged the Hay Group for various consulting assignments since 2004. In 2009 the Hay Group was engaged by the HRC Committee and the Board as their independent compensation advisor. Although management and the Board both use Hay Group, care is used to maintain independence, including use of different individuals for management versus Board functions. When the HRC Committee or the Board use a consultant, the consultant is instructed by and reports directly to the HRC Committee or the Board, as applicable. In 2012 Hay Group provided consulting services with respect to directors' compensation and executive management compensation. The $7,536 in other fees paid to Hay Group in 2012 was for access to the Hay Group's Job Evaluation Manager software.

(2) Centerra first engaged Meridian Compensation Partners in 2011 to provide advice to the HRC Committee and the Board with respect to compensation-related risk and disclosure requirements. In 2012, their services included advice on share ownership guidelines, equity redemptions for directors, CEO severance trends, and director retirement matters.

(3) Ernst & Young has provided consulting services to Centerra since 2006. In 2012, their services focused on personal tax advice for some executives and board with cross-border tax implications.

(4) Centerra first engaged Mercer Consulting for professional consulting services in 2004. In 2012 Mercer professionals provided consulting services to the HRC Committee with respect to governance trends.

While neither the Board nor the HRC Committee is required by their mandates to pre-approve other services the consultant or adviser (or any of its affiliates) provides to the Corporation at the request of management, historical practice has been for the Chair of the HRC Committee to pre-approve such engagements.

Executive Share Ownership Requirements

The Board believes that executive officers should hold a significant ownership interest in Centerra in order to align their interests with those of Centerra's shareholders and focus executives on improving total shareholder returns over time and mitigate compensation related risks. As a result, the Board has adopted share ownership expectations applicable to executive officers. The share ownership expectations were increased in 2012 following a review by the HRC Committee of comparator group and good corporate governance practices.

The President and Chief Executive Officer is required to attain a level of share ownership equivalent to 3 times his/her basic annual salary. All other executive officers are required to attain a level of share ownership equivalent to 1.5 times his/her basic annual salary. Executive officers must fulfill their share ownership requirement within five years of becoming subject to the share ownership policy. When an executive officer is promoted or receives a raise in his or her basic annual salary, he/she will have five years from the date of such increase to achieve the incremental share ownership. In all cases, a minimum of one-third of the required level of share ownership must be met through the ownership of Shares. The balance of the required level of share ownership can be achieved through PSUs held pursuant to Centerra's PSU Plan (and any other equity plan as determined by the HRC Committee).

When calculating the market value of the Share ownership of executives, Shares held are valued at the higher of cost and current fair market value, and PSUs are valued based on the intended value of the PSU at the time of grant.

As of April 8, 2013, all of the NEOs except for Dennis Kwong have met their share ownership requirements. Mr. Kwong has until October 2013 to meet his share ownership requirements.

Total Compensation Targets

Centerra's compensation program is designed to provide its executive officers with total compensation targeted at the 50th percentile of the total compensation targeted by its comparator group of companies when company and individual performances meet predetermined targets, with the opportunity for additional compensation when performance exceeds predetermined targets.

Measuring Individual Performance

Compensation decisions are made using a comprehensive decision making process that involves the President and Chief Executive Officer, the HRC Committee, the Board and other Board committees, including the Safety, Health and Environmental Committee and the Corporate Social Responsibility Committee. Compensation decisions are based on corporate and individual performance. For a discussion on the corporate performance measure, see "Short-Term Incentives — Annual Cash Bonus Incentives (Non-Equity)" below.

Annually, all executives including the President and Chief Executive Officer establish individual performance objectives for the ensuing year. These objectives are generally outside of the scope of the normal work responsibilities and are designed to reflect Centerra's strategic objectives.

Members of the Board annually complete a confidential assessment of the performance of the President and Chief Executive Officer and the results of the assessments are provided to the Chair of the Board. The Chair of the Board does a formal assessment of the President and Chief Executive Officer's performance in the year, reviews his assessment with the HRC Committee, and makes recommendations to the Board for final approval of the President and Chief Executive Officer's performance and the next year's compensation.

The Vice Chair's performance and compensation, including base salary, are reviewed and determined by the Chair of the Board in consultation with the HRC Committee and the Board.

The President and Chief Executive Officer annually provides the Chair of the HRC Committee with individual performance assessments for each of the executives who directly report to him/her, including the other NEOs, and also provides compensation recommendations. The HRC Committee reviews the recommendations and approves compensation for such direct reports of the President and Chief Executive Officer, taking into account the various factors noted below. Specifically, in assessing individual performance in the context of making executive compensation recommendations, the HRC Committee considers the executive officer's:

- contributions to Centerra's overall performance;
- individual performance relative to pre-established goals;
- long-term performance and potential for future advancement or ability to assume roles of greater responsibility; and
- position against competitive market norms for similar roles.

Components of Executive Compensation

Centerra's executive compensation program is comprised of four components: (1) base salary, (2) annual cash bonus incentive plan compensation, (3) mid-term and long-term incentive plan compensation made up of share-based and option-based awards and (4) employee benefits and executive perquisites, including a Supplementary Executive Retirement Plan ("SERP") in the form of a Retirement Compensation Arrangement ("RCA") — Trust. The HRC Committee annually reviews the various elements of compensation to ensure that they are aligned with the goals of Centerra and each executive officer, as well as Centerra's compensation objectives and philosophy.

Salary

Base salary is the principal fixed component of pay, and is intended to compensate executive officers for fulfilling their duties and assists in the attraction and retention of key executives. An annual base salary for each executive officer is normally established on a preliminary basis each year using independent compensation surveys and proxy data of Centerra's comparator group of companies. Actual base salaries are then recommended by the President and Chief Executive Officer to the Chair of the Board and the HRC Committee based upon the median salary levels so established, an assessment of an executive officer's performance and Centerra's performance during the prior year, the scope of the executive's responsibilities, tenure and prior experience, as well as retention risk. On the same basis, base salary of the President and Chief Executive Officer is recommended by the Chair of the Board and approved by the Board. Base salaries are the principal basis for establishing the target payouts of the annual, mid-term and long-term incentive plan awards discussed below. Salaries are reviewed on an annual basis, and merit increases are considered for all executive officers and are generally effective April 1. Salaries paid to the NEOs in 2012 are reflected in the "Summary Compensation Table" on page 34. As of December 31, 2012, the base salaries for the NEOs are as follows:

Named Executive Officer(1)	Annual Base Salary at December 31, 2012 ($)
Ian Atkinson(2)	600,000
Jeff Parr(3)	430,000
Ron Colquhoun(4)	409,181
Frank Herbert(5)	415,000
Dennis Kwong(6)	331,250

(1) Stephen Lang retired as President and CEO of Centerra, effective as of May 17, 2012. His annual base salary at the time of his retirement was $650,000. In 2012, Stephen Lang also received a premium of 6.1% on his base salary. The premium was established on the advice of an independent tax advisor and was a temporary premium to allow Mr. Lang to transition into the Canadian taxation environment from the United States, and was not based on performance criteria. The base salary that was the principal basis for establishing the target payouts of the annual, mid-term and long-term incentive plan awards for Mr. Lang did not include the premium.

(2) Effective as of 17 May 2012, the date Mr. Atkinson was promoted to the position of President and Chief Executive Officer. Prior to that, he was the Corporation's Senior Vice President, Global Explorations and his base salary was $367,000.

(3) Effective as of November 1, 2012. Prior to that it was $389,100 until April 1, 2012, when it was increased to $414,392.

(4) Effective as of April 1, 2012. Prior to that it was $392,500.

(5) Effective as of November 1, 2012. Prior to that it was $377,000 until April 1, 2012, when it was increased to $393,023.

(6) Effective as of April 1, 2012. Prior to that it was $312,500.

Short-Term Incentives — Annual Cash Bonus Incentives (Non-Equity)

Centerra's annual cash bonus incentive plan is a short-term incentive plan designed to provide annual cash bonuses based upon the achievement of corporate and individual targets in the year. Awards are based on the Corporation's results achieved during the year, and the individual's contribution towards achieving those results, as well as the achievement of predetermined personal objectives. See "Measuring Individual Performance" above. All executive officers, other than Mr. Walter, are eligible to participate in the plan. Mr. Walter is, instead, eligible to receive cash bonuses upon the achievement of certain predetermined objectives.

The annual cash bonus incentive plan is designed to link pay with the annual performance of Centerra and the executive officers. Individual performance factors and the weight given to each factor are determined for the President and Chief Executive Officer by the Board upon the recommendation by the HRC Committee and for all other executive officers by the President and Chief Executive Officer, subject to approval of the HRC Committee. Corporate performance factors are determined by the HRC Committee in consultation with the President and Chief Executive Officer and, in respect of the health and safety and the environmental performance measures (discussed below), with Centerra's Safety, Health and Environmental Committee. Similarly, the corporate responsibility and sustainability measures (discussed below) are determined in consultation with Centerra's Corporate Social Responsibility Committee. Individual performance and corporate performance are given equal weighting in determining annual cash bonus incentive plan payments.

The formula set out below is used to determine actual cash bonus awards for participants, including the NEOs. Other than base salary, which is discussed above, each element of this formula is discussed below.

Base Salary	**X**	**Individual Bonus Target**	**X**	**Corporate Performance Multiplier**	**X**	**Individual Performance Multiplier**	**=**	**Actual Cash Bonus**
(at Dec. 31, 2012)		(% of Base Salary)		(0.0-1.5)		(0.0-1.5)		

The maximum aggregate multiplier that can be applied in the formula is capped at 2.0, resulting in maximum annual cash bonuses of two times an NEO's target bonus. If an NEO is promoted during the year and his or her bonus target changes, the bonus target is pro-rated for the purpose of determining the NEO's annual cash bonus.

Annual cash bonus targets and possible bonus ranges for the NEOs under the cash bonus incentive plan are as follows:

Named Executive Officer	**Cash Bonus Target (% of Base Salary)**	**Cash Bonus Range (% of Base Salary)**
Ian Atkinson[(1)]	70	0-140
Jeff Parr[(2)]	65	0-130
Ron Colquhoun	60	0-120
Frank Herbert[(3)]	60	0-120
Dennis Kwong	50	0-100
Stephen Lang[(4)]	70	0-140

(1) Effective May 17, 2012, the date Mr. Atkinson was promoted to the position of President and Chief Executive Officer. Prior to this promotion, Mr. Atkinson was Senior Vice President, Global Exploration. In this position, his target was 60%. Commencing January 1, 2013, Mr. Atkinson's target will be 100%.

(2) Effective November 1, 2012. Prior to that Mr. Parr's target was 50%. His annual cash bonus for 2012 was prorated for the two target percentages.

(3) Effective November 1, 2012. Prior to that, Mr. Herbert's target was 50%. His annual cash bonus for 2012 was prorated for the two target percentages. Commencing January 1, 2013, Mr. Herbert's target will be 65%.

(4) Mr. Lang retired as President and Chief Executive Office effective as of May 17, 2012. His annual cash bonus was prorated for the year.

The cash bonus target is a percentage of base salary reflecting the NEO's role and responsibilities. When performance meets expectations, executives earn their target bonus. Depending on individual and corporate performance, annual cash bonuses may exceed or fall short of target. Based upon 2012 performance, the eligible NEOs, excluding the former President and Chief Executive Officer, received cash bonuses in 2013 that ranged from 53% to 67% of their respective base salaries as at the end of 2012. See the "Summary Compensation Table" on page 34.

2012 Corporate Performance

At or near the beginning of each year, the Board and management agree on financial, operational and strategic objectives for the year which are based upon Centerra's long-term business strategy. At the conclusion of each year, the HRC Committee assesses actual performance against these objectives. Centerra's 2012 corporate performance measure is based equally upon the following performance measures for cash bonus incentive plan purposes:

- Health and safety performance
- Environmental performance
- Ounces of gold produced
- Cost per ounce of gold produced
- A qualitative or quantitative growth measure
- A qualitative or quantitative corporate responsibility and sustainability measure

If Centerra meets each of the targeted performance measurements, the corporate performance multiplier is 1.0. If the maximum performance is achieved or exceeded for each of the corporate performance measures, the corporate performance multiplier is 1.5. If the minimum performance is not achieved for a particular corporate performance measurement, no amount is payable for that measurement. Achieving each of these corporate performance measures is challenging because targets are set aggressively. Detailed descriptions of each of the elements of the 2012 corporate performance measure are set out below.

Health and Safety Performance

The health and safety measurement encourages executives and employees to continually improve health and safety management systems and performance at Centerra's operations. The health and safety performance measure in 2012 was split, with 25% based on recordable injury frequency ("RIF") and injury severity, 25% based on the identification of high potential incidents, and the remaining 50% on a health, safety & environment ("HSE") evaluation score, all of which are described below.

Recordable Injury Frequency (RIF)

The RIF permits Centerra to measure its health and safety performance against international industry best practices, and is a measure of the number of injuries per 100 workers in a year. For 2012, a RIF of 0.3 or less would result in a score of 1.5; a RIF of 0.36 would result in a score of 1.0; a RIF of 0.45 would result in a score of 0.80; and a RIF of higher than 0.45 would result in a score of 0.0. All other RIF results are calculated on a linear basis within these parameters.

The formula for the calculation of RIF is as follows:

$$RIF = \frac{[LTI + MAI] \times 200{,}000}{H}$$

where,

LTI = number of lost time injuries to employees and contractors

MAI = number of medical aid injuries to employees and contractors

H = aggregate number of hours worked by Centerra's employees and contractors in the year

The RIF score is then adjusted based on the severity of the injuries sustained. Injury severity is based on the number of lost workdays per 100 workers per year, including: traumatic or surgical loss; permanent impairment of a function; and fatal or permanent total disability. An injury severity deduction, representing the number of lost workdays per 100 workers is subtracted from the RIF score. With a severity score of less than 5, meaning fewer than 5 lost work days per 100 workers, there is no deduction from the RIF score; with a severity score of 5, there is a 0.05 deduction from the RIF score; with a severity score of 300, there is a

0.25 deduction from the RIF score; with a severity score of 600, there is a 0.70 deduction from the RIF score; and with a severity score of more than 600, the RIF score is reduced to 0.0. All other severity scores are calculated on a linear basis within these parameters. The RIF score minus the applicable injury severity deduction represents 25% of the health and safety component of the corporate performance measure.

High Potential Incidents

The measure of high potential incidents was added in 2012 as a proactive approach that focuses on preventive activities. High potential incidents refer to incidents with the potential to incur personal injury, environmental release or capital loss, but where in fact no such loss occurred. The identification of such events is considered to be an opportunity to find ways of improving the environmental, health and safety performance of our operations.

With respect to the high potential incidents portion of the health and safety component, the initial incidence scores for the Kumtor mine and the Boroo mine are set at 1.5 as of January 1, and deductions are made depending on the number of high potential incidents. The amount of deduction is dependent on various factors that are specific to the site (Boroo or Kumtor), and is determined in advance of the applicable year. The overall incidence score is determined by deducting the average deductions for Kumtor and Boroo from the initial score of 1.5.

Health, Safety, Environmental Evaluation Score

The remaining 50% of the health and safety component is based on the average HSE evaluation score achieved at Kumtor and Boroo. The HSE evaluation is an audit tool which evaluates whether the health, safety and environmental management of Centerra's operations meet internationally recognized standards and industry best practices. The evaluation tool also highlights areas of Centerra's health, safety and environmental management system where significant improvement has been achieved since the previous evaluation and identifies areas for continued improvement. In essence, it provides a measuring stick for where Centerra currently stands versus its goals and is an important part of our continual improvement process.

A HSE evaluation score of 95% or higher would result in a score of 1.5; a HSE evaluation score of 85% would result in a score of 1.0; a HSE evaluation score of 80% would result in a score of 0.8; and a HSE evaluation score of lower than 80% would result in a score of 0.0 for the HSE portion of the health & safety measure. All other HSE evaluation scores are calculated on a linear basis within the above parameters.

Results for 2012

In 2012, Centerra's RIF was 0.15, with a severity score of 0.71 resulting in a score of 1.5 which is worth 25% of the health and safety measure. With regard to the high potential incidents, Boroo identified 3 and Kumtor identified 7. Based on a linear calculation, the deduction for Boroo was 0.03 and the deduction for Kumtor was 0.035. Therefore, the average deduction was 0.0325 from the preset starting point of 1.5, resulting in a score of 1.4675, which is worth 25% of the health and safety measure. The average HSE evaluation score of 90.5% resulted in a score of 1.275 for the other 50% of the health and safety measure. Therefore, the overall multiplier for the health and safety performance in 2012 is 1.3794, being (1.5 x 25%) + (1.4675 x 25%) + (1.275 x 50%).

Environmental Performance

The environmental measurement is designed to focus executives and employees on continually improving the environmental performance of Centerra's operations, and is measured by Centerra's success in preventing incidents that could affect the environment. The environmental performance measure is split, with 25% based on the number and level of environmental incidents, 25% on high potential incidents (as described in the Health and Safety Performance section above), and the remaining 50% on the HSE evaluation score (as detailed above).

The initial incidence scores for the Kumtor mine and Boroo mine are set at 1.5 as of January 1, and deductions are made to these on a per incident basis as follows:

Environmental Incident Level	Reduction Amount
1	No reduction
2	0.05
3	0.35
4	0.75
5	0.80

A higher incident level corresponds to a potentially greater adverse effect on the environment. The overall environmental incidence score is determined by taking the average of the scores achieved by Kumtor and Boroo.

