CENTERRA GOLD INC.

Notice of Annual General and Special Meeting of Shareholders

and

Management Information Circular

March 27, 2007

TABLE OF CONTENTS

March 27, 2007

Dear Shareholder,

It is my pleasure to invite you to attend the annual general and special meeting of shareholders of Centerra Gold Inc. ("Centerra"), which will be held on Wednesday, May 9, 2007 at 2:00 p.m. (EDT) at the Esso Theatre, Hockey Hall of Fame, BCE Place, 30 Yonge St., Toronto, Ontario M5E 1X8, Canada. 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 2006 and our plans for the future.

Included in this package are Centerra's 2006 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 executive officers. Please exercise your rights as a shareholder either by attending the meeting 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)

Patrick M. James

Chair of the Board of Directors

MANAGEMENT INFORMATION CIRCULAR

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

Dear Shareholder:

The annual general and special meeting (the "meeting") of the shareholders of Centerra Gold Inc. ("Centerra") will be held on May 9, 2007 at 2:00 p.m. (EDT) at the Esso Theatre, Hockey Hall of Fame, BCE Place, 30 Yonge St., Toronto, Ontario M5E 1X8, Canada, in order to:

1. receive the 2006 audited financial statements;
2. elect directors for the ensuing year;
3. appoint auditors for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
4. consider and, if thought fit, pass a resolution, with or without variation, approving an amendment to Centerra's Share Option and Share Appreciation Rights Plan; and
5. transact such other business as may properly come before the meeting and any adjournment thereof.

The board of directors of Centerra has fixed April 2, 2007 as the record date to determine which shareholders are entitled to receive notice of and to vote at the meeting.

A form of proxy, the management information circular (the "circular") and a copy of Centerra's 2006 Annual Report, including the audited financial statements of Centerra for the year ended December 31, 2006 and related management's discussion and analysis, accompany this notice of the meeting. You should refer to the circular for details of the matters to be considered at the meeting.

If you are unable to attend, please exercise your right to vote by completing and returning the accompanying request for voting instructions or form of proxy in the enclosed postage prepaid envelope as soon as possible. To be effective, properly completed proxies must be deposited with Centerra's transfer agent and registrar, CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1, Canada, not later than 4:30 p.m. (EDT), May 8, 2007.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed)

Frank H. Herbert,

Corporate Secretary

Toronto, Ontario, Canada

March 27, 2007

CENTERRA GOLD INC.

MANAGEMENT INFORMATION CIRCULAR

DATED MARCH 27, 2007

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 registered owners of common shares ("Shares") of Centerra Gold Inc. ("Centerra" or the "Corporation") (and of voting instructions in the case of non-registered owners of Shares) to be used at the annual general and special meeting (the "meeting") of shareholders of the Corporation to be held on May 9, 2007 at 2:00 p.m. (EDT) at the Esso Theatre, Hockey Hall of Fame, BCE Place, 30 Yonge St., Toronto, Ontario M5E 1X8, Canada, and at all adjournments of the meeting, 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 by employees of the Corporation. **The solicitation of proxies and voting instructions by this circular is being made by or on behalf of the management of the Corporation.** The total cost of the solicitation of proxies will be borne by the Corporation. The information contained in this circular is given as at March 27, 2007, except where otherwise noted.

REGISTERED OWNERS

If you are a registered owner of Shares, you may vote in person at the meeting or you may appoint another person to represent you as proxyholder and vote your Shares at the meeting. If you wish to attend the meeting, do not complete or return the enclosed form of proxy because you will vote in person at the meeting. Please register with the transfer agent, CIBC Mellon Trust Company ("CIBC Mellon"), when you arrive at the meeting.

Appointment of Proxies

If you do not wish to attend the meeting, you should complete and return the enclosed form of proxy. The individuals named in the form of proxy are representatives of management of the Corporation and are Patrick M. James, Chair of the board of directors ("board of directors" or "board"), and Leonard A. Homeniuk, President and Chief Executive Officer of the Corporation. **You have the right to appoint someone else (either a person or a company) to represent you at the meeting.** If you wish to appoint someone else to represent you at the meeting, insert that other person's or company's name in the blank space in the form of proxy. The person or company you appoint to represent you at the meeting need not be a shareholder of the Corporation.