In 2012, Kumtor reported 17 level one incidents and one level 2 incident. In 2012, Boroo reported 9 level one incidents. This resulted in a 2012 overall incidence score of 1.475, and representing 25% of the environmental performance measure. None of the incidents which occurred required reporting to a regulatory authority in the relevant jurisdictions.

In 2012 there were no high potential environmental incidents at either site, resulting in no deduction from the initial score of 1.5.

The average HSE score (as previously described in the Health and Safety Performance section above) of 90.5% resulted in a corporate HSE score of 1.275 for the other 50% of the environmental performance measure. Therefore, the overall environmental performance multiplier for 2012 was 1.3813, being (1.475 x 25%) + (1.5 x 25%) + (1.275 x 50%).

Ounces of Gold Produced

The production measurement is intended to encourage executives and employees to achieve targeted amounts of gold production. The production performance measure is based upon the aggregate number of ounces of gold produced from Centerra's mines compared to the forecast. The 2012 production multiplier was determined on the following basis:

	Production Performance Multiplier		
	Minimum (0.8)	Target (1.0)	Maximum (1.5)
Ounces of Gold Produced	609,293	676,992	710,841 or more

Production of less than 609,293 ounces of gold would result in a production multiplier of 0.0. In 2012, Centerra experienced setbacks at its Kumtor mine due to geotechnical issues and other factors and, together with Boroo, produced 387,076 ounces of gold, resulting in a production performance multiplier of 0.0.

Cost per Ounce of Gold Produced

The cost measurement is designed to balance the production measure by encouraging the efficient production of gold from Centerra's mines. The cost measure used for the corporate performance calculation is different from the "total cash cost per ounce produced" reported in Centerra's other public disclosure and is used instead of total cash cost per ounce produced because it is adjusted to (i) include costs that are within the control of management such as maintenance capital spending, mine standby costs, corporate spending at head office, and exploration administration costs, and (ii) deduct costs which are not controllable by management such as short-term and long-term incentives. The 2012 cost multiplier was determined on the following basis:

	Cost Performance Multiplier		
	Minimum (0.8)	Target (1.0)	Maximum (1.5)
Cost per Ounce of Gold Produced (US$)	898.80	749.00	674.10

A cost per ounce of gold produced of greater than US$898.80 would result in a cost multiplier of 0.0. In 2012, the overall cost per ounce of gold produced was US$1,302.02, resulting in a cost performance multiplier of 0.0.

Growth Measure

The purpose of the growth measurement is to focus executives and head office employees on increasing shareholder value. The growth measure is not used by the HRC Committee in a strictly formulaic manner, but rather as a general guideline under which it can exercise its discretion, and is tailored annually to align each year's objectives with the company's strategic plan and to place emphasis on objectives of special importance in each particular year. In 2012, the HRC Committee considered, among other things, growth and growth creation through exploration, project advancement, current assets and new projects. The HRC Committee concluded that a growth multiplier of 1.090 was appropriate for the achievements in the 2012 year.

Corporate Responsibility and Sustainability Measure

The purpose of the corporate responsibility and sustainability measurement is to emphasize Centerra's commitment of working cooperatively with host communities and to promote sustainable development. Similar to the growth measure, this component is not formulaic, and the final assessment of performance against objectives is determined by the CSR and HRC Committees. In 2012, the Committees considered, among other things, the establishment of corporate standards related to mine-life, community exit strategies in Mongolia, and the establishment of micro-financing facilities in the Kyrgyz Republic. The CSR and HRC Committees together concluded that a multiplier of 1.23 was appropriate for the 2012 year.

2012 Corporate Performance Non-Equity Incentive Plan Compensation

Overall, Centerra's 2012 corporate performance for the purpose of determining annual cash bonus incentive plan compensation was based upon the following calculation:

2012 Corporate Performance Measure	**2012 Performance**	**Performance Multiplier**	**Factor Weighting (%)**	**Payout Multiplier**
Health and Safety	1.3794	1.3794	16.67	0.2299
Environmental	1.3813	1.3813	16.67	0.2302
Production	387,076 oz.	0.0000	16.67	0.0000
Cost per Ounce	US$ 1,302.02	0.0000	16.67	0.0000
Growth	qualitative	1.090	16.67	0.1817
Corporate Responsibility & Sustainability	qualitative	1.2300	16.67	0.2050
Total				**0.8468**

The 2012 corporate performance multiplier was 0.8468 which was lower than the target factor of 1.0.

2012 Individual Performances

In assessing the 2012 personal performance multiplier used for determining annual cash bonuses, the HRC Committee evaluated progress against Centerra's strategic plan and the written individual objectives established for each of the NEOs, which were reviewed and approved by the HRC Committee in advance. The Chair of the Board and the HRC Committee reviewed the President and Chief Executive Officer's progress against his objectives, and reviewed the President and Chief Executive Officer's assessment of the progress of each of the other NEOs against their respective objectives, and determined the level and quality of each NEO's performance achievement. Based on that assessment, the HRC Committee determined an appropriate individual performance multiplier for the President and Chief Executive Officer, and then reviewed and approved the individual performance multipliers that the President and Chief Executive Officer recommended for each of the other NEOs. See "Compensation Paid to Named Executive Officers in 2012" on page 34.

Mid-term and Long-term Incentives — PSUs and Options

Centerra's mid-term and long-term incentive programs typically consists of annual grants of performance share units ("PSUs") awarded under its PSU plan (the "PSU Plan") and stock options ("Options") awarded under its share option and share appreciation rights plan ("Option Plan"). The PSU Plan and the Option Plan are administered by the HRC Committee. PSUs are awarded by the HRC Committee, and Options are awarded by the Board. The HRC Committee and the Board target the grant of mid-term and long-term incentives as a percentage of the participant's base salary, with the percentage being based upon the level of responsibility of the participant and other factors. The form of the incentive award (whether PSUs, Options or other) for each executive is at the discretion of the Board, although past practice has been to divide the award equally between PSUs and Options. However, with respect to annual awards in 2010, due to circumstances at the time of the annual long-term incentive awards, the Board chose to award each of the NEOs long-term incentives, at their target levels, solely in the form of PSUs. One half of the long-term incentive reward took the form of PSUs with similar conditions as previous PSU grants. However, in lieu of an award of Options, the NEOs were awarded PSUs with modifications intended to mimic as closely as possible the terms and conditions common to Options (the "Modified PSUs"). The Modified PSUs have an adjustment factor fixed at 1.0 and vest as to one-third each year. The final tranche of the Modified PSUs vested on December 31, 2012.

Performance Share Unit Plan

Centerra's PSU Plan is a mid-term incentive plan that permits Centerra to grant PSUs to its employees and executive officers. The purpose of the PSU Plan is to link executive and non-executive performance with Centerra's performance in increasing shareholder value over the medium term, especially in comparison with other gold companies included in the S&P/TSX Global Gold CAD$ Index as measured through its Total Return Index Value (the "TRIV"). For 2012, awards to NEOs were as follows:

Named Executive Officer	2012 PSUs (% of Base Salary)[1]
Ian Atkinson[2]	125%
Jeff Parr[3]	80%
Ron Colquhoun	80%
Frank Herbert[4]	75%
Dennis Kwong	75%
Stephen Lang[5]	125%

(1) The corresponding number of PSUs is determined by dividing the target value of the grant by the volume weighted average price, in Canadian dollars, of Centerra's Shares on the TSX for the 61 trading days immediately preceding the applicable date.

(2) Effective May 17, 2012, the date Mr. Atkinson was promoted to the position of President and Chief Executive Officer. Prior to that his target was 90%.

(3) Effective January 1, 2013, Mr. Parr's target will be increased to 90%.

(4) Effective January 1, 2013, Mr. Herbert's target will be increased to 90%.

(5) Mr. Lang resigned from the Corporation as of May 17, 2013. However, his PSUs were not prorated for 2012 because of his continued role as Chair of the Board of Directors with Centerra. See "Termination and Change of Control Benefits".

PSUs represent the right to receive in the future, the cash equivalent of a Share based upon the 61 trading-day volume weighted average price prior to redemption of the PSUs or, at Centerra's election, a Share purchased on the open market. PSUs cannot be redeemed by a participant unless they have vested in accordance with their terms. With the exception of the Modified PSUs, the PSU Plan provides a staggered vesting schedule over three years whereby one-half of the PSUs vest on December 31 of the year succeeding the grant year, and the remaining one-half of the PSUs vest on December 31 of the subsequent year. In particular:

- PSUs granted to executives and others in 2010 (other than Modified PSUs) vested as to 50% on December 31, 2011 and as to 50% on December 31, 2012;

• PSUs granted to executives and others in 2011 vested as to 50% on December 31, 2012 and will vest as to 50% on December 31, 2013;

• PSUs granted to executives and others in 2012 will vest as to 50% on December 31, 2013 and as to 50% on December 31, 2014;

• Modified PSUs held by executives and certain other members of the corporate head office vested as to one-third on each of December 31, 2010, December 31, 2011 and December 31, 2012.

When dividends are paid on Centerra's Shares, additional PSUs are credited to the participant's account. The number of additional PSUs credited to a participant's account is determined by dividing the dollar amount of the dividends payable in respect of the PSUs allocated to the participant's account by the 61 trading-day volume weighted average price of Shares on the date credited. Centerra paid dividends of $0.04 per Share on three occasions in 2012: on June 15; on August 30; and on December 6. Additional PSUs were awarded accordingly.

At vesting, the number of PSUs (other than Modified PSUs) that are redeemed may be higher or lower than the number of PSUs initially granted to a participant depending on Centerra's relative performance to competitors. The table below sets out the adjustment factors for determining the number of PSUs that will vest based upon Centerra's stock performance relative to the TRIV (the "Relative Performance") of TSX gold companies during the applicable performance period

RELATIVE PERFORMANCE	**ADJUSTMENT FACTOR**
≥1.5	2.00
between 1.0 and 1.5	linear calculation
1.0	1.00
between 0.75 and 1.0	linear calculation
≤0.75	0.00 (payout subject to board discretion)

The number of PSUs (other than Modified PSUs) that are redeemed and paid out, if applicable, is determined by multiplying the number of PSUs granted to the participant by the Adjustment Factor.

For the PSUs that vested on December 31, 2012:

• The PSUs granted in January of 2010, of which the final 50% vested on December 31, 2012, had a Relative Performance of 1.0216, resulting in an adjustment factor of 1.0432. These vested units were paid out at $10.33 per unit.

• The PSUs granted in January of 2011, of which the first 50% vested on December 31, 2012, had a relative performance of 0.6720, resulting in an adjustment factor of 0.00. These vested units resulted in a zero payout.

In the event of a change of control of Centerra, the PSU Plan provides that the surviving, successor or acquiring entity must assume any outstanding PSUs or substitute similar performance share units for the outstanding PSUs. If, however, the PSU Plan is terminated upon a change of control, all outstanding PSUs become fully vested and immediately payable within 30 days, based upon the performance criteria set out above and the 61 trading-day volume weighted average price of the Shares, as of the date of the PSU Plan termination. In addition, if, as a result of a change of control, a participant's employment with the surviving, successor or acquiring entity is terminated within six months (or such longer period set out in any employment contract) of the change of control, all PSUs or substituted similar performance share units then held by the participant become fully vested and immediately payable within 30 days, based upon the performance criteria set out above, as of the date of the participant's termination of employment.

Share Option and Share Appreciation Rights Plan

The purpose of Centerra's Option Plan is to link employee performance with successful, sustained long-term company performance that increases shareholder value. The Option Plan is designed to assist in the retention of key employees. In 2012, a total of 656,092 options were granted to executive and non-executive employees.

For 2012, the intended value of awards of Options to NEOs were as follows:

Named Executive Officer	2012 Stock Options (% of Base Salary)[1]
Ian Atkinson[2]	125%
Jeff Parr[3]	80%
Ron Colquhoun	80%
Frank Herbert[4]	75%
Dennis Kwong	75%
Stephen Lang[5]	125%

(1) The corresponding number of Options is determined by dividing the target value of the option grant by the product of the volume weighted average price, in Canadian dollars, of Centerra's Shares on the TSX for the five trading days immediately preceding the date of the grant and the Black-Scholes option value which an independent compensation consulting firm prepares for Centerra prior to the grant.

(2) Effective as of 17 May 2012, the date Mr. Atkinson was promoted to the position of President and Chief Executive Officer. Prior to that, his target was 90%.

(3) Effective 01 January 2013, Mr. Parr's target will increase from 80% to 90%.

(4) Effective 01 January 2013, Mr. Herbert's target will increase from 75% to 90%.

(5) Mr. Lang resigned from the Corporation effective May 17, 2012. However, his Options were not prorated for 2012 because of his continued involvement with Centerra. See "Termination and Change of Control Benefits".

In addition to the above noted annual stock option grant, in an effort to retain key individuals within the organization, the Board approved a special grant of additional stock options. These options vest over a two-year period, 50% at each anniversary of the grant. Of the 500,000 special options granted, 220,000 were granted to NEOs:

NEO	No. of Options
Ian Atkinson	80,000
Jeff Parr	50,000
Frank Herbert	50,000
Dennis Kwong	40,000

Under the Option Plan, Options may be granted with a related share appreciation right. A share appreciation right allows the holder to elect to surrender all or a portion of an Option in exchange for cash equal to the fair market value of the Shares issuable on exercise of the surrendered Option or portion thereof, less the exercise price and any applicable taxes. Centerra may, in its sole discretion, require a holder who has exercised a share appreciation right to exercise the holder's Options instead, or it may elect to satisfy the cash amount owing upon exercise of a share appreciation right in Shares. No Options currently outstanding have been granted with share appreciation rights.

Options granted under the Option Plan are non-transferable, other than by will or the laws of descent and distribution. Options must be exercised no later than eight years after the date of the grant. With the exception of options granted to Mr. Walter in 2010 and 2012 (in each case were contemplated in his employment agreement and not an annual grant), Options vest as to one-third on the first anniversary of the grant and one-third on each of the two subsequent anniversaries of the grant. In the case of Mr. Walter, (i) his Options granted in 2010 vest as to 50% on the first anniversary of the date of grant and as to the balance on the second anniversary of the date of grant; and (ii) his Options granted in 2012 vest 100% on August 19, 2013, provided in both cases however that all of his Options will vest in full upon the occurrence of certain predetermined objectives that are set out in his employment agreement. The Option Plan provides for the term of Options that would otherwise expire during a blackout period to be automatically extended to 10 business days following the end of a blackout period. All Options that expire or are forfeited unexercised automatically are available for future issuances under the Option Plan.

A maximum of 18,000,000 Shares have been made available for issuance upon exercise of Options granted under the Option Plan, representing 7.61% of Centerra's currently outstanding Shares. Under no circumstances may the Option Plan, together with all of Centerra's other share compensation arrangements, result in the number of Shares reserved for any one person exceeding 5%, for any insider in a 12-month period exceeding 5% or for insiders exceeding 10%, of Centerra's outstanding issued Shares. No additional Options are granted in the event of a dividend payable on existing Shares.

The HRC Committee may amend, suspend or terminate the Option Plan at any time, provided that:

A. no amendment, suspension or termination may materially adversely affect any Options or rights granted to a participant without the participant's consent; and

B. the following amendments to the Option Plan, or to Options granted thereunder, require shareholder approval:

    1. amendments to the number of Shares issuable under the Option Plan, including an increase to a fixed maximum number of Shares or a change from a fixed maximum number of Shares to a fixed maximum percentage;

    2. amendments that increase the length of the period after a blackout period during which Options or any rights pursuant thereto may be exercised;

    3. amendments that would reduce the exercise price of an Option or that would result in the exercise price for any Option being lower than the fair market value of a Share at the time the Option is granted, except a reduction in connection with any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution, or other change in the capital of Centerra affecting Shares;

    4. any amendment expanding the categories of eligible person which would have the potential of broadening or increasing insider participation;

    5. amendments to termination provisions providing an extension beyond the original expiry date, or a date beyond a permitted automatic extension in the case of an Option expiring during a blackout period;

    6. the addition of any other provision which results in participants receiving Shares while no cash consideration is received by Centerra; and

    7. amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

If the Option Plan is terminated, its provisions will continue as long as Options or rights remain outstanding.

If a participant in the Option Plan dies, Options which have vested will be exercisable for a period of one year by the participant's legal representatives. Options not vested will expire. If a participant retires or becomes disabled, unvested Options will continue to vest and vested Options will continue to be exercisable for a period of three years from the date of retirement or disability, and all Options which are not exercised expire. If a participant ceases to be eligible under the Option Plan for any other reason, except due to a change in control of Centerra, each Option held by the participant which is vested as at the date the participant ceases to be eligible under the Option Plan may be exercised during the period commencing on such termination date and ending 90 days thereafter, after which time all unexercised Options (whether vested or not) held by the participant will expire. In the event of a change of control, all Options will vest immediately and the participant may exercise his or her Options for a period of 90 days (or such longer period set out in any employment contract) after the change of control following which unexercised Options will expire.

The HRC Committee designates the recipients of Options and the terms and conditions of each grant and grants are approved by the Board. Options are granted at prices no lower than the volume weighted average trading price, in Canadian dollars, of Centerra's Shares on the TSX for the five trading days prior to the date of the grant. The number of Options awarded is based upon a target percentage of the base salary and the Black-Scholes model. The target percentage varies depending upon the participants' level of responsibility. The amount and terms of outstanding Options, share appreciation rights and PSUs are not taken into account when determining whether and how many new Option grants will be made.

The following table summarizes aggregated information regarding Centerra's outstanding equity compensation plans (ie: plans which can result in the issuance of Shares from treasury) as of December 31, 2012:

EQUITY COMPENSATION PLAN INFORMATION AS OF DECEMBER 31, 2012

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders			
Stock Option Plan	1,674,194	$11.88	15,467,245
RSU Plan	112,397	$12.78	812,079

For a description of the Corporation's Option Plan and RSU Plan, see pages 31 and 45 respectively. Centerra does not have any equity compensation plans which have not been approved by securityholders.

Other Benefits and Perquisites

Centerra provides competitive employee benefits and executive perquisites to aid in the attraction and retention of key executives. Centerra's group benefits package includes life, health, dental, disability and accidental death and dismemberment coverage. Centerra's executives are eligible for the same group benefits package as the other non-executive employees, with the exception of the group retirement savings plan, which is not available to executives. In lieu of this plan, in 2010, the Corporation established a Supplementary Executive Retirement Plan (SERP), which is limited to the executive group. Annual contributions to the SERP are twelve percent (12%) of eligible earnings, where eligible earnings are defined as the prior year's base salary plus annual incentive, capped at target incentive.

Executive perquisites include an automobile allowance and related expenses, parking and transit benefits, reimbursement for a club membership, executive medical examinations, and financial or retirement or tax planning.

Compensation Paid to Named Executive Officers in 2012

SUMMARY COMPENSATION TABLE

The Summary Compensation Table set out below and the related footnotes present information about the compensation of Centerra's "Named Executive Officers" (determined in accordance with applicable rules). Compensation awarded to, earned by, paid or payable to each NEO is payable in Canadian dollars.

Name and principal position	Year	(a) Salary ($)(1)	(b) Share-based awards ($)(2)	(c) Option-based awards ($)(3)	(d) Non-equity incentive plan compensation ($)(4)	(e) All other compensation ($)(5)(6)	(f) Total compensation ($)
Ian Atkinson(7)	2012	514,421	591,752	898,919	403,965	148,401	2,557,458
President and Chief Executive Officer	2011	362,750	315,000	315,000	379,279	140,745	1,512,774
	2010	322,902	388,102	nil	246,871	92,548	1,050,423
Jeff Parr	2012	410,670	311,280	503,260	234,177	117,103	1,576,490
Vice-President and Chief	2011	384,100	295,280	295,280	318,674	150,423	1,443,757
Financial Officer	2010	366,435	573,504	nil	280,988	96,157	1,317,084
Ron Colquhoun	2012	405,011	314,000	314,000	256,752	105,331	1,395,094
Vice President and	2011	388,125	300,000	300,000	408,411	158,853	1,555,389
Chief Operating Officer	2010	343,000	527,360	nil	316,729	99,725	1,286,814
Frank Herbert	2012	392,680	282,750	474,734	240,124	104,903	1,495,191
General Counsel and Corporate Secretary	2011	372,750	270,000	270,000	310,771	132,233	1,355,754
	2010	334,037	392,400	nil	220,496	94,011	1,040,944
Dennis Kwong	2012	326,562	234,375	387,958	173,912	85,602	1,208,409
Vice President,	2011	289,417	171,875	171,875	273,640	98,060	1,004,867
Business Development	2010	243,343	224,154	nil	178,744	71,925	718,166
Stephen Lang(8)(9)	2012	350,326	933,606	812,500	174,330	73,170	2,343,932
Former President and Chief Executive Officer	2011	684,272	739,250	739,250	788,083	272,012	3,222,867
	2010	643,680	1,437,500	nil	648,206	155,695	2,885,081

(1) Amounts indicated represent actual base salary received in the applicable year. For Mr. Lang, column (a) also includes cash compensation received as Board Chair — see footnote (9) below.

(2) Share-based units awarded are PSUs (including Modified PSUs in 2010) and are valued based on the grant date fair market value of a Centerra Share — defined as the volume weighted average price (VWAP) for the 61 trading days preceding the applicable date. This valuation methodology is used because Centerra believes the fair market value is a reasonable reflection of the intended value, given that holders of these awards are affected by share price movement and dividends in a similar manner as shareholders are affected by such events. For Mr. Lang, column (b) also includes RSUs granted as part of his compensation as Board Chair — see footnote (9) below.

(3) Option-based awards represent the portion of total compensation that was granted as Options. Option-based awards are valued at the date of the grant using the Black-Scholes option pricing model which Centerra has chosen because it is one of the most common valuation methodologies. The value is determined by an external compensation consultant each year. These values are meant to reflect the value the Board intended to deliver rather than the potential accounting expense, and therefore the assumptions used in these two calculations may differ. The key assumptions used in the Black-Scholes option pricing model, for the purposes of calculating the intended compensation value of the annual grants in March 2012, were (i) a dividend yield of 0.50%, (ii) a risk-free rate of 2.5%, (iii) a volatility capped at 50%, (iv) a vesting condition of one-third on 1st, 2nd and 3rd anniversary of grant, and (v) an 8-year term. The key assumptions used in the special grant in August 2012 were: (i) a dividend yield of 0.51%, (ii) a risk-free rate of 2.0%, (iii) a volatility capped at 50%, (iv) a vesting condition of one-half on 1st and 2nd anniversary of grant, and (v) an 8-year term. This approach may not be identical to that used by other issuers and is sensitive to the assumptions used. Therefore, the figures may not be directly comparable across issuers. Similarly, the assumptions used for the purpose of calculating the intended compensation value of an Option may be different from the assumptions used to calculate the accounting fair value of such Option. For comparison purposes, the corresponding accounting fair values for the Option-based Awards in this table are as follows: (i) Ian Atkinson — $266,137 (2011), $323,615 (2012), $203,200 (special 2012) (ii) Jeff Parr — $249,475 (2011), $139,417 (2012),

$127,000 (special 2012); (iii) Ron Colquhoun — $253,457 (2011), $140,639 (2012);; (iv) Frank Herbert — $228,114 (2011), $126,641 (2012), $ 127,000 (special 2012), and (v) Dennis Kwong—$145,215 (2011), $104,972 (2012), $101,600 (special 2012). (vi) Stephen Lang — $624,568 (2011), $363,907 (2012).

(4) Amounts indicated represent annual incentive bonus earned in the year, but paid in the following year. The Corporation does not have any non-equity incentive plans related to a period longer than one year except for the PSU Plan which are reflected in column (b) but for greater certainty, the vesting of PSUs does not result in the issuance of treasury Shares.

(5) Amounts include annual SERP contributions made by the Corporation for each NEO. SERP contributions are earned in one year and paid in the following year. The figures above for each year reflect the amount earned in that year but not paid out until the next year. For example, column (e) for Mr. Ian Atkinson for 2012 includes the amount of $109,435 which was the amount of SERP contribution earned in 2012 but which was not paid until early 2013. See "— Other Benefits and Perquisites" above for a description of the SERP. The SERP contributions are as follows:

NEO	**2012 $**	**2011 $**	**2010 $**
Ian Atkinson	109,435	69,954	56,952
Jeff Parr	76,370	69,438	66,118
Ron Colquhoun	78,062	74,835	64,412
Frank Herbert	72,852	67,350	58,086
Dennis Kwong	59,062	53,480	42,953
Stephen Lang	50,437	130,842	120,154

(6) In addition to the amounts described in (5) above, the amounts represent the aggregate amount of perquisites received in the year and the dollar value of additional PSUs granted in the year as a result of a dividend distribution (which are not included in column (b)). This figure does not include group benefits otherwise generally available to all employees of the Corporation.

(7) Ian Atkinson was Vice President, Exploration until November 1, 2010, then Senior Vice President, Global Exploration until May 17, 2012 when he was promoted to President and Chief Executive Officer.

(8) Amounts in column (a) for Mr. Lang include a temporary premium of 6.1% in 2012, 7.7% in 2011 and 9.6% in 2010. See "- Components of Executive Compensation — Salary".

(9) Prior to May 17, 2012, Mr. Lang was President and CEO of the Corporation and a member of the Board of Centerra, but did not receive any additional fees in connection with serving as a Board member. Mr. Lang resigned as President and CEO effective May 17, 2012, whereupon he was appointed as the non-executive Chairman of the Board. From May 17, 2012 onwards, Mr. Lang received compensation as Chair of the Board. The figures above for 2012 represent Mr. Lang's total compensation received in both his capacity as President and CEO (until May 17, 2012) and his compensation as Chair of the Board from May 17, 2012 to December 31, 2012. In particular, (I) column (a) includes $263,924 in respect of Mr. Lang's pro-rated base salary and premium, and $86,403 received in respect of him being the Chair of the Board, which amount includes the cash portion of his retainer, meeting fees and travel fees; (II) column (b) includes $812,500 received by Mr. Lang in connection with PSUs as President and CEO, and $121,106 in connection with the award of RSUs as a director; (III) column (e) includes the value of additional PSUs ($16,407) and RSUs ($390) credited to Mr. Lang in connection with the dividends paid on Centerra's shares, $50, 437 for his pro-rated SERP payment, and $5,935 for his pro-rated perquisites. For further information regarding the compensation received by Mr. Lang in his capacity as a director, please see "Director Compensation for 2012".

INCENTIVE PLAN AWARDS
OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table sets out all incentive plan awards for each NEO outstanding as at December 31, 2012.

Name	Option-based Awards				Share-based Awards[(1)]		
	Number of securities underlying unexercised options (#)	Option exercise price ($)[(2)]	Option expiration date	Value of unexercised in-the-money options ($)[(3)]	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)[(4)]	Market or payout value of vested share-based awards not paid out or distributed ($)[(5)]
Ian Atkinson	17,938	14.29	March 18, 2016	Nil	37,798	Nil	165,792
	18,711	4.81	February 17, 2017	84,199			
	30,590	18.31	March 7, 2019	Nil			
	31,610	19.48	March 6, 2020	Nil			
	68,093	7.29	August 14, 2020	137,548			
	80,000	7.29	August 14, 2020	161,600			
Jeff Parr	34,612	4.81	February 17, 2017	155,754	23,344	Nil	244,991
	28,675	18.31	March 7, 2019	Nil			
	29,790	19.48	March 6, 2020	Nil			
	50,000	7.29	August 14, 2020	101,000			
Ron Colquhoun	5,942	14.29	March 18, 2016	Nil	23,606	Nil	225,281
	48,652	4.81	February 17, 2017	218,934			
	29,133	18.31	March 7, 2019	Nil			
	30,051	19.48	March 6, 2020	Nil			
Frank Herbert	18,214	4.81	February 17, 2017	81,963	21,253	Nil	167,628
	26,220	18.31	March 7, 2019	Nil			
	27,060	19.48	March 6, 2020	Nil			
	50,000	7.29	August 14, 2020	101,000			
Dennis Kwong	33,324	4.81	February 17, 2017	149,958	16,229	Nil	95,752
	16,691	18.31	March 7, 2019	Nil			
	22,430	19.48	March 6, 2020	Nil			
	40,000	7.29	August 14, 2020	80,800			
Stephen Lang	77,702	4.81	February 17, 2017	349,659	60,092	Nil	614,087
	71,789	18.31	March 7, 2019	Nil			
	77,758	19.48	March 6, 2020	Nil			

(1) Share based awards are PSUs. The figure represents the aggregate number of PSUs outstanding for each NEO. PSUs are granted annually and vest over three-years.

(2) The exercise price of Options is determined based upon the volume weighted average trading price, in Canadian dollars, of Shares on the TSX for the five trading days immediately preceding the date of the grant.

(3) The amount in this column is the difference between the closing price on the TSX of the Shares underlying Options on December 31, 2012 (the last trading day of 2012), which was $9.31, and the exercise price of the Options times the number of Options (whether or not such Options are vested as of the date of this Circular).

(4) The market value of PSUs is based upon the market price of Centerra's Shares (calculated to be the volume weighted average trading price, in Canadian dollars, of the Shares on the TSX for the 61 day trading days immediately preceding the applicable date) and an adjustment factor determined based on Centerra's share performance (for the applicable performance period) relative to the S&P/TSX Global Gold CAD$ TRIV Index as at December 31, 2012 (being the last trading day for the year). Given Centerra's Relative Performance, in all cases of PSUs granted, the adjustment factor was determined to be 0.00 and accordingly, there would be no market value or payout value for the outstanding PSUs held by each of the NEOs. For further information on the vesting of PSUs and the calculation of payout, see "Mid-Term and Long-term Incentives — PSUs and Options" on page 29.

(5) These amounts relate to PSUs which vested on December 31, 2012 but were paid in early January 2013. These figures appear also in the table immediately following entitled, "Incentive Plan Awards — Value Vested or Earned During the Year" (under "Share-based awards — value vested during the year" since they also fall within the required disclosure thereunder. For greater certainty however, the amounts at issue were only paid once.

INCENTIVE PLAN AWARDS — VALUE VESTED OR EARNED DURING THE YEAR

The following table sets out incentive plan awards which have vested or been earned during the year ended December 31, 2012. The awards reflected in the column "Share-based awards — value vested during the year" are also reflected in the last column of the immediately preceding table. For greater certainty, however, the amounts at issue were only paid out once.

Name	Option-based awards — Value vested during the year ($)(1)	Share-based awards — Value vested during the year ($)(2)	Non-equity incentive plan compensation — Value earned during the year ($)
Ian Atkinson	277,297	165,792	403,965
Jeff Parr	512,950	244,991	234,177
Ron Colquhoun	471,676	225,281	256,752
Frank Herbert	269,932	167,628	240,124
Dennis Kwong	386,921	95,752	173,912
Stephen Lang	1,151,544	614,087	174,330

(1) Represents the aggregate dollar value that would have been realized in 2012 if Options had been exercised on the applicable vesting date. The value was determined by calculating the difference between the closing price on the TSX, in Canadian dollars, of the Shares underlying the Options on the vesting date and the exercise price of the Options times the number of Options vested.

(2) The value of PSUs vested in 2012 (excluding Modified PSUs) was based upon the market price of Centerra's Shares (calculated to be the volume weighted average trading price, in Canadian dollars, of the Shares on the TSX for the 61 day trading days immediately preceding the applicable date) and Centerra's share performance relative to the S&P/TSX Global Gold CAD$ TRIV as of the vesting date of December 31, 2012. Modified PSUs, which are included in the figure above, are calculated based on the market price (as described above) but are not adjusted for relative share performance.

A description of the significant terms of all incentive plan awards are set out on pages 23 to 33.

SUPPLEMENTARY EXECUTIVE RETIREMENT PLAN

The following table sets out the accumulated value of their SERP at the beginning of 2012 for each NEO, the contributions made with respect to 2012 and the accumulated value as of December 31, 2012. Annual contributions to the SERP are twelve percent (12%) of eligible earnings, where eligible earnings are defined as the prior year's base salary plus annual incentive, capped at target incentive. The first SERP contributions were made in 2010, based on the eligible earnings of 2009.

Name	Accumulated value at beginning of year ($)(1)	Contribution earned in respect of 2012 ($)(2)	Accumulated value at end of year ($)(1)
Ian Atkinson	179,067	109,435	288,502
Jeff Parr	200,075	76,370	276,445
Ron Colquhoun	198,575	78,062	276,637
Frank Herbert	178,175	72,852	251,027
Dennis Kwong	134,091	59,062	193,153
Stephen Lang	368,296	50,437	418,733

(1) Since these are self-administered RCA Trusts, investment income is not included in these amounts.

(2) Contributions earned in respect of 2012 were based on eligible earnings in 2012 and paid in 2013.

Termination and Change of Control Benefits

The following is a description of the termination and change of control benefits provided to each of the NEOs pursuant to the terms of the Corporation's incentive plans and their respective employment agreements with the Corporation. The incentive plans and NEO employment agreements do not provide any rights of NEOs on the occurrence of a change of control, only on the occurrence of a termination without Cause or resignation for Good Reason following a change of control. Except as expressly noted below, each of the NEO's has the same employment terms.

Type of Termination	Severance	Annual Incentive Plan (Bonus)	Options	PSUs	Benefits	SERP
Resignation(1)	• None	• None	• All vested options as of date of resignation remain exercisable for 90 days	• No entitlement to any PSU payout and all PSUs are cancelled.	• None	• No entitlement for a contribution for the year of resignation.
Termination without Just Cause or for a Good Reason(2)	• Lump sum equal to base salary and target annual incentive for 24 months.	• Bonus for the current year is *pro rated* to the termination date (based on corporate performance assumed at target, if it cannot be determined, and based on personal performance at not less than meets expectation)	• All options that would have vested during the 24 months following the termination date immediately vest as of the termination date and remain exercisable for a period of 90 days.	• PSUs are *pro rated* to the termination date(3), and are subject to an adjustment factor equal to the adjustment factor at the termination date or 1.0, whichever is lower.	• Benefits continue for a 24 month period. • If benefits cannot be provided, the NEO receives a payment in lieu of benefits.	• Contributions continue for a 24 month period.