To be valid, proxies must be deposited with CIBC Mellon at P.O. Box 721, Agincourt, Ontario M1S 0A1, Canada, not later than 4:30 p.m. (EDT), May 8, 2007 or, if the meeting is adjourned, 24 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

Revocation

If you have submitted a proxy and later wish to revoke it, you can do so by:

(a) completing and signing a form of proxy bearing a later date and depositing it with CIBC Mellon as described above;

(b) depositing a document that is signed by you (or by someone you have properly authorized to act on your behalf) (i) at the registered office of the Corporation at any time up to the last business day preceding the day of the meeting, or any adjournment of the meeting, at which the proxy is to be used, or (ii) with the chair of the meeting before the meeting starts on the day of the meeting or any adjournment of the meeting; or

(c) following any other procedure that is permitted by law.

Voting of Proxies

In connection with any ballot that may be called for, the management representatives designated in the enclosed form of proxy will vote or withhold from voting your Shares in accordance with the instructions you have indicated on the proxy and, if you specify a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. **In the absence of any direction, your Shares will be voted by the management representatives FOR the election of directors, FOR the appointment of the auditor and FOR the amendment of Centerra's Share Option and Share Appreciation Rights Plan as indicated under those headings in this circular.**

The management representatives designated in the enclosed form of proxy have discretionary authority with respect to amendments to matters identified in the notice of meeting and with respect to other matters that may properly come before the meeting. At the date of this circular, management of the Corporation knows of no such amendments or other matters.

NON-REGISTERED OWNERS

If your Shares are registered in the name of a depository (such as CDS Clearing and Depository Services Inc., formerly The Canadian Depository for Securities Limited) or an intermediary (such as a bank, trust company, securities dealer or broker, or trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan), you are a non-registered owner.

Only registered owners of Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the meeting. If you are a non-registered owner, you are entitled to direct how the Shares beneficially owned by you are to be voted or you may obtain a form of legal proxy that will entitle you to attend and vote at the meeting.

In accordance with the *Canada Business Corporations Act* (the "CBCA") and Canadian securities law, the Corporation has distributed copies of the notice of meeting, this circular and Centerra's annual report for the year ended December 31, 2006 (the "Annual Report") (collectively, the "meeting materials") to the intermediaries for onward distribution to non-registered owners who have not waived their right to receive them. Typically, intermediaries will use a service company (such as ADP Investor Communications) to forward the meeting materials to non-registered owners.

If you are a non-registered owner and have not waived your right to receive the meeting materials, you will receive either a request for voting instructions or a form of proxy with your meeting materials. The purpose of these documents is to permit you to direct the voting of the Shares you beneficially own. You should follow the procedures set out below, depending on which type of document you receive.

A. Request for Voting Instructions.

If you do not wish to attend the meeting (or have another person attend and vote on your behalf), you should complete, sign and return the enclosed request for voting instructions in accordance with the directions provided. You may revoke your voting instructions at any time by written notice to your intermediary, except that the intermediary is not required to honour the revocation unless it is received at least seven days before the meeting.

If you wish to attend the meeting and vote in person (or have another person attend and vote on your behalf), you must complete, sign and return the enclosed request for voting instructions in accordance with the directions provided and a form of proxy will be sent to you giving you (or the other person) the right to attend and vote at the meeting. You (or the other person) must register with the transfer agent, CIBC Mellon, when you arrive at the meeting.

or

B. Form of Proxy.

The form of proxy has been signed by the intermediary (typically by a facsimile, stamped signature) and completed to indicate the number of Shares beneficially owned by you. Otherwise, the form of proxy is uncompleted.

If you do not wish to attend the meeting, you should complete the form of proxy in accordance with the instructions set out in the section titled "Registered Owners" above.

If you wish to attend the meeting, you must strike out the names of the persons named in the proxy and insert your name in the blank space provided. To be valid, proxies must be deposited with CIBC Mellon at P.O. Box 721, Agincourt, Ontario M1S 0A1, Canada, not later than the close of 4:30 p.m. (EDT), May 8, 2007 or, if the meeting is adjourned, 24 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting. You must register with the transfer agent, CIBC Mellon, when you arrive at the meeting.

You should follow the instructions on the document that you have received and contact your intermediary promptly if you need assistance.