Type of Termination	Severance	Annual Incentive Plan (Bonus)	Options	PSUs	Benefits	SERP
Termination without Just Cause or for Good Reason within 24 months of a Change of Control(2)	• Lump sum equal to base salary and target annual incentive for 24 months.	• Bonus for the current year is *pro rated* to the termination date (based on corporate performance assumed at target, if it cannot be determined, and based on personal performance at not less than meets expectation)	• All options immediately vest and remain exercisable for a period of 90 days. • If options cannot vest or become exercisable during such 90 day period, the payment of a lump sum equal to the "in-the-money" value of the options.	• All PSUs held as of the termination date vest immediately and are paid based on actual performance (as defined in the PSU plan) at the time of the change of control or the termination date (whichever is higher).	• Benefits continue for the 24 month period following termination. • If benefits cannot be provided, the NEO receives a payment in lieu of benefits.	• Contributions continue for the 24 month period following termination.
Termination with Just Cause(2)	• None	• None	• All vested options as of date of termination remain exercisable for 90 days	• No entitlement to any PSU payout and all PSUs are cancelled.	• None	• No entitlement for a contribution for the year of termination.

(1) NEOs may resign on one (1) month's written notice of resignation.

(2) "Just Cause", "Good Reason", and "Change of Control" are defined in an NEO's employment agreement.

(3) *Pro rated* PSUs means a percentage of outstanding PSUs based on the period from the grant date to the termination date relative to the entire vesting period. For example, if an NEO was terminated without cause 18 months after his grant of PSUs, his entitlement would be to (i) for the first vesting period of 24 months, 18/24 of the PSUs that would vest during such vesting period; and (ii) for the second vesting period of 36 months, 18/36 of the PSUs that would vest during such vesting period. For a further discussion on the vesting periods of PSUs, see "Performance Share Unit Plan" on page 29.

Each NEO has agreed that, except with advance written consent from Centerra, he will not compete with Centerra for a period of six months (12 months in the case of Mr. Atkinson for termination without Just Cause or for Good Reason) following the cessation of his employment or solicit Centerra's employees or full-time consultants for a period of two years following the cessation of employment. Each NEO has further agreed not to disclose any confidential information after the cessation of his employment, to waive all moral rights he may have in any intellectual property in favour of Centerra and that all right, title and interest in any intellectual property and copyright is for the exclusive use of Centerra.

The table below provides details on the estimated incremental payments, payables and benefits by the Corporation to each NEO (except for Mr. Lang, who resigned from the Corporation effective May 17, 2012) that would have resulted had the relevant triggering event occurred on December 31, 2012. The value of these payments to U.S. executives also recognizes compensation for agreeing to certain post-employment restrictive covenants. For equity-based compensation, the values represent the "in-the-money" value of any awards that vest or will become vested as a result of the termination circumstance. The values are based on a share price of $9.31, being the closing price of the Shares on December 31, 2012.

Type of Termination	Severance ($)	Annual Incentive Plan (Bonus) ($)	Options ($)	PSUs ($)	Benefits ($)	SERP ($)	Total Payout ($)
Ian Atkinson **President and Chief Executive Officer**							
Resignation	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil
Termination without Just Cause or for a Good Reason	$2,040,000(1)	Nil(3)	$253,298(4)	Nil(5)	$105,206	$244,800	$2,643,304
Termination without Just Cause or for a Good Reason within 24 months of a Change of Control	$2,040,000(1)	Nil(3)	$299,148(4)	$ Nil(6)	$105,206	$244,800	$2,689,154
Termination with Just Cause	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil

Type of Termination	Severance ($)	Annual Incentive Plan (Bonus) ($)	Options ($)	PSUs ($)	Benefits ($)	SERP ($)	Total Payout ($)
Jeff Parr **Vice-President and Chief Financial Officer**							
Resignation	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil
Termination without Just Cause or for a Good Reason	$1,419,000(1)	Nil(3)	$101,000(4)	Nil(5)	$104,551	$170,280	$1,794,831
Termination without Just Cause or for a Good Reason within 24 months of a Change of Control	$1,419,000(1)	Nil(3)	$101,000(4)	$ Nil(6)	$104,551	$170,280	$1,794,831
Termination with Just Cause	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil

Type of Termination	Severance ($)	Annual Incentive Plan (Bonus) ($)	Options ($)	PSUs ($)	Benefits ($)	SERP ($)	Total Payout ($)
Ron Colquhoun **Vice-President and Chief Operating Officer**							
Resignation	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil
Termination without Just Cause or for a Good Reason	$1,309,379(1)	Nil(3)	$ Nil(4)	Nil(5)	$ 77,710	$157,126	$1,544,215
Termination without Just Cause or for a Good Reason within 24 months of a Change of Control	$1,309,379(1)	Nil(3)	$ Nil(4)	Nil(6)	$ 77,710	$157,126	$1,544,215
Termination with Just Cause	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil

Type of Termination	Severance ($)	Annual Incentive Plan (Bonus) ($)	Options ($)	PSUs ($)	Benefits ($)	SERP ($)	Total Payout ($)
Frank Herbert **General Counsel and Corporate Secretary**							
Resignation	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil
Termination without Just Cause or for a Good Reason	$1,328,000(1)	Nil(3)	$101,000(4)	Nil(5)	$88,448	$159,360	$1,676,808
Termination without Just Cause or for a Good Reason within 24 months of a Change of Control	$1,328,000(1)	Nil(3)	$101,000(4)	Nil(6)	$88,448	$159,360	$1,676,808
Termination with Just Cause	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil

Dennis Kwong **Vice President, Business Development**							
Resignation	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil
Termination without Just Cause or for a Good Reason	$ 993,750(1)	Nil(3)	$ 80,800(4)	Nil(5)	$75,963	$119,250	$1,269,763
Termination without Just Cause or for a Good Reason within 24 months of a Change of Control	$ 993,750(1)	Nil(3)	$ 80,800(4)	Nil(6)	$75,963	$119,250	$1,269,763
Termination with Just Cause	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil

(1) Severance includes salary and annual incentive plan bonus at target for the severance period.

(2) An NEO who resigns or is terminated with Just Cause does not receive any incremental benefit associated with his Options. He has 90 days to exercise Options which have already vested as at the day of resignation or termination with Just Cause, with no accelerated vesting.

(3) In the case of "Termination without Just Cause or for a Good Reason" and "Termination without Just Cause or for a Good Reason within 24 months of a Change of Control" which occurs on December 31, 2012, an NEO would still receive his annual incentive plan bonus for all of 2012, which would be calculated based on corporate performance and the individual performance being no less than "meets expectations". This amount is included in column 1.

(4) Value of Options for "Termination without Just Cause or for a Good Reason" and for "Termination without Just Cause or For Good Reason within 24 months of a Change of Control" are identical for each of the NEOs, with the exception of Ian Atkinson, since additional Options that would vest in the case of "Termination without Just Cause for Good Reason within 24 months of a Change of Control" were not "in-the-money" as of December 31, 2012. In the case of Mr. Atkinson, he was granted additional Options in August 2012 in connection with his promotion to President and CEO. The other NEOs only received the grant of special Options in 2012 for retention purposes.

(5) In the case of a "Termination without Just Cause or for a Good Reason" which occurs on December 31, 2012, an NEO would receive a PSU payment for any PSUs which vested at the end of 2012, and their *pro-rated* PSUs up to their termination date, and which in each case is calculated based on an adjustment factor equal to the adjustment factor at December 31, 2012 (the termination date) or 1.0, whichever is lower, so there is no incremental benefit to an NEO.

(6) In the case of "Termination without Just Cause or for a Good Reason" within 24 months of a Change of Control, all unvested PSUs vest based on actual performance as of December 31, 2012. However, given the relative performance for outstanding PSUs on December 31, 2012, there would be no payout on these PSUs.

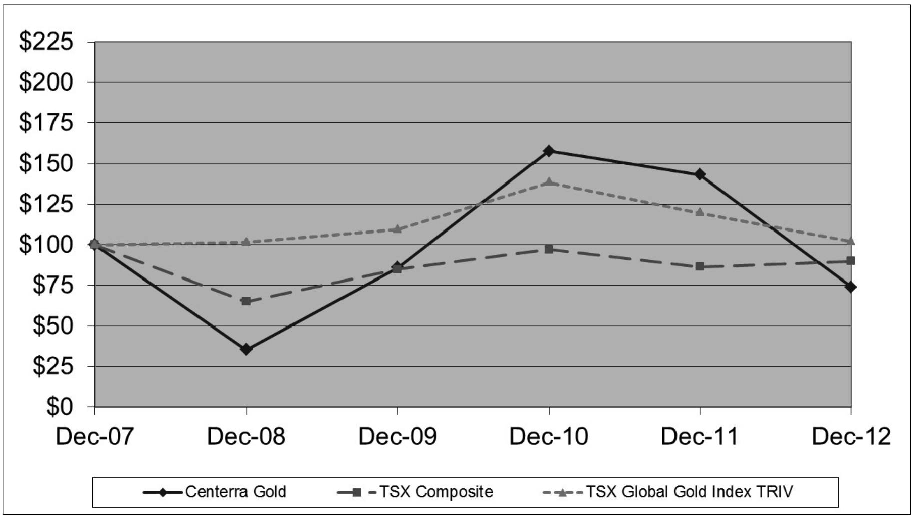
Mr. Lang resigned as President and Chief Executive Officer of Centerra effective May 17, 2012. Following this he was appointed as Chairman of the Board. Mr. Lang's compensation for 2012 for the time when he was President and Chief Executive Officer of Centerra is described in the Compensation Discussion and Analysis. Mr. Lang did not receive any severance because he resigned from the Company. He received his base salary (including the tax related premium (as discussed in the Section entitled, "Components of

Executive Compensation – Salary" and his benefits were prorated and paid to Mr. Lang up to his last day as an employee of the Corporation. Due to Mr. Lang's continued involvement with the Company, (as the Chair of the Board of Directors) his annual incentive plan (a form of short-term incentive) was prorated for the year and paid in early 2013 (when other employees also receive their annual incentive plan payments). In accordance with the terms of the applicable plans, Mr. Lang's long-term incentives continued unaffected by resignation (ie: his Options was not subjected to the 90 day exercise period described above, nor were his PSUs cancelled) because of his continuing role as Chair of the Board of Directors of Centerra.

PERFORMANCE GRAPH

The following graph compares the cumulative shareholder return for $100 invested in Centerra's Shares from December 31, 2007 to December 31, 2012. Centerra's executive compensation mix provides a large proportion of total compensation through mid-term and long-term incentives that are directly tied to the Centerra stock price, either through PSUs or Options. Therefore, executive compensation is highly sensitive to the performance of Centerra's Share value. As a result, when Centerra's stock was out-performing its comparators (measured via the S&P/TSX Global Gold Index — Total Return Index Value) the PSU Plan was paying out above target, and most Options were in-the-money. Conversely, when Centerra's stock was under-performing its comparators, the PSU Plan did not pay out, and most Options were no longer in-the-money.

The closing price of Centerra's Shares on the TSX on December 31, 2012 was $9.31.



DIRECTORS COMPENSATION FOR 2012

Only directors who are not employees of Centerra are paid for serving as directors of Centerra. The HRC Committee, with the advice of an independent compensation consultant, annually reviews the compensation paid to Centerra's board members in order to ensure that it is in line with its comparator group companies. Director compensation is currently comprised of the following four components:

(a) an annual retainer of $140,000 (other than the Chair), a portion of which (currently $90,000 must be taken as equity based compensation as DSUs and/or RSUs. In the case of the Chair, an annual retainer of $310,000, of which at least $200,000 must be taken in the form of DSUs and/or RSUs;

(b) fees for serving as a chair of a board committee — $10,000 for being the chair of the Audit Committee, and $5,000 for serving as the chair of all other board committee;

(c) attendance fee of $1,500 for each board or regular committee meeting that they attend; and

(d) for directors not resident where the Board meeting is occurring, a travel allowance of $1,500 per trip ($4,500 in the case of non-North American residents) is provided.

In addition, directors also receive a per diem amount of $1,500 for international travel made at the request of the Chairman or the President and Chief Executive Officer of Centerra. This does not apply for regularly scheduled Board meetings.

Name	Fees Earned in 2012[(1)]							All Other Compensation ($)	Total ($)
	Total Fees Earned ($)	Cash Portion of Total Fees Earned ($)	Percent of Total Fees Earned (%)	Share-based Portion of Total Fees Earned — Paid as DSUs[(2)] ($)	Percent of Total Fees Earned (%)	Share-based Portion of Total Fees Earned — Paid as RSUs[(2)] ($)	Percent of Total Fees Earned (%)		
Niyazbek Aldashev[(3)]	80,949	60,212	74	Nil	Nil	20,736	26	Nil	80,949
Ian Austin[(3)]	88,413	46,726	53	6,673	8	35,014	40	Nil	88,413
Richard Connor[(3)]	109,823	58,274	53	51,549	47	Nil	n/a	Nil	109,823
Raphael Girard	203,478	62,000	30	116	<1	141,362	69	Nil	203,478
Karybek Ibraev	213,968	122,750	57	121	<1	91,097	43	Nil	213,968
Patrick James[(3)]	139,964	61,244	44	6,281	4	72,439	52	Nil	139,964
Stephen Lang[(4)]	207,898	86,403	42	n/a	n/a	121,496	58	Nil	207,898
John Lill	184,033	92,500	50	436	<1	91,097	50	Nil	184,033
Amangeldy Muraliev	206,460	115,250	56	113	<1	91,097	44	Nil	206,460
Sheryl Pressler	191,917	98,500	51	3,417	2	90,000	47	Nil	191,917
Terry Rogers	214,772	120,360	56	48,912	23	45,500	21	Nil	214,772
Bruce Walter[(5)]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	435,094	435,094
Anthony Webb	205,139	107,500	52	6,621	3	91,018	44	Nil	205,139

(1) Percentages in this table may not add to 100% due to rounding. Figures represent the amounts earned during 2012 – a portion of the compensation (earned in respect of the fourth quarter of 2012) was not paid to directors until early 2013.

(2) This figure includes the value of DSUs or RSUs awarded as a result of (a) fees earned during 2012; and (b) additional DSUs and RSUs awarded in the year as a result of a dividend distribution. The number of DSUs or RSUs actually awarded in respect of fees earned during 2012 is equal to the dollar amount of fees earned divided by the volume weighted average trading price of Centerra's Shares on the TSX for the five trading days immediately preceding the date of the award. The number of DSUs or RSUs actually

awarded in respect of the dividend distribution is equal to the dividend rate multiplied by the volume weighted average trading price of Centerra's Shares on the TSX for the five trading days immediately preceding the date of the dividend payment date. In the case of RSUs and DSUs which were earned and subsequently vested and redeemed in 2012, the value above reflects the intended value of the RSU and DSU grants and not the actual amount paid out upon redemption, which amounts can be found in the table, "Directors Incentive Plan Awards (Value Vested During 2012) on page 50. Also, see below for a description of the RSU and DSU plan.

(3) This compensation indicated for this director is not for the entire calendar year and only represents the portion of the year where this individual was a director. Mr. Aldashev resigned from the Board effective June 22, 2012. Mr. Austin and Mr. James did not sit for re-election to the Board and accordingly ceased to be directors of the Corporation effective May 17, 2012. Mr. Connor was appointed to the Board on June 5, 2012.

(4) Mr. Lang was Centerra's President and Chief Executive Officer in 2012 until his resignation effective May 17, 2012. Mr. Lang was a board member for the entire 2012 calendar year but did not start receiving compensation as a director until after he resigned as the President and Chief Executive Officer. The figures above reflect the compensation that Mr. Lang received solely for serving as a director from May 17, 2012 to December 31, 2012 – it does not include any compensation received by Mr. Lang in the capacity as President and CEO. For information regarding all compensation he received in 2012 (including in his capacity as President and Chief Executive officer, see the Summary Compensation Table on page 34.

(5) Mr. Walter is the Vice-Chair of Centerra and accordingly is not remunerated for his services as a director on the Board. The information above relates to the employment income Mr. Walter received in his capacity as the Vice Chair of Centerra for the financial year 2012 and is broken down as follows: (a) salary — $330,000; (b) DSUs — $2,880; (c) RSUs — $75,914, and (d) other compensation (executive benefits allowance) — $26,300.

Directors Restricted Share Unit Plan

Purpose and Participants

Centerra has established a restricted share unit plan (the "RSU Plan") which forms part of its annual and long-term incentive compensation arrangements available for directors and designated officers and employees of Centerra. From time to time, the Board will specify the proportion of a director's remuneration that must be taken as restricted share units ("RSUs") under the RSU Plan, DSUs under the existing DSU Plan, or a combination of both. Under the RSU Plan and the DSU Plan, directors make annual elections to receive all or a portion of such specified remuneration in the form of RSUs, DSUs or both. As RSUs are received as compensation for services in lieu of cash remuneration, they represent an investment by a participant in Centerra similar to share ownership. The purpose of the RSU Plan is to encourage non-executive directors and designated employees of the Corporation to participate in the long-term success of the Corporation and to align their interests with the interests of shareholders.

The Corporation currently grants RSUs only to non-executive directors of the Corporation and to Bruce Walter who has been declared by the Board to be a "designated employee" for the purposes of the RSU Plan. The following description of the RSU Plan relates only to the treatment of RSUs for non-executive directors, however Mr. Walter's RSUs are similarly treated (at the decision of the Board). To the extent that the Corporation elects in the future to grant RSUs to other designated employees besides Mr. Walter, details regarding the vesting of the RSUs and the treatment of RSUs upon the termination, retirement and other cessation circumstances of the employee will be approved by the Board on a case-by-case basis.

The RSU Plan was approved by the Shareholders at the annual and special meeting of Shareholders held on June 23, 2011.

Number of RSUs Available For Issuance

Under the RSU Plan, a maximum of one million (1,000,000) Shares are available for issuance, provided that Shares reserved for issuance pursuant to RSUs which are cancelled or terminated without having been redeemed will again be available for issuance under the RSU Plan. Shares underlying a RSU which is redeemed (for cash or shares) will not again be available for issuance under the RSU Plan. The number of Shares allocated represents 0.42% of Centerra's currently outstanding Shares. Under no circumstances may the RSU Plan, together with all of Centerra's other share compensation arrangements, result in (a) the number of securities issuable to insiders, at any time, exceeding 10% of the outstanding issue of Shares; (b) the number of securities issued to insiders within any one year period exceeding 5% of the outstanding issue of Shares; or (c) the number of securities issued or issuable to any one person exceeding 5% of the outstanding issue of Shares.

Administration of the Plan

RSUs are granted quarterly on the last day of each calendar quarter. The number of RSUs to be granted to each individual is determined by dividing (a) the amount of the specified remuneration or the value of compensation to be credited in RSUs on the award date by (b) the market value (the volume weighted average trading price of Centerra's Shares on the TSX for the five trading days immediately prior to the applicable day) of a Share as at the award date, rounded to the nearest one-thousandth of a RSU.

If a dividend is paid on the Shares, each participant will be allocated additional RSUs equal in value to any dividend paid on Centerra's Shares multiplied by the number of RSUs held by the participant, divided by the market value of Centerra's Shares. RSUs are not transferable or assignable except by will or the laws of descent and distribution.

Vesting and Redemption

Eligible participants shall elect the percentage of their specified remuneration to be received in the form of RSUs and DSUs once each calendar year but prior to December 31 of the preceding year and may elect the redemption date for their RSUs and whether they will receive cash or Shares on the redemption of their RSUs. All RSUs awarded vest immediately and will expire one year following the eligible participant's termination date. Upon redemption, Centerra shall credit to the eligible participant's RSU account by: (A) transferring to the participant the number of Shares equal to: (i) one Share for each whole RSU; less (ii) the number of Shares with a market value equal to the applicable withholding taxes; or (B) at the election of the participant, paying to the participant an amount equal to: (i) the number of RSUs credited to the participants account on the redemption date multiplied by (ii) the market value (the volume weighted average trading price of Centerra's Shares on the TSX for the five trading days immediately prior to the applicable day) of a Share as at the redemption date minus (iii) applicable withholding taxes; or (C) a combination of (A) and (B), at the election of the participant.

Amendment Provisions

The Board may make any amendments to the RSU Plan without seeking shareholder approval, such as housekeeping amendments, amendments to meet changes in tax law and amendments to narrow the category of eligible participants. However, shareholder approval is required for:

(i) amendments to the number of Shares issuable under the RSU Plan, including an increase to a fixed maximum number of Shares or a change from a fixed maximum number of Shares to a fixed maximum percentage;

(ii) any amendment expanding the categories of eligible participants which would have the potential of broadening or increasing insider participation;

(iii) any amendment extending the term of a RSU or any rights pursuant thereto held by an insider beyond its original expiry date;

(iv) the addition of any other provision which results in participants receiving Shares while no cash consideration is received by Centerra;

(v) amendments to the Amendment, Suspension or Termination of Plan section of the RSU Plan; or

(vi) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange).

If the RSU Plan is terminated, its provisions will continue as long as RSUs or rights remain outstanding.

Termination, Retirement and Other Cessation of Employment

If a participant under the RSU Plan dies, Centerra shall redeem all the RSUs credited to the account of such participant under the RSU Plan, provided that the legal representatives of the estate of such participant may make the election set out in the Redemption of Restricted Share Units section of the RSU Plan and the Shares or cash that would have otherwise been issued or payable to such participant under such section shall be transferred or paid to the legal representatives of the estate of such participant.

If a person participating in the RSU Plan ceases to be a director of Centerra (and has no continuing employment relationship with Centerra), such person has a period of one year following his or her termination date to redeem the RSUs, after which all granted RSUs will expire.

Directors Deferred Share Unit Plan

Centerra has established a DSU plan (the "DSU Plan") for non-executive directors to receive a portion of their director's compensation as DSUs. As DSUs are received as compensation for services in lieu of cash remuneration, they represent an investment by directors in Centerra similar to share ownership. Directors may elect to receive all or a portion of their director's compensation (as specified by the Board from time to time) as DSUs or RSUs or both. Centerra believes that this plan aligns the interest of these directors with those of the shareholders. Directors who are officers of Centerra or Centerra subsidiaries do not receive DSUs for serving as directors.

While serving as a director, DSUs cannot be paid out. DSUs are paid in full to the director no later than December 15 in the calendar year that immediately follows the calendar year of termination of Board service. A director who is a United States citizen or a resident alien in the United States is paid in full on the 30th day following his or her separation from service. In all cases, each DSU represents the right of the director to receive, after termination of all positions with Centerra, the market value of the DSUs equal to the weighted average of the closing price of Centerra's Shares on the TSX for the five trading days immediately preceding the payout date. If a dividend is paid on the Shares, each director will be allocated additional DSUs equal in value to the dividend multiplied by the number of DSUs held by the director.

Vice Chair Deferred Share Unit Plan

Centerra has established the vice chair deferred share unit plan ("VC DSU Plan") to provide compensation in the form of deferred share units ("DSUs") to the Vice Chair, Bruce Walter for so long as he serves in that role. The purpose of the VC DSU Plan is to allow Mr. Walter to participate in the long-term success of Centerra and to further align the interests of Mr. Walter with those of Centerra's shareholders.

Mr. Walter will be granted DSUs and/or RSUs, or a combination thereof, at his election, with an annual value equal to $75,000 in respect of each year, prorated for any part year of employment. DSUs and/or RSUs are granted to Mr. Walter quarterly on the last day of each calendar quarter. The number of DSUs and/or RSUs granted quarterly is determined by dividing (a) one quarter of the annual value of DSUs and/or RSUs by (b) the market value of a Share as of the grant date, with "market value" being the volume weighted average trading price of a Share on the last five trading days prior to the grant date. If a dividend is paid on the Shares, Mr. Walter will be allocated additional DSUs and/or RSUs equal in value to any dividend paid on Shares multiplied by the number of DSUs and/or RSUs held by Mr. Walter, divided by the market value of a Share.

DSUs cannot be redeemed by Mr. Walter for so long as he holds a position with Centerra, including a directorship. DSUs will be redeemed in full no later than December 15 in the calendar year immediately following the year Mr. Walter ceases to hold any position with Centerra. Each DSU represents the right of Mr. Walter to receive, on redemption of DSUs, a lump sum amount calculated by multiplying the number of DSUs credited to his account by the market value of a Share as at the redemption date, minus any applicable withholding taxes.

Directors Share Ownership Policy

Centerra has established a share ownership policy for its non-executive directors of Shares with a value equal to three times their annual retainer (from time to time), to be achieved within a period of five years of becoming a director. When a director receives an increase in his/her annual retainer, which would result in an increase to his/her ownership requirement, the director has five years from the date of such increase to achieve the incremental share ownership requirement.

Centerra's director share ownership policy was reviewed by the HRC Committee in 2012 against practices of its comparator group and good governance practices. No changes were made to the policy.

Ian Atkinson, as President and Chief Executive Officer of Centerra is not remunerated for his service on the Board and, as a result, is not subject to the minimum ownership requirement that applies to non-executive directors of Centerra, but is subject to the minimum ownership requirements that apply to executives of Centerra. Bruce Walter is also not remunerated for his services on the Board, but pursuant to the terms of his employment agreement, Mr. Walter has agreed to comply with the terms of the Director Share Ownership Policy, including the minimum share ownership requirements.

Since the value of DSUs and RSUs are tied directly to Centerra's share price, DSUs and RSUs count toward the achievement of these ownership levels, in addition to Shares themselves. When calculating the market value of the Share ownership of directors, Shares held are valued at the higher of cost and current fair market value. DSUs and RSUs are valued at the greater of the fair market value at the date of award/grant and the current fair market value.

As of April 8, 2013, (i) Raphael Girard, John Lill, and Bruce Walter have met all applicable share ownership requirements; (ii) Karybek Ibraev, Amangeldy Muraliev, Sheryl Pressler, and Terry Rogers have met their initial share ownership requirements and still have additional time to meet their incremental share ownership requirement as a result of the changes to director compensation, and (iii) Stephen Lang and Richard Connor are still within five years from their date of appointment as a director. Ian Atkinson is still within five years of his appointment as President and Chief Executive Officer.

DIRECTORS SHARE-BASED AWARDS, OPTION-BASED AWARDS AND NON-EQUITY INCENTIVE PLAN COMPENSATION

Director incentive plan awards take the form of DSUs and RSUs.

While serving as a director, DSUs are not vested and cannot be paid out. DSUs can be redeemed by a director after he or she ceases to hold any position with the Corporation, but no later than December 15 in the calendar year that immediately follows the calendar year of ceasing to hold any position with the Corporation. A director who is a United States citizen or a resident alien in the United States is paid in full on the 30th day following his or her separation from service.

RSUs can be redeemed for common shares of Centerra or for cash. All RSUs vest immediately upon their grant by the Corporation. Pursuant to the terms of the RSU Plan, directors who are United States citizens or a resident alien in the United States are required annually to select a redemption date in advance of earning their compensation. All other directors may elect a redemption date at any time. RSUs can be redeemed until one year after the director's termination date as a director.

The following sets out share-based awards (DSUs and RSUs) for the Corporation's directors as of December 31, 2012. DSUs do not vest until the director ceases to hold any positions with the Corporation. RSUs vest immediately but are redeemed at the election of the directors. The following sets out only those DSUs and RSUs which remain outstanding and have not been redeemed. Redeemed DSUs and RSUs are found in the next table. Directors of Centerra do not have any option-based awards or any non-equity incentive plan compensation.

	Share-based Awards(1)			
Name	Number of Shares or Units of Shares that have not vested (DSUs)	Market or Payout value of share-based awards that have not vested(2) $	Number of Shares or Units of Shares that have vested (RSUs)	Market or Payout value of vested share-based awards (RSUs) not paid out or distributed(3) $
Niyazbek Aldashev (resigned June 22, 2012)(4)	Nil	Nil	6,478	60,310
Ian Austin (resigned May 17, 2012)(4)	Nil	Nil	8,157	75,942
Richard Connor	5,225	48,645	Nil	Nil
Raphael Girard	971	9,040	18,748	174,544
Karybek Ibraev	1,017	9,468	13,910	129,502
Patrick James (resigned May 17, 2012)(4)	Nil	Nil	Nil	Nil
Stephen Lang(5)	Nil	Nil	12,460	116,003
John Lill	3,669	34,158	13,910	129,502
Amangeldy Muraliev	915	8,519	13,910	129,502
Sheryl Pressler	28,733	267,504	2,500	23,275
Terry Rogers	33,164	308,757	1,264	11,768
Bruce Walter(6)	24,218	225,470	11,592	107,921
Anthony Webb	55,670	518,288	9,438	87,868

(1) Share-based awards for director compensation can be either in the form of DSUs or RSUs. See pages 45-47 for descriptions of each plan. DSUs do not vest until they are redeemed in accordance with their terms. RSUs vest immediately upon their grant by the Corporation but are not paid out or distributed until the director elects a redemption date, which date can be during the time when he or she continues to act as a director of Centerra. In contrast, DSUs cannot be redeemed until the director no longer holds a position with Centerra or its subsidiaries.

(2) The payout value of DSUs was determined by multiplying the number of DSUs held by a director by the closing price on the TSX of Centerra's Shares on December 31, 2012, which was $9.31.

(3) The value of vested RSUs which are to be paid out or distributed was calculated by multiplying the number of RSUs (all of which are considered vested when granted in accordance with the terms of the RSU Plan) by the closing price on the TSX of Centerra's Shares on December 31, 2012, which was $9.31.

(4) Messrs. Aldashev, Austin and James resigned from the Board in 2012. In accordance with the terms of the DSU Plan and the RSU Plan, (i) DSUs can be redeemed by the resigned director no later than December 15 in the calendar year that immediately follows the calendar year of termination of Board services; and (ii) for RSUs, the resigned director has one-year following his or her termination date to redeem the RSUs. For these resigned directors, the figures above reflect the DSUs and RSUs held by each of them as of December 31, 2012, all of which can be redeemed immediately. Mr. James redeemed his DSUs and RSUs in full in 2012. Mr. Aldashev did not have any RSUs granted to him.

(5) Director compensation information for Mr. Lang is for the period from May 17, 2012 to December 31, 2012. Prior to May 17, 2012, Mr. Lang was the President and Chief Executive Officer of the Corporation and did not receive compensation for acting as a director. For information regarding all compensation he received in 2012 (including in his capacity as President and Chief Executive officer, see the Summary Compensation Table on page 34.

(6) Mr. Walter, as Vice Chair of Centerra, is not considered a non-executive director, and as a result is not remunerated for his service on the Board. Share-based awards reflected on the chart are awards granted to Mr. Walter under the Vice Chair DSU Plan as described on page 47, save and except for 2,980 units which were granted to Mr. Walter under Centerra's DSU Plan (for the short period in 2008 when Mr. Walter was a director of Centerra but not the Vice Chair) and RSUs granted pursuant to Mr. Walter's employment agreement.

DIRECTORS INCENTIVE PLAN AWARDS (VALUE VESTED DURING 2012)

Deferred Share Units

Mr. Austin and Mr. James did not sit for re-election to the Board in 2012 and accordingly ceased to hold any position with the Corporation. Mr. Aldashev resigned from the Board effective June 22, 2012.

The following DSUs were redeemed in 2012:

Director Name	Termination Date	Redemption Date	DSUs Redeemed (#)	Gross Redemption Amount[(1)] ($)
Patrick James	May 17, 2012	June 18, 2012	157,550	1,857,520

(1) Gross Redemption Amount is determined by multiplying the number of DSUs redeemed by the market value of Shares as at the Redemption Date, being the five day volume weighted average trading price, in Canadian dollars, of the shares on the TSX, for the five trading days immediately before the Redemption Date.

Mr. Aldashev does not have any DSUs. Mr. Austin has the following outstanding DSUs, which are available for redemption until December 15, 2013:

Director Name	Termination Date	Number of DSUs	Market or Payout value of share based awards (DSUs) as of Termination Date[(1)] ($)	Market or Payout value of share based awards (DSUs) as of December 31, 2012[(2)] ($)
Ian Austin	May 17, 2012	56,107	531,894	522,356

(1) As described above, the DSUs can be redeemed by a director until December 15 of the calendar year that immediately follows the calendar year of ceasing to hold any position with the Corporation. As of the date of this Circular, Mr. Austin has not redeemed his DSUs. The market or payout value of his DSUs as of the termination date was determined by multiplying the number of DSUs by the closing price on the TSX of Centerra's Shares on the termination date (May 17, 2012), being $9.48531,894.

(2) The market or payout value of DSUs as of December 31, 2012 was determined by multiplying the number of DSUs by the closing price on the TSX of Centerra's Shares on December 31, 2012, which was $9.31.

Restricted Share Units

The following RSUs were redeemed for common shares or cash in 2012:

Director Name	Redemption Date	RSUs Redeemed (#)	Gross Redemption Amount[1] ($)
Patrick James	January 15, 2012	10,153	189,360
	June 1, 2012	3,343[2]	n/a
	July 5, 2012	2,875[2]	n/a
Sheryl Pressler	January 10, 2012	1,267	23,818
	April 10, 2012	1,573	22,311
	July 10, 2012	2,616	21,034
	October 10, 2012	1,963	24,130
Terry Rogers	January 10, 2012	633	11,909
	April 30, 2012	795	9,673
	July 30, 2012	1,323	9,087
	October 30, 2012	993	10,601
Anthony Webb	September 30, 2012	1,963	22,500
	December 31, 2012	2,500	22,500

(1) Gross Redemption Amount is determined by multiplying the number of RSUs redeemed by the market value of Shares as at the Redemption Date, being the five day volume weighted average trading price, in Canadian dollars, of the shares on the TSX, for the five trading days immediately before the Redemption Date.

(2) These RSUs were redeemed for common shares of the Corporation on a one-to-one basis.

REPORT ON CORPORATE GOVERNANCE

The Board and management believe that sound and effective corporate governance is essential to Centerra's performance. Centerra has adopted certain practices and procedures to ensure that effective corporate governance practices are followed and that the Board functions independently of management. In addition, the Nominating and Corporate Governance Committee of the Board reviews Centerra's corporate governance practices and procedures on a regular basis to ensure that they address significant issues of corporate governance.

The following statement sets out a description of Centerra's corporate governance practices as approved by the Board and in accordance with the requirements set forth in National Instrument 58-101 — *Disclosure of Corporate Governance Practices* ("NI 58-101").

Board Mandate

The Board supervises the conduct of the affairs of the Corporation directly and through its committees. In so doing, the Board acts in the best interests of the Corporation. In addition, the Board recognizes the importance of the enhancement of both short and longer term value. In carrying out its responsibilities, the Board appoints the senior executives of the Corporation and meets with them on a regular basis to receive and consider reports on the Corporation's business. The Board holds regularly scheduled meetings, with additional meetings being held as required to consider particular issues or conduct specific reviews between regularly scheduled meetings. Between January 1, 2012 and December 31, 2012, the Board held 15 meetings.