VOTING SHARES AND RESTRICTED SECURITIES

Centerra is authorized to issue an unlimited number of Shares, class A non-voting shares and preference shares with no par value. On May 9, 2006, Centerra's board of directors approved a three-for-one stock split of the Corporation's outstanding Shares. On June 1, 2006, shareholders of record at the close of business on May 29, 2006 received two additional Shares for each Share held. All share and per share data contained herein, including stock option data, have been adjusted to reflect the stock split.

On March 27, 2007, the Corporation had outstanding 216,238,815 Shares. The directors have fixed April 2, 2007 as the record date for the meeting. Only shareholders who are on record on that date will be entitled to vote on all matters proposed to come before the meeting on the basis of one vote for each Share held. On March 27, 2007, the Corporation had no issued or outstanding Class A non-voting shares or preference shares.

PRINCIPAL HOLDERS OF VOTING SECURITIES

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

Name	Number and Class of Securities	Percentage of Class
Cameco Gold Inc.	113,918,472 Shares	52.7
Kyrgyzaltyn JSC	33,869,151 Shares	15.7

Cameco Gold Inc. ("Cameco Gold") is a corporation incorporated under the laws of Canada and a wholly-owned subsidiary of Cameco Corporation ("Cameco"), a corporation incorporated under the laws of Canada. Cameco is the world's largest uranium supplier and its shares trade on the Toronto and New York stock exchanges. Prior to June, 2004 Centerra was a wholly-owned subsidiary of Cameco Gold.

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. Prior to June 2004, Kyrgyzaltyn owned a two-thirds interest in the Kumtor mine, a mine located in the Kyrgyz Republic, and now one of Centerra's major wholly-owned assets. Kyrgyzaltyn transferred its interest in the Kumtor mine to Centerra in June 2004 in exchange for Shares of Centerra (the "Kumtor restructuring").

In connection with the Kumtor restructuring, Centerra entered into a shareholders agreement with Cameco Gold, Kumtor Mountain Corporation (a subsidiary of Cameco Gold) and Kyrgyzaltyn (the "Shareholders Agreement").

The Shareholders Agreement provides that until June 2009, for so long as Kyrgyzaltyn is controlled by the Government of the Kyrgyz Republic, Kyrgyzaltyn will maintain ownership of at least 5% of the outstanding Shares of Centerra at the time of the closing of the Kumtor restructuring, subject to appropriate anti-dilution adjustments as determined from time to time by the board of directors.

So long as Kyrgyzaltyn and its affiliates continue to hold 5% or more of Centerra's outstanding Shares, Cameco Gold will vote its Centerra Shares for the election or appointment of one nominee designated by Kyrgyzaltyn to Centerra's board of directors and Centerra has agreed to include in Centerra's proposed slate of directors nominated for election at each annual or special meeting one board nominee designated by Kyrgyzaltyn.

So long as Cameco Gold and its affiliates hold 5% or more of Centerra's outstanding Shares, Kyrgyzaltyn will vote its Shares for the election or appointment of that number of nominees designated by Cameco Gold and its affiliates to Centerra's board of directors as is proportionate to Cameco Gold's common shareholding percentage.

Centerra also entered into a separate agreement with Kyrgyzaltyn confirming that following the Kumtor restructuring it would use commercially reasonable efforts to have at least one representative of Kyrgyzaltyn elected as Chair of the board of directors of Centerra's 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.

BUSINESS TO BE TRANSACTED AT THE MEETING

Financial Statements

The audited financial statements of Centerra for the period ended December 31, 2006 and the report of auditors on these statements will be placed before the meeting. These financial statements, together with the report of the auditors thereon, are contained in the Annual Report included with this circular.

Election of Directors

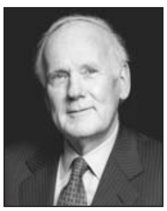
The number of directors to be elected at the meeting is nine (9). Unless authority is withheld, the management representatives designated in the enclosed form of proxy intend to vote **FOR** the election as directors of the proposed nominees whose names are set out below. Management does not contemplate 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 vote for another nominee at their discretion, unless authority is withheld. **The form of proxy permits shareholders to vote in favour of all nominees, vote in favour of some nominees and to withhold votes for other nominees, or to withhold votes for all nominees.** Each director elected will hold office until the next annual meeting or until his successor is elected or appointed.