The fundamental responsibility of the Board is to supervise the management of Centerra's business and affairs with a view to sustainable value creation for all shareholders. Centerra's Board promotes fair reporting, including financial reporting, to shareholders and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls.

The Board is, among other matters, responsible for the following:

- selection, appointment, evaluation and, if necessary, termination of the Chief Executive Officer and senior management;
- adoption of a strategic planning process and approval of strategic plans;
- risk management policies and procedures;
- policies and procedures regarding the integrity of financial reporting and information management;
- oversight of estimates of Centerra's reserves by management;
- human resources policies;
- health, safety and environmental policies;
- disclosure policies and procedures;
- corporate governance;
- corporate social responsibility and sustainability; and
- certain other matters which may not be delegated by the Board under applicable corporate law.

The Board has adopted a formal written mandate which clarifies these responsibilities and complements the written mandates of each of its standing committees. The full text of the mandate is set out in Appendix A. A copy can also be found on Centerra's website at www.centerragold.com.

Directors are provided an opportunity to meet individually in work sessions with senior management to obtain further insight into the operations of the Corporation and its subsidiaries, and are involved on a regular basis in discussions with management. Each Board committee may engage outside advisors at the expense of the Corporation. Individual directors are also free to consult with members of senior management whenever so required and to engage outside advisors, at the expense of the Corporation, with the authorization of the Nominating and Corporate Governance Committee. To ensure that the Board is able to discharge its responsibilities independently of management, the independent directors have regularly scheduled opportunities to meet separately from management and the non-independent directors following each meeting of the Board. They avail themselves of this opportunity, at their discretion, whenever they deem necessary. In 2012, the independent directors of the Board met 11 times without non-independent directors and management present.

The Board Chair

As previously disclosed, Mr. Patrick James, Centerra's former Chair of the Board, did not stand for re-election at last year's annual meeting. Following the annual general meeting of shareholders, the Board appointed Mr. Stephen Lang as the new Chair of the Board, following his retirement as Centerra's President and Chief Executive Officer. As Mr. Lang is not considered an independent director due to his prior role as an executive of Centerra, the independent members of the Board named Mr. Terry Rogers as the independent Lead Director of the Board.

Pursuant to the Board Mandate, the Chair is principally responsible for overseeing the operations and affairs of the Board. His or her responsibilities include (subject to the responsibilities of the lead director as set out below) leading, managing and organizing the Board, consistent with the approach to corporate governance adopted by the Board from time to time; confirming that appropriate procedures are in place to allow the Board to work effectively and efficiently and to function independent from management; act as a liaison between the Board and senior management, encouraging effective communication between the Board the Chief Executive Officer, and working with the Chief Executive Officer, the Chair of the Nominating and Corporate Governance Committee (of which the Chair is a member) and the Corporate Secretary to further the creation of a healthy governance culture within Centerra.

Pursuant to the Board Mandate, the independent Lead Director is principally responsible for facilitating the functioning of the Board independently of management and ensuring that the directors formally have an independent leadership contact. His or her responsibilities also include coordinating the activities of the independent directors; presiding at all meetings of the Board at which the Chair is not present, including meetings of independent directors; calling meetings of independent directors, as appropriate; serving as liaison between the Chair, Chief Executive Officer and the independent directors; corresponding or meeting, if needed, with shareholders or other stakeholders regarding communications directed to the independent directors; and providing support to the Chair, Chief Executive Officer, the Chair of the Nominating and Corporate Governance Committee and the Corporate Secretary, as needed, to further the creation of a healthy governance culture within Centerra.

Overseeing the President and Chief Executive Officer

The President and Chief Executive Officer is appointed by the Board and is responsible for managing Centerra's affairs. His or her key responsibilities involve articulating the vision for the Corporation, focusing on creating value for shareholders, and developing and implementing a strategic plan that is consistent with the corporate vision.

Annually the Board (through the HRC Committee) sets objectives for the President and Chief Executive Officer which align with the Corporation's strategic plan. These objectives include specific quantifiable goals and general growth related goals which are not driven by a predetermined mathematical formula but are more qualitative.

The President and Chief Executive Officer is accountable to the Board and the Board committees. The Board conducts a formal review of his performance once per year.

The Board has established clear limits of authority for the President and Chief Executive Officer. These are described in Centerra's delegation of financial authority policy which was last reviewed in 2011.

The Board receives reports on Centerra's operating activities as well as timely reports on certain non-operational matters, including finance, legal, government relations, business development, corporate governance and insurance matters.

Position Descriptions of Board Chair and President and Chief Executive Officer

The Board has adopted a position description for the Chair of the Board, which sets out the duties and responsibilities of the Chair. This position description is reviewed by the Board from time to time. The position description for the Chair of the Board is contained in the Board's Mandate, the full text of which is set out in the attached Appendix A. The Board's Mandate also provides that the chair of each committee is responsible for determining the agenda, and the frequency and conduct of the meetings of that committee. The full text of the committee charters can be found at Centerra's website.

The Board has also adopted a position description for Centerra's Chief Executive Officer which sets out the duties and responsibilities of the Chief Executive Officer. This position description is reviewed by the Board from time to time.

Strategic Planning

The Board works with management in developing the overall business strategy of the Corporation and the annual business plans for achieving its objectives, which form the annual objectives for the President and Chief Executive Officer. The Board receives regular updates from management regarding management's implementation of the business strategy.

Along with those matters which must by law be approved by the Board, key strategic decisions are also submitted by management to the Board for approval or discussion. In addition to approving specific corporate actions, the Board reviews and approves the reports issued to shareholders, including annual and interim financial statements, as well as materials prepared for shareholders' meetings.

Composition of the Board

The names of Centerra's proposed directors, together with their age, municipality and country of residence, year first elected as a director, principal occupation, other principal directorships and committee memberships are set out under "Business to be Transacted at the Meeting — Election of Directors". Also indicated for each proposed director is the number of Shares beneficially owned, directly or indirectly, by the proposed director or over which the proposed director exercised control or direction, directly or indirectly, on April 8, 2013 and, as of the same date, the number of DSUs/RSUs credited to the account of the proposed director.

Independence of Board Members

Centerra's Board has assessed the independence of each nominee for director. In determining independence, the Board examined and relied on the definition of independence in NI 58-101. After considering a wide variety of factors and information disclosed by each nominee, the Board has determined that a majority of the current directors (six of ten) are independent. Mr. Atkinson and Mr. Walter are not independent because they are members of management of Centerra. Mr. Lang is not independent because he served as an executive officer of Centerra (former President and Chief Executive Officer) within the last three years. Mr. Muraliev is not independent because he is the Chairman of the board of directors of Kyrgyzaltyn JSC, which has significant ongoing arrangements with Centerra as discussed under the heading "Principal Holders of Voting Securities". All other current directors are independent of the Corporation.

To ensure that the Board is able to discharge its responsibilities independently of management, the independent directors have regularly scheduled opportunities to meet separately from management and the non-independent directors following each meeting of the Board. They avail themselves of this opportunity, at their discretion, whenever they deem necessary. In 2012, the independent directors met 11 times separately from management and the non-independent directors.

Skills Matrix

The matrix below shows the Board's mix of skills and experience in areas that are important to the Corporation's business. The skills matrix is also used to identify those skills for which the Corporation should recruit when making changes to the Board. The skills matrix is based on self-assessments by the directors:

Skill/Experience	Number of Directors with such Skill/Experience
Board Experience Prior experience as a board member for a major organization (other than Centerra).	9
International Experience Prior or current experience working in a major organization that has business in one or more international jurisdictions.	8
Mining, Exploration and Operations Experience with a leading mining or resource company with reserves, exploration and operations expertise.	7
Operations Experience as a senior operational officer of a publicly listed company or major organization or production or exploration experience with a leading mining or resource company.	7
Human Resources Prior or current experience in executive compensation and the oversight of succession planning, talent planning, and retention programs.	7

Skill/Experience	Number of Directors with such Skill/Experience
Financial Literacy Senior financial officer of a publicly listed company or major organization or experience in financial accounting and reporting and corporate finance (familiarity with internal financial controls, Canadian or US GAAP and/or IFRS).	5
Corporate Responsibility and Sustainable Development Understanding and experience with corporate responsibility practices and the constituents involved in sustainable development policies.	5
Legal Experience as a lawyer either in private practice or in-house with a publicly listed company or major organization.	1
Managing/Leading Growth Experience driving strategic direction and leading growth of an organization.	7
Investment Banking/Mergers & Acquisitions Experience in investment banking, finance or in major mergers and acquisitions.	3
Government Relations Experience in, or a good understanding of, the workings of governments and public policy domestically and internationally.	5
Business Judgment Track record of leveraging own experience and wisdom in making sound strategic and operational business decisions, demonstrates business acumen and a mindset for risk oversight.	8
Industry Knowledge Knowledge of the mining industry, market and business imperatives, international regulatory environment and stakeholder management.	8
Senior Officer Experience working as a senior officer (CEO/CFO/COO) of a publicly listed company or major organization.	7

Overseeing and Managing Risk

The Board is responsible for overseeing Centerra's policies and processes to identify the Corporation's principal business risks and to confirm that systems are in place to mitigate these risks where prudent to do so. The Board and its standing committee's manage various types of risks as follows:

- Audit Committee: The Audit Committee monitors financial related risks, including risks relating to internal controls over financial reporting, the delegation of financial authority, and financial risk management policies. The Audit Committee also oversees the Corporation's disclosure controls and procedures, code of ethics and international business conduct (anti-corruption) policies.
- Human Resources and Compensation Committee: The HRC Committee oversees and manages compensation related risks, and retention and succession risks.
- Nominating and Corporate Governance Committee: The Nominating and Corporate Governance committee oversees risks related to corporate governance matters.
- Reserves Committee: The Reserves Committee oversees the estimation of the Corporation's mineral reserves and disclosure thereof.
- Safety, Health and Environment Committee: The Safety, Health and Environmental Committee reviews and oversees policies and systems related to safety, health, environment and related operational risks.

- Corporate Social Responsibility Committee: The Corporate Social Responsibility Committee reviews and oversees policies and programs related to community involvement in the jurisdictions Centerra operates in, including the creation of sustainable developments.

Committees of the Board of Directors

Each Board committee operates under a written charter that sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board. The charters are reviewed annually by the relevant committee and the Nominating and Corporate Governance Committee, which may make recommendations to the Board for changes. Below is a brief description of the responsibilities of each committee and its members.

Audit Committee

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to, among other things:

- financial reporting;
- the external auditor;
- the internal auditor;
- compliance with legal and regulatory requirements related to financial reporting and certain corporate policies;
- internal controls over financial reporting and disclosure controls; and
- any additional matters delegated to the Audit Committee by the Board.

The current members of the Audit Committee were Mr. Connor, Ms. Pressler and Mr. Rogers. The Board has determined that all of the Audit Committee members are independent and are, or will be within a reasonable time period, financially literate as required by applicable securities legislation. Between January 1, 2012 and December 31, 2012, the Audit Committee met 5 times.

Information regarding the Audit Committee can be found under "Audit Committee" in the Corporation's Annual Information Form. A copy of the Corporation's most recently filed Annual Information Form can be obtained by securityholders of the Corporation free of charge by contacting the Corporation at 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1, Canada, Attention: John Pearson, Vice President, Investor Relations, or (416) 204-1953 or can be found on SEDAR at www.sedar.com.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to, among other things:

- Centerra's overall approach to corporate governance;
- the size, composition and structure of the Board and its committees;
- the identification and recommendation to the Board of qualified individuals for appointment to the Board and its committees;
- orientation and continuing education for directors;
- the limitation of director and officer liability, including indemnities under contract or by-law or pursuant to directors and officers insurance;
- matters involving conflicts of interest of directors; and
- any additional matters delegated to the Nominating and Corporate Governance Committee by the Board.

The current members of the Nominating and Corporate Governance Committee are Ms. Pressler (Chair), Mr. Girard, Mr. Lang and Mr. Muraliev. Ms. Pressler and Mr. Girard are considered independent while Mr. Lang and Mr. Muraliev are not considered independent. The Board is of the opinion that the Nominating and Corporate Governance Committee remains capable of acting objectively despite not being fully comprised of independent members. Between January 1, 2012 and December 31, 2012, the Nominating and Corporate Governance Committee met 7 times.

Human Resources and Compensation Committee

The HRC Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to, among other things:

- the selection and retention of senior management;
- the compensation of senior management;
- senior management succession and development;
- human resources policies; and
- any additional matters delegated to the HRC Committee by the Board.

The current members of the HRC Committee are Mr. Rogers (Chair), Mr. Connor and Mr. Girard, each of whom is independent. Between January 1, 2012 and December 31, 2012, the HRC Committee met 8 times.

Safety, Health and Environmental Committee

The Safety, Health and Environmental Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to, among other things:

- the establishment and review of Centerra's safety, health and environmental policies;
- management of the implementation of compliance systems;
- monitoring the effectiveness of Centerra's safety, health and environmental policies, systems and monitoring processes;
- receiving audit results and updates from management with respect to Centerra's health, safety and environmental performance;
- reviewing the annual budget for safety, health and environmental operations; and
- any additional matters delegated to the Safety, Health and Environmental Committee by the Board.

The current members of the Safety, Health and Environmental Committee are Mr. Walter (Chair), Mr. Ibraev, Mr. Lill and Mr. Muraliev. Mr. Ibraev and Mr. Lill are considered independent while Mr. Walter and Mr. Muraliev are not considered independent. Between January 1, 2012 and December 31, 2012, the Safety, Health and Environmental Committee met 4 times.

Reserves Committee

The Reserves Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to:

- the estimation of reserves by management;
- the review of reserve information before publication; and
- any additional matters delegated to the Reserves Committee by the Board.

The current members of the Reserves Committee are Mr. Ibraev (Co-Chair), Mr. Lill (Co-Chair), Mr. Lang, Mr. Rogers and Mr. Walter. A majority of the members of the committee are considered independent (Mr. Lang and Mr. Walter are not independent). Between January 1, 2012 and December 31, 2012, the Reserves Committee met 3 times.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is responsible for, among other things, assisting the Board in fulfilling its oversight responsibilities in relation to:

- the Corporation's corporate social responsibility policies and programs;
- the Corporation's corporate social responsibility performance; and
- any additional matters delegated to the Corporate Social Responsibility Committee by the Board.

The current members of the Corporate Social Responsibility are Mr. Girard (Chair), Mr. Ibraev, Mr. Lang and Mr. Lill. All of the current directors of the committee are independent with the exception of Mr. Lang. Between January 1, 2012 and December 31, 2012, the Corporate Social Responsibility Committee met 5 times.

Assessment Process

Annually, the Nominating and Corporate Governance Committee reviews the effectiveness of the Board, its Chair and committees and directors through the use of a confidential self-assessment questionnaire completed by each member. The results of the surveys are subsequently discussed by the Board.

The Nominating and Corporate Governance Committee, through the survey and interviews, assesses the operation of the Board and the committees, the adequacy of information given to directors, communication between the Board and management, the effectiveness of the processes of the Board and committees, and the effectiveness of the Board and directors. The committee recommends to the Board any changes needed to enhance performance based upon this assessment process.

Nomination of New Directors and Board Size

The Nominating and Corporate Governance Committee is responsible for assessing the need for new directors, and the preferred experience and qualifications of new directors, taking into consideration the independence, age, skills and experience required for the effective conduct of the Corporation's business. The Nominating and Corporate Governance Committee recommends candidates for initial Board membership and Board members for re-nomination. Recommendations are based upon character, integrity, judgment, business experience, record of achievement and any other skills or talents that would enhance the Board and overall management of the business and affairs of the Corporation.

The Nominating and Corporate Governance Committee maintains an understanding of the anticipated tenure of current directors, and the needs of the Board as a whole. Particular candidates are considered in light of the Board's current and anticipated needs. Board members complete annual skills and experience self-assessments, which are reviewed by the committee to assist in placing Board members on committees where their expertise can best be utilized and also to identify skills and experience gaps important in identifying any new nominees to the Board.

The Board's mandate provides for retirement of directors at age 75 unless this requirement has been waived by the Board or the Nominating and Corporate Governance Committee for a valid reason.

The Board is of the view that its optimal size for effective decision-making and committee work is between 9-12 members.

Board Education Opportunities

Centerra provides new directors with orientation materials describing the business of the Corporation, its corporate governance structure and related policies and information. Centerra's Chief Executive Officer, Chief Financial Officer and other senior executives provide new directors with detailed briefings on company strategy, operations, business development, legal, financial, exploration, human resources and government relations matters.

Continuing education is provided by management through presentations to the Board and committees when any key business decisions are sought. Directors are briefed regularly on strategic issues affecting the Corporation. Board members are encouraged to attend conferences or seminars at Centerra's expense. The conference or seminar can deal with any subject matter that is applicable to the Board member's role on the Board or its committees or to increase the member's knowledge of the Corporation's business. The Corporate Secretary notifies Board members of conferences, seminars or other educational opportunities on pertinent topics.

Board members are encouraged to visit the Corporation's main operating sites. In 2010, the Board visited the Corporation's Boroo project in Mongolia. In 2011, members of the Safety, Health and Environmental Committee and the Corporate Social Responsibility Committee visited and held meetings in the Kyrgyz Republic, where the Kumtor project is located. In 2012, members of the Corporate Social Responsibility Committee held a meeting in Mongolia, where it reviewed some of the Corporation's corporate social responsibility projects.

Succession Planning For Senior Management

The Human Resources and Compensation Committee oversees succession planning for senior management and retention programs. The committee reviews the succession plan at least annually. Depending on the position at issue, other Board committees such as the Audit Committee, and the Safety, Health and Environmental Committee may also be involved in the regular review of succession planning.

As previously discussed, Mr. Stephen Lang retired as Centerra's President and Chief Executive Officer effective as of May 17, 2012. In accordance with the succession plan previously established by the Board, Mr. Ian Atkinson (previously the Corporation's Senior Vice President, Global Exploration) was promoted to the position of President and Chief Executive Officer and Mr. David Groves was promoted to the position of Vice President, Global Exploration. Mr. Atkinson has been with Centerra since October, 2005. Mr. Groves joined Centerra in August 2011 as Vice President, Exploration.

Attendance at Board and Regular Committee Meetings in 2012

The following table sets out the attendance record of all directors during 2012. In circumstances when the director ceases to be a director or a member of a particular committee during the year or joins the committee during the year, the attendance record is determined only with respect to the number of meetings held during his or her tenure.

Name	Membership	Attendance at Meetings
Niyazbek B. Aldashev[(1)]	Board of Directors	9 of 9
	Audit Committee	2 of 2
	Corporate Social Responsibility Committee	2 of 2
	Human Resources and Compensation Committee	5 of 5
Ian Austin[(2)]	Board of Directors	7 of 7
	Audit Committee	2 of 2
	Human Resources and Compensation Committee	5 of 5
Richard Connor[(3)]	Board of Directors	6 of 6
	Audit Committee	3 of 3
	Human Resources and Compensation Committee	3 of 3
Raphael A. Girard[(4)]	Board of Directors	15 of 15
	Corporate Social Responsibility Committee	5 of 5
	Nominating and Corporate Governance Committee	7 of 7
	Reserves Committee	1 of 1
	Human Resources and Compensation Committee	3 of 3
Karybek U. Ibraev	Board of Directors	15 of 15
	Corporate Social and Responsibility Committee	5 of 5
	Reserves Committee	3 of 3
	Safety, Health and Environmental Committee	4 of 4
Patrick M. James[(5)]	Board of Directors	7 of 7
	Audit Committee	2 of 2
	Nominating and Corporate Governance Committee	3 of 3
Stephen A. Lang[(6)]	Board of Directors	15 of 15
	Nominating and Corporate Governance Committee	3 of 3
	Corporate Social Responsibility Committee	3 of 3
	Reserves Committee	2 of 2
John W. Lill	Board of Directors	15 of 15
	Corporate Social Responsibility Committee	5 of 5
	Safety, Health and Environmental Committee	4 of 4
	Reserves	
Amangeldy M. Muraliev	Board of Directors	15 of 15
	Nominating and Corporate Governance Committee	7 of 7
	Safety, Health and Environmental Committee	4 of 4
Sheryl K. Pressler[(7)]	Board of Directors	15 of 15
	Audit Committee	5 of 5
	Nominating and Corporate Governance Committee	7 of 7
	Reserves Committee	2 of 2
Terry V. Rogers[(8)]	Board of Directors	15 of 15
	Audit Committee	3 of 3
	Reserves Committee	3 of 3
	Human Resources and Compensation Committee	8 of 8
	Corporate Social Responsibility Committee	2 of 2
Bruce V. Walter	Board of Directors	14 of 15
	Safety, Health and Environmental Committee	4 of 4
	Reserves Committee	3 of 3
Anthony J. Webb	Board of Directors	15 of 15
	Human Resources and Compensation Committee	8 of 8
	Nominating and Corporate Governance Committee	7 of 7

(1) Mr. Aldashev resigned from the Board as of June 22, 2012.

(2) Mr. Austin did not sit for re-election to the Board. Accordingly, he ceased to be a Board member as of May 17, 2012.

(3) Mr. Connor was appointed to the Board as of June 5, 2012 and was appointed to the above noted committees on the same day.

(4) Mr. Girard was appointed to the Human Resources and Compensation Committee as of May 17, 2012. He ceased to be a member of the Reserves Committee as of May 17, 2012. He was a member of the other committees noted above for the entire 2012.

(5) Mr. James did not sit for re-election to the Board. Accordingly, he ceased to be a Board member as of May 17, 2012.

(6) Mr. Lang was appointed to the above noted committees as of May 17, 2012.

(7) Ms. Pressler was appointed to the Reserves Committee as of May 17, 2012. She was a member of the other committees noted above for the entire 2012.

(8) Mr. Rogers was appointed to the Audit Committee as of May 17, 2012. He ceased to be a member of the Corporate Social Responsibility Committee as of May 17, 2012. He was a member of the other committees noted above for the entire 2012.

All directors are expected to attend Board and relevant committee meetings and the annual meeting of shareholders, except where non-attendance is unavoidable.

Compensation of Directors

The Board believes that compensation for directors should be competitive with the compensation paid to directors of comparable companies. The HRC Committee reviews directors' compensation annually and makes recommendations to the Board. Directors who are employees of the Corporation or any of its affiliates do not receive any compensation for service as directors. Compensation paid to each director during fiscal 2012 is set out under "Compensation of Directors".

Centerra's executive compensation philosophy is described under "Compensation Discussion and Analysis — Compensation Philosophy and Objectives".

Codes of Ethics

Centerra's Board expects all of Centerra's directors, officers and employees to conduct themselves in accordance with the highest ethical standards.

Centerra's Board has adopted a Code of Ethics for employees which addresses, among other things, avoidance of conflicts of interest, protection of confidential information, compliance with applicable laws, rules and regulations, adherence to good disclosure practices and procedures for employees and third parties to report concerns with respect to accounting and auditing matters. Employees with such concerns may report their concerns directly or, if they so wish, in a confidential or anonymous manner to: (i) the General Counsel and Corporate Secretary of the Corporation, (ii) the Chair of the Audit Committee, or (iii) a 24 hour-a-day compliance hotline, a service which is operated by a third party and is available in the local languages of the Corporation's operating subsidiaries. As set out in the Code of Ethics, an employee who, in good faith, reports a concern is protected from reprisal, such as dismissal, demotion, suspension, threats, harassment or discrimination.

In 2011, the Board approved amendments to the Code of Ethics to introduce a "claw back" provision. Pursuant to this provision, the HRC Committee may require employees to reimburse any bonus or incentive award or amount awarded to the employee and any non-vested equity-based awards previously granted to the employee if: (a) the amount of such compensation was calculated based upon the achievement of financial results that were subsequently the subject of a restatement or the correction of a material error, (b) the employee engaged in intentional misconduct that caused or partially caused the need for the restatement or caused or partially caused the material error, and (c) the amount of the compensation that would have been awarded to the employee had the financial results been properly reported would have been lower than the amount actually awarded.

The Board has also adopted a Code of Ethics for directors which sets out the ethical standards that apply to directors in the exercise of their duties. Directors are required to promptly report all actual, potential or perceived conflicts of interest to the Corporate Secretary, who is in turn required to bring such conflicts to the attention of the Nominating and Corporate Governance Committee. Directors may not participate in discussions, deliberations or decision-making in which they have a conflict of interest.

An annual compliance certificate is required to be signed by all directors and mid-level and senior employees of Centerra. The Audit Committee receives an annual compliance report for employees, and the Nominating and Corporate Governance Committee receives an annual report on directors' compliance. Issues arising between annual reporting are brought to the attention of the appropriate committee.

Copies of the Codes of Ethics for employees and directors can be found on Centerra's website at www.centerragold.com and are also available in print upon request.

Disclosure and Insider Trading Policy

Centerra's Board has adopted and periodically reviews and updates Centerra's written corporate disclosure and insider trading policy. In 2011, the policy was amended to prohibit directors and employees of Centerra from hedging the value of any equity based awards or Shares. The policy also addresses the following matters:

- establishes a process for the disclosure of material information;
- establishes a process for reviewing news releases, corporate documents and public oral statements before they are issued;
- sets out the obligations of Centerra's directors, officers and other employees to preserve the confidentiality of undisclosed material information; and
- sets out the prohibitions applicable to Centerra's directors, officers and other employees with respect to illegal insider trading and tipping.

Shareholder/Investor Communications and Feedback

The Corporation has in place procedures to effectively communicate with its stakeholders, including its shareholders, employees and the general public. The fundamental objective of these procedures is to ensure an open, accessible and timely exchange of information with shareholders, employees and other stakeholders concerning the business, affairs and performance of the Corporation. This includes quarterly conference calls with industry analysts, investors and media representatives in conjunction with the release of the Corporation's financial results, as well as regular presentations to or meetings with industry analysts and with institutional shareholders. Through the Corporation's website, shareholders and other stakeholders may access webcasts of these conference calls and most of the presentations made by the Corporation to the investment community. In addition, the Corporation has in place procedures to ensure that inquiries or other communications from shareholders are answered by an appropriate person in the Corporation.

You may contact the Board or Centerra's independent directors as a group by writing to them c/o Chair of the Board or c/o Independent Lead Director, Centerra Gold Inc., 1 University Avenue, Suite 1500, Toronto, Ontario, Canada M5J 2P1.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNIFICATION

Centerra's directors and officers are covered under go-forward and run-off directors' and officers' liability insurance policies. The aggregate limit of liability applicable to those insured directors and officers under the policies is US$65 million inclusive of defense costs, for each of the go-forward and the run-off policies. The go-forward policy is a twelve-month policy to be renewed annually, whereas the run-off policy provides coverage for a six-year term for actions by directors and officers that predate June 30, 2009. There is no deductible for officers or directors under these policies. Under the policies, Centerra has reimbursement coverage (up to US$65 million) to the extent that it or a subsidiary has indemnified a director or officer in excess of a deductible of US$150,000 for each loss. The policies provide for a US$250,000 deductible in respect of securities claims. The premium paid by Centerra in 2012 was US$274,028 for the go-forward policy. The premium paid in 2009 for the six year run-off policy was US$412,000. This was a one-time premium.

Centerra's by-laws also provide for the indemnification of its directors and officers from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain limitations. Centerra has also entered into agreements with each of its directors and officers providing for indemnification and related matters.

INTERESTS OF DIRECTORS AND OFFICERS IN MATTERS TO BE ACTED UPON

No director or executive officer of Centerra, nor any proposed nominee for election as a director of Centerra, or any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Information regarding interests of informed persons in material transactions can be found under the heading "Interest of Management and Others in Material Transactions" in the Corporation's Annual Information Form ("AIF"). A copy of the AIF can be obtained by securityholders of the Corporation free of charge by contacting the Corporation at 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1, Canada, Attention: John Pearson, Vice President, Investor Relations, or (416) 204-1953 or can be found on SEDAR at www.sedar.com.

SHAREHOLDER PROPOSALS FOR NEXT YEAR'S ANNUAL MEETING

The *Canada Business Corporations Act* permits certain eligible shareholders of the Corporation to submit shareholder proposals to the Corporation, which proposals may be included in a management proxy circular relating to an annual meeting of shareholders. The final date by which the Corporation must receive shareholder proposals for the annual meeting of shareholders of the Corporation to be held in 2014 is January 8, 2014.

ADDITIONAL INFORMATION

Financial information for the financial year ended December 31, 2012, is provided in the Corporation's comparative financial statements and management's discussion and analysis ("MD&A") which are included in the Annual Report. Securityholders who wish to be added to the mailing list for the annual and interim financial statements and MD&A should contact the Corporation at 1 University Avenue, Suite 1500, Toronto, Ontario, Canada M5J 2P1, or (416) 204-1953, Attention: Vice President, Investor Relations.

Copies of the Corporation's AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF; the Corporation's most recently filed consolidated annual financial statements, together with the accompanying report of the auditor, and any interim financial statements of the Corporation that have been filed for any period after the end of the Corporation's most recently completed financial year; and this Circular are available to anyone, upon request, from the Secretary of the Corporation or from the Vice President, Investor Relations, and without charge to securityholders of the Corporation.

The Annual Report (including the financial statements and MD&A), the AIF and other information relating to the Corporation is available on SEDAR at www.sedar.com.

DIRECTORS' APPROVAL

The contents of this Circular and its sending to shareholders of the Corporation have been approved by the directors of the Corporation.

By Order of the Board of Directors

(Signed)
Frank H. Herbert
Corporate Secretary

Toronto, Ontario, Canada
April 8, 2013

APPENDIX A

CENTERRA GOLD INC.

BOARD MANDATE

1. GENERAL

The Board of Directors (the "Board") believes that sound corporate governance practices are essential to the well-being of the Corporation and the promotion and protection of its shareholders' interests as owners of the Corporation. The Board oversees the functioning of the Corporation's governance system, in part, through the work of the Nominating and Corporate Governance Committee.

The Board has adopted this mandate to assist it in supervising the management of the business and affairs of the Corporation as required under applicable legislation and stock exchange rules.

The Board will revise this mandate from time to time based on its assessment of the Corporation's needs, legal and regulatory developments and best practices. The Nominating and Corporate Governance Committee will review this mandate annually, or more often if warranted, and recommend to the Board such changes as it deems necessary and appropriate.

2. THE BOARD'S RESPONSIBILITIES

The fundamental responsibility of the Board is to supervise the management of the business and affairs of the Corporation with a view to sustainable value creation for all shareholders. The Board discharges this responsibility by developing and determining policy by which the business and affairs of the Corporation are to be managed and by overseeing management of the Corporation. The Board promotes fair reporting, including financial reporting, to shareholders of the Corporation and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls.

3. DIRECTORS' RESPONSIBILITIES

The primary responsibility of individual directors is to act in good faith and to exercise their business judgment in what they reasonably believe to be the best interests of the Corporation. In order to fulfill this responsibility, each director is expected to:

- develop and maintain a thorough understanding of the markets in which the Corporation conducts business, its strategy and business operations and its financial position and performance;
- diligently prepare for each meeting, including reviewing all meeting materials distributed in advance;
- actively and constructively participate in each meeting, including seeking clarification from management and outside advisors where necessary to fully understand the issues under consideration;
- engage in continuing education programs for directors, as appropriate; and
- attend all meetings of the Board and any committee of which he or she is a member.

4. BOARD COMPOSITION

(a) Board Membership Criteria

The Nominating and Corporate Governance Committee is responsible for establishing the competencies and skills that the Board considers to be necessary for the Board as a whole to possess; the competencies and skills that the Board considers each existing director to possess; and the competencies and skills each new nominee will bring to the Board. The Nominating and Corporate Governance Committee identifies candidates for Board membership based on their character, integrity, judgment and record of achievement and any skills and talents they possess which would add to the Board's decision-making process and enhance the overall management of the business and affairs of the Corporation.

Directors who change their principal occupation are expected to advise the Nominating and Corporate Governance Committee and, if determined appropriate by the Nominating and Corporate Governance Committee, resign from the Board.

(b) Director Independence

The Board believes that, except during periods of temporary vacancies, the majority of its members should be independent. For the purposes of this mandate, "independent" means the standard of independence applicable to audit committee members as set out in National Instrument 52-110 – Audit Committees, as amended from time to time.

In all cases, the determination of whether a director is independent must be made by the Board in accordance with applicable securities laws and stock exchange rules. Generally, an independent director means a director who has no direct or indirect material relationship with the Corporation. For these purposes, "material relationship" means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

In making a determination regarding a director's independence, the Board will consider all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may determine from time to time.

The Board will review the independence of all directors on an annual basis and will disclose its determinations annually. To facilitate this review, directors will be asked to provide the Board with full information regarding their business and other relationships with the Corporation and its affiliates and with senior management and their affiliates. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination as to their independence.

(c) Board Size

The Board is of the view that a size of between 9 and 12 members is conducive to effective decision-making and committee work.

(d) Retirement

Directors may serve on the Board until the annual meeting of the Corporation next following their 75th birthday, and may not be re-elected after reaching age 75, unless this requirement has been waived by the Board, or the Nominating and Corporate Governance Committee, for a valid reason.

(e) Term

All directors are elected at the annual meeting of shareholders of the Corporation for a term of one year.

(f) Board Succession

The Nominating and Corporate Governance Committee is responsible for maintaining a Board succession plan that is responsive to the Corporation's needs and the interests of its shareholders.

(g) Service on Other Boards

The Board does not believe that its members should be prohibited from serving on the boards of other public companies so long as these commitments do not materially interfere with and are not incompatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public company.