Each of the following directors was elected to his present term of office by the shareholders of the Corporation at the annual meeting of the Corporation's shareholders held on May 10, 2006, in respect of which the Corporation circulated a management information circular to the shareholders. Unless otherwise indicated, all the directors are resident in Canada.

Ian G. Austin, 55
Vancouver, British Columbia, Canada
Director Since: April 30, 2004
Common Shareholdings: 0
Deferred Share Units ("DSUs"): 17,063.518
Market value of shareholdings and
DSUs at March 27, 2007: $180,873
Independent

Ian G. Austin, Director, currently serves as President and Chief Executive Officer of Skye Resources Inc., a development stage nickel company. He has extensive experience in the mining industry and financial management. From 1989 to 2001, Mr. Austin worked for Placer Dome Inc., serving first as Senior Vice President and Chief Financial Officer and then as Executive Vice President, Strategic Development from 1997 to 2001. Prior to joining Placer Dome, Mr. Austin spent 15 years with Inco Limited, where he served as Treasurer from 1981 to 1989. Mr. Austin holds a B.A. and a M.A. in Economics from Cambridge University.

Mr. Austin is Chair of the Audit Committee and a member of the Nominating and Corporate Governance Committee and the Human Resources and Compensation Committee.



John S. Auston, 69
Vancouver, British Columbia, Canada
Director Since: April 30, 2004
Common Shareholdings: 1,920
DSUs: 25,596.523
Market value of shareholdings and
DSUs at March 27, 2007: $291,675
Independent

John S. Auston, Director, is a graduate of McGill University, earning degrees in Geology and Mineral Exploration in 1957 and 1959, and attended the Program for Management Development at Harvard University in 1972. During a career of over 40 years in the minerals industry he has been active in the exploration for and development and operation of base metal, precious metal, uranium and coal mines in Canada, Australia and the United States. From 1959 this work was with the Selection Trust Group of London, which in 1981 became the minerals arm of British Petroleum. He was President and Chief Executive Officer of Ashton Mining of Canada from 1996 to 2000 and was President and Chief Executive Officer of Granges, Inc. from 1993 to 1995. Mr. Auston is currently a director of Cameco and Eldorado Gold Corporation. He is a registered Professional Engineer (Ontario) and a Life Member of the Canadian Institute of Mining.

Mr. Auston is a member of the Audit Committee and Chair of the Reserves Committee.

Almazbek S. Djakypov, 51
Bishkek, Kyrgyz Republic
Director Since: October 31, 2005
Common Shareholdings: 0
DSUs: 6,798.022
Market value of shareholdings and
DSUs at March 27, 2007: $72,059
Non-Independent

Almazbek S. Djakypov, Director, is the president of Kyrgyzaltyn, which owns approximately 16% of Centerra's Shares. Mr. Djakypov became president of Kyrgyzaltyn on July 22, 2005. From 2002 to 2005, Mr. Djakypov served as an economic expert on the Investment Roundtable, a non-governmental organization, in the Kyrgyz Republic. Mr. Djakypov has had a distinguished career in government service. He served as Deputy Head of the Department of State Procurement; Head of the Department of Industry and Agro-Industrial Complex; Head of the Organization Department for the Administration of the Presidential Apparatus; and Vice-President, State Concern for Kyrgyzaltyn. In 1999, he became Acting President of Kyrgyzaltyn. Between 2000 and 2002, he consulted on various investment projects. Mr. Djakypov graduated from the Moscow Energy Institute as an electrical engineer in 1978.

Mr. Djakypov is a member of the Reserves Committee and the Safety, Health and Environmental Committee.

Gerald W. Grandey, 60
Saskatoon, Saskatchewan, Canada
Director Since: December 11, 2002
Common Shareholdings: 18,000
Market value of shareholdings at
March 27, 2007: $190,800
Non-Independent

Gerald W. Grandey, Director, has served as President and Chief Executive Officer of Cameco since 2003 and has more than 30 years of experience in the mining industry. Mr. Grandey has been with Cameco since 1993, previously serving as Senior Vice-President of Marketing and Corporate Development, Executive Vice-President and President. Prior to joining Cameco, Mr. Grandey was Vice-Chair and Chief Executive Officer of The Concord Mining Business Unit and prior to that served as President of Energy Fuels, an American coal and uranium mining company. In the mid 1970s, he spent several years practicing law with a major Denver law firm specializing in mineral financing and natural resources and environmental law. Mr. Grandey received a degree in geophysical engineering from the Colorado School of Mines in 1968 and a law degree from Northwestern University in 1973. He currently serves on the boards of the Nuclear Energy Institute, the Canadian Nuclear Association, the National Mining Association and the Saskatoon YMCA.