5. BOARD DUTIES

In fulfilling its responsibilities, the Board is, among other matters, responsible for the following matters:

(a) selection, appointment, evaluation and, if necessary, termination of the Chief Executive Officer;

(b) satisfying itself as to the integrity of the Chief Executive Officer and other senior officers of the Corporation and as to the culture of integrity throughout the Corporation;

(c) succession planning, including appointing, counseling and monitoring the performance of executive officers;

(d) human resources policies of the Corporation in general, including in particular the approval of the compensation of executive officers;

(e) adoption of a strategic planning process, approval of strategic plans and monitoring corporate performance against those plans;

(f) approval of periodic capital and operating plans and monitoring corporate performance against those plans;

(g) policies and processes to identify the Corporation's principal business risks, including hedging policies for the Corporation, and to confirm that systems are in place to mitigate these risks where prudent to do so;

(h) policies to confirm ethical behaviour of the Corporation and its employees, and compliance with laws and regulations;

(i) policies and processes to satisfy itself as to the integrity of the Corporation's internal control and management information systems and its financial reporting;

(j) assessment of the effectiveness of the Board and its committees;

(k) confirming that an appropriate orientation program is in place for new directors and that continuing education opportunities are available for all directors;

(l) definition of the duties and the limits of authority of senior management, including approving a position description for the Chief Executive Officer;

(m) communications policy of the Corporation;

(n) health and safety and environmental policies and ensuring the implementation of systems to comply with these policies and all relevant laws and regulations;

(o) policies on corporate social responsibility and sustainable development and oversight of management's efforts to implement the policies in the jurisdictions where it operates;

(p) oversight of the estimation of reserves by management;

(q) corporate governance including the relationship of the Board to management and confirming that the Corporation has appropriate structures and procedures in place to permit the Board to effectively discharge its duties and responsibilities;

(r) calling meetings of shareholders and submission to the shareholders of any question or matter requiring approval of the shareholders;

(s) approval of directors for nomination and election and recommendation of the auditors to be appointed at shareholders' meetings and filling a vacancy among the directors or in the office of the auditor;

(t) issuance of securities of the Corporation;

(u) declaration of dividends and establishment of the dividend policy for the Corporation;

(v) approval of the annual audited financial statements, management proxy circulars, takeover bid circulars, directors' circulars, prospectuses, annual information forms and other disclosure documents required to be approved by the directors of a corporation under securities laws, regulations or rules of any applicable stock exchange;

(w) adoption, amendment or repeal of by-laws of the Corporation;

(x) review and approval of material transactions not in the ordinary course of business; and

(y) other corporate decisions required to be made by the Board, or as may be reserved by the Board, to be made by itself, from time to time and not otherwise delegated to a committee of the Board or to the management of the Corporation.

6. DELEGATION TO MANAGEMENT

The Board may delegate by resolution, from time to time, financial authority to the Chief Executive Officer (who may sub-delegate such authority to others within the Corporation as appropriate).

7. CHAIR

(a) Appointment

The Board will in each year appoint from among its members a Chair. The Chair of the Board shall be an independent director unless the Board concludes that the best interests of the Corporation would be otherwise better served. If such Chair is not independent, then the independent directors shall appoint a Lead Director who shall be independent.

There shall be no Lead Director if the Chair of the Board is an independent Director.

(b) General

The Chair is principally responsible for overseeing the operations and affairs of the Board.

(c) Specific Role and Responsibilities

The Chair will (subject to the responsibilities of the Lead Director as set out in Section 8, if Chair is not independent):

- lead, manage and organize the Board, consistent with the approach to corporate governance adopted by the Board from time to time;
- preside as chair at all meetings of the Board and shareholders;
- set the agenda of the board and shareholders' meetings, in consultation with the Corporate Secretary and the Chief Executive Officer;
- confirm that appropriate procedures are in place to allow the Board to work effectively and efficiently and to function independently from management;
- confirm that Board functions are delegated to appropriate committees and that the functions are carried out and the results reported to the Board;
- together with the Chief Executive Officer, approach potential candidates for Board membership, once candidates have been identified and selected by the Nominating and Corporate Governance Committee, to explore their interest in joining the Board;
- serve as an ex officio member of all Board committees;
- act as a liaison between the Board and senior management, encouraging effective communication between the Board and the Chief Executive Officer;
- consistent with encouraging effective communication between the Board and the Chief Executive Officer, confirm that the Board and senior management understand their respective responsibilities and respect the boundary between them;
- chair Board meetings, including requiring appropriate briefing materials to be delivered in a timely fashion, stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decisions is reached and accurately recorded;

- confirm proper and timely documentary filings and fulfillment of disclosure requirements to statutory authorities under applicable legislation, including working with the Corporation's external counsel and other outside advisors when necessary;
- confirm that the Board and its committees have the necessary resources to carry out their responsibilities, in particular, timely and relevant information;
- work with the Chief Executive Officer, the chair of the Nominating and Corporate Governance Committee and the Corporate Secretary to further the creation of a healthy governance culture within the Corporation;
- at the request of the Chief Executive Officer, represent the Corporation to shareholders and external stakeholders, including local community groups, aboriginals, government, and non-governmental organizations; and
- perform additional duties requested by the Board.

8. LEAD DIRECTOR

(a) Appointment

A Lead Director appointed pursuant to Section 7(a), shall have the responsibilities outlined in Section 8 (b) below.

(b) Specific Role and Responsibilities

- coordinate the activities of the independent directors;
- preside at all meetings of the Board at which the Chair is not present, including meetings of independent directors and communicate the results of such meetings to the Chair and Chief Executive Officer as appropriate;
- call meetings of the independent directors, as appropriate;
- serve as liaison between the Chair, Chief Executive Officer and the independent directors;
- review the agenda for Board meetings to ensure that the agenda enables the Board to successfully carry out its duties and that the Board has sufficient time for discussion of all agenda matters;
- serve as an independent leadership contact for all independent directors consistent with the approach to corporate governance adopted by the Board from time to time;
- correspond or meet, if needed, with shareholders or other stakeholders regarding communications directed to the independent directors of the Board and coordinate with others as appropriate with respect to independent directors matters;
- provide support to the Chair, Chief Executive Officer, the Chair of the Nominating and Corporate Governance Committee and the Corporate Secretary, as needed, to further the creation of a healthy governance culture within the Corporation; and
- perform such other duties as the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities.

(c) General

If the Lead Director has a conflict of interest, the Chair of Nominating and Corporate Governance Committee shall serve as the Lead Director with respect to matters concerning any conflict of interest.

9. CORPORATE SECRETARY

(a) Appointment

The Board will appoint an individual to act as the Corporate Secretary.

(b) General

The Corporate Secretary is responsible for assisting the Chair in managing the operations and affairs of the Board and for performing additional duties requested by the Chair or the Board or any of its committees.

(c) Specific Role and Responsibilities

The Corporate Secretary will:

- oversee the preparation of all materials for shareholders which relate to the election of directors or the matters discussed in these guidelines;
- confirm that all notices and materials are delivered to shareholders and directors in a timely manner;
- confirm that all minutes of meetings of shareholders, the Board and committees are accurately recorded;
- confirm proper and timely documentary filings and fulfilment of disclosure requirements to statutory authorities under applicable legislation, including working with the Corporation's external counsel and other outside advisors, when necessary;
- maintain the Corporation's books and records and oversee the security and application of the corporate seal;
- administer the operations of the Board and its committees;
- monitor compliance with the governance policies of the Board, including those regarding frequency and conduct of Board meetings, reporting information and other policies relating to the Board's business; and
- perform additional duties requested by the Chair or the Board or any of its committees.

10. BOARD COMMITTEES

(a) General

The Board carries out its responsibilities directly and through the following committees and such other committees as it may establish from time to time: the Audit Committee, the Nominating and Corporate Governance Committee, the Human Resources and Compensation Committee, the Safety, Health and Environmental Committee and the Reserves Committee.

(b) Chair

The Audit Committee, the Nominating and Corporate Governance Committee, the Human Resources and Compensation Committee, the Safety, Health and Environmental Committee and the Reserves Committee are each chaired by a director who is selected by the Board on the recommendation of the Nominating and Corporate Governance Committee and is responsible for determining the agenda and the frequency and conduct of meetings.

(c) Charters

Each committee has its own charter which sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board. On an annual basis, each committee's charter is reviewed by both the committee itself and the Nominating and Corporate Governance Committee and is also reviewed and approved by the Board. Copies of each charter are posted on the Corporation's website and printed copies will be made available to any shareholder upon request. Below is a brief description of the responsibilities of each committee.

Audit Committee

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the integrity of the Corporation's financial statements; the Corporation's compliance with legal and regulatory requirements (other than with respect to health, safety and the environment); compliance with the Code of Ethics Policy; the qualifications and independence of the Corporation's external auditors; the design and implementation of internal controls over financial reporting and disclosure controls; management of financial risks as delegated by the Board; related party transactions; the performance of the Corporation's internal audit function; and any additional matters delegated to the Audit Committee by the Board.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the Corporation's overall approach to corporate governance; the size, composition and structure of the Board and its committees; the identification and recommendation to the Board of qualified individuals for appointment to the Board and its committees; orientation and continuing education for directors; matters involving conflicts of interest of directors; and any additional matters delegated to the Nominating and Corporate Governance Committee by the Board.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is responsible for supporting the Board in making recommendations in regard to its oversight responsibilities and to review and, at its discretion, approve certain recommendations proposed by management. The Human Resources and Compensation Committee reviews and recommends to the Board the selection and appointment of officers of the Corporation; the compensation philosophy, competitive positioning and competitive objectives in the market all of which drive the design of components and administration; the compensation and employment agreement of the president and CEO as recommended by the Chairman of the Board and by the Human Resources and Compensation Committee; grants of stock options to eligible participants; succession planning pertaining to all executive officers, based on recommendations of the chair of the board and the CEO; and any additional matters delegated to the Human Resources and Compensation Committee by the Board. The Human Resources and Compensation Committee oversees and approves the compensation and employment agreements of the direct reports to the President and CEO as reviewed and recommended by the Chairman of the Board; the objectives and design of the compensation program of the company consistent with the compensation philosophy, competitive positioning and competitive objectives approved by the Board (these objectives and designs, along with their components and descriptions/plans, will satisfy the goal of providing sufficient competitive compensation to attract, retain and motivate senior management to maximize shareholder value); major human resources policies recommended by the President and CEO; management's recommendation on annual merit increases consistent with the budget approved by the Board; special recognition payments under the CEO Awards Program which are recommended to be $50,000 or greater; and the administration of all equity-based compensation plans, subject to reporting to the Board.

Safety, Health and Environmental Committee

The Safety, Health and Environmental Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the establishment and review of our safety, health and environmental policies; management of the implementation of compliance systems; monitoring the effectiveness of safety, health and environmental policies, systems and monitoring processes; receiving audit results and updates from management with respect to health, safety and environmental performance; reviewing the annual budget for safety, health and environmental operations; and any additional matters delegated to the Safety, Health and Environmental Committee by the Board.

Reserves Committee

The Reserves Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the estimation of reserves by management; the review of reserve information before publication; and any additional matters delegated to the Reserves Committee by the Board.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the Company's corporate social responsibility policies and programs and the Company's corporate social responsibility performance.

11. BOARD AND COMMITTEE MEETINGS

(a) Scheduling

Board meetings are scheduled in advance at appropriate intervals throughout the year. In addition to regularly scheduled Board meetings, additional Board meetings may be called upon proper notice at any time to address specific needs of the Corporation. The Board may also take action from time to time by unanimous written consent. A Board meeting may be called by the Chair, the Chief Executive Officer or any two directors.

Each committee meets as often as it determines is necessary to fulfill its responsibilities. A meeting of any committee may be called by the committee chair, the Chair, the Chief Executive Officer or any two committee members.

Board meetings are held at a location determined by the Chair and meetings of each committee are held at a location determined by the committee chair.

(b) Notice

Notice of the time and place of each meeting of the Board or any committee must be given to each director either by personal delivery, electronic mail, facsimile or other electronic means not less than 48 hours before the time of the meeting or by mail not less than 96 hours before the date of the meeting. Board or committee meetings may be held at any time without notice if all of the directors or committee members have waived or are deemed to have waived notice of the meeting. A director participating in a Board or committee meeting is deemed to have waived notice of the meeting.

(c) Agenda

The Chair establishes the agenda for each Board meeting in consultation with the Corporate Secretary and the Chief Executive Officer. Any director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Committee chairs establish the agenda for each committee meeting. Any committee member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any committee meeting raise subjects that are not on the agenda for the meeting.

The Corporate Secretary distributes an agenda and meeting materials in advance of each Board or committee meeting to allow Board or committee members, as the case may be, sufficient time to review and consider the matters to be discussed.

(d) Non-Management Sessions

Non-management directors meet separately at every Board meeting without management present. The Chair informs management of the substance of these meetings to the extent that action is required by them.

(e) Distribution of Information

The Board regularly receives reports on the financial results and operating activities of the Corporation, as well as periodic reports on certain non-operational matters, including, corporate governance, insurance, pensions and treasury matters and safety, health and environmental matters.

(f) Attendance and Participation

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. A director who is unable to attend a Board or committee meeting in person may participate by telephone or teleconference.

(g) Quorum

A quorum for any Board meeting is a majority of directors.

A quorum for any committee meeting is a majority of its members.

(h) Voting and Approval

At Board or committee meetings, each director or member, as applicable, is entitled to one vote and questions are decided by a majority of votes. In case of an equality of votes, the chair of the meeting does not have a second or casting vote.

(i) Procedures

Procedures for Board meetings are determined by the Chair unless otherwise determined by the by-laws of the Corporation or a resolution of the Board.

Procedures for committee meetings are determined by the chair of the committee unless otherwise determined by the by-laws of the Corporation or a resolution of the committee or the Board.

(j) Corporate Secretary

The Corporate Secretary acts as secretary to the Board and each of its committees. In the absence of the Corporate Secretary, or at the election of the Board or committee, as the case may be, the Board or a committee may appoint any other person to act as secretary.

(k) Minutes of Meetings

The Corporate Secretary keeps minutes of the proceedings of the Board and each of its committees, and circulates copies of the minutes to each Board or committee member, as the case may be, on a timely basis.

12. DIRECTOR COMPENSATION

The Board believes that compensation for directors should be competitive with the compensation paid to directors of comparable companies. The Human Resources and Compensation Committee reviews directors' compensation annually with this criterion in mind and makes recommendations to the Board.

Directors who are employees of the Corporation or any of its affiliates do not receive any compensation for service as directors.

To further align the interests of directors with those of other shareholders, directors are paid a portion of their fees in deferred share units and restricted share units.

Directors are reimbursed by the Corporation for reasonable travel expenses incurred in connection with their duties as directors.

13. SHARE OWNERSHIP REQUIREMENTS

Directors are required, within five years of their initial appointment to the Board, to acquire and hold deferred share units, restricted share units, common shares or any other equity-based awards of the Corporation designated by the Board from time to time, with a value equal to at least three times the amount of their annual retainer for service as a director (excluding travel, meeting and committee chair fees).

14. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

New directors receive orientation materials describing the Corporation's business and its corporate governance policies and procedures. New directors also have meetings with the Chair, Chief Executive Officer and Chief Financial Officer.

The Nominating and Corporate Governance Committee is responsible for confirming that procedures are in place and resources are made available to provide directors with appropriate continuing education opportunities.

15. BOARD ACCESS TO MANAGEMENT AND ADVISORS

Directors have access to members of management and are encouraged to raise any questions or concerns directly with management. The Board and its committees may invite any member of management, outside advisor or other person to attend any of their meetings.

The Board and any of its committees may retain an outside advisor at the expense of the Corporation at any time and have the authority to determine the advisor's fees and other retention terms. Individual directors may retain an outside advisor at the expense of the Corporation with the approval of the Nominating and Corporate Governance Committee.

16. PERFORMANCE ASSESSMENT OF THE BOARD AND ITS COMMITTEES

The Nominating and Corporate Governance Committee annually reviews the effectiveness of the Board in fulfilling its responsibilities and duties as set out in these guidelines.

In addition, the Nominating and Corporate Governance Committee annually reviews the effectiveness of all Board committees in fulfilling their responsibilities and duties as set out in their charter and in a manner consistent with these guidelines.

The Nominating and Corporate Governance Committee evaluates individual directors to assess their suitability for nomination for re-election.

17. CODES OF ETHICS

The Board expects all directors, officers and employees of the Corporation to conduct themselves in accordance with the highest ethical standards.

The Board has adopted a Code of Ethics for employees which addresses, among other things, avoidance of conflicts of interest, protection of confidential information, compliance with applicable laws, rules and regulations, adherence to good disclosure practices and procedures for employees and third parties to report concerns with respect to accounting and auditing matters. As set out in the Code, an employee who, in good faith, reports a concern regarding accounting matters or a suspected breach of the Code is protected from reprisal, such as dismissal, demotion, suspension, threats, harassment or discrimination.

The Board has also adopted a Code of Ethics for directors which sets out the ethical standards that apply to directors in the exercise of their duties.

Both Codes are posted on the Corporation's website and are available in print to any shareholder who requests a copy.

18. INDEMNIFICATION AND INSURANCE

In accordance with the by-laws of the Corporation, directors and officers are each indemnified by the Corporation against all liability and costs arising out of any action or suit against them from the execution of their duties, provided that they have carried out their duties honestly and in good faith with a view to the best interests of the Corporation and have otherwise complied with the provisions of applicable corporate law.

The Corporation maintains insurance for the benefit of its directors and officers against any liability incurred by them for which they would be indemnified. The amount and terms of the insurance coverage are dependent upon prevailing market conditions and practices with the objective of adequately protecting directors and officers from such liability.

19. CONFLICTS OF INTEREST

Each director is required to inform the Nominating and Corporate Governance Committee of any conflict of interest he or she may have with the Corporation. If a director has a personal interest in a matter before the Board or a committee, he or she must not participate in any vote on the matter except where the Board or the committee has expressly determined that it is appropriate for him or her to do so.

20. CONTACT BOARD AND COMMITTEES

The Board welcomes input and comments from shareholders of the Corporation. You may contact one or more members of the Board or its committees, by writing to the Corporate Secretary at:

Board of Directors of Centerra Gold Inc.
c/o Corporate Secretary
Centerra Gold Inc.
Suite1500 – 1 University Avenue
Toronto, Ontario, Canada M5J 2P1

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