Mr. Grandey is a member of the Nominating and Corporate Governance Committee.

Leonard A. Homeniuk, 60
Toronto, Ontario, Canada
Director Since: December 11, 2002
Common Shareholdings: 757,341
Performance Share Units ("PSUs"):
194,145
Options: 356,211
Market value of shareholdings and PSUs
at March 27, 2007: $10,085,752
Non-Independent

Leonard A. Homeniuk, President, Chief Executive Officer and Director, has over 30 years of experience in the mineral sector including exploration, development and production. After assuming progressively more responsible positions with Cameco, he then managed Cameco's uranium exploration program and was involved in early work on the McArthur River high-grade uranium deposit, now the world's largest uranium mine. Mr. Homeniuk assumed the position of Chair and President of Kumtor Operating Company in 1992 and was responsible for the acquisition, feasibility work and development of the Kumtor mine. Mr. Homeniuk served in this position, located in Bishkek, Kyrgyz Republic, until 1997 when he was promoted to the position of Executive Vice President with Cameco Gold. In 1999, he became President of Cameco Gold and was responsible for acquiring an ownership interest in the Australian gold exploration company AGR Limited, which directly led to the development of the Boroo mine. In 2004, he was appointed to his present position and was responsible for the public listing of the Corporation on the Toronto Stock Exchange.

Mr. Homeniuk received a Bachelor of Science degree in Geological Engineering in 1970 and a Master of Science in 1972, both from the University of Manitoba. He is a member of the Ontario Society of Professional Engineers, Canadian Institute of Mining and Metallurgy and the Prospectors and Developers Association of Canada. Mr. Homeniuk was made an Honorary Professor of the Kyrgyz Mining Institute in 1998.

Patrick M. James, 61
Castle Rock, Colorado, U.S.A.
Director Since: April 16, 2004
Common Shareholdings: 0
DSUs: 52,706.446
Market value of shareholdings and
DSUs at March 27, 2007: $558,688
Independent

Patrick M. James, Chair and Director, has more than 35 years of experience in the mining industry. He served as President and Chief Executive Officer of Rio Algom Limited from 1997 to 2001. Prior to joining Rio Algom, Mr. James spent 18 years working for Santa Fe Pacific Gold Corporation, where he held various positions of increasing responsibility before being appointed Chairman, President and Chief Executive Officer in 1995. Mr. James holds a M.A. in Management from the University of New Mexico and a B.Sc. in Mining Engineering from the Colorado School of Mines. He currently serves on the boards of Stillwater Mining Company, Dynatec Corporation and Constellation Copper Company.

Mr. James is a member of the Audit Committee, the Safety, Health and Environmental Committee and Chair of the Nominating and Corporate Governance Committee.

Terry V. Rogers, 60
Saskatoon, Saskatchewan, Canada
Director Since: February 1, 2003
Common Shareholdings: 9,000
Market value of shareholdings at
March 27, 2007: $95,400
Non-Independent

Terry V. Rogers, Director, has more than 30 years experience in coal, gold, lignite and uranium mining operations. He served as Senior Vice-President and Chief Operating Officer of Cameco from 2003 until January 2007 and he currently serves as a Senior Vice-President of Cameco, overseeing the remediation of the Cigar Lake Mine. Prior to being appointed Senior Vice President and Chief Operating Officer of Cameco in 2003, he served as president of KOC 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 include 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 is a member of the Safety, Health and Environmental Committee.

Josef Spross, 72
Saskatoon, Saskatchewan, Canada
Director Since: April 30, 2004
Common Shareholdings: 0
DSUs: 18,727.267
Market value of shareholdings and
DSUs at March 27, 2007: $198,509
Independent

Josef Spross, Director, has extensive experience in mining and has played an important role in the development and operation of Cameco's uranium and gold properties. After managing the Key Lake Operation for 15 years, he was appointed Vice President of Uranium Mining in 1993. In 1995, he was appointed Vice President of Mining and in May 1996, Mr. Spross assumed the position of Executive Vice President of KOC in the Kyrgyz Republic and managed the successful transition of the project from development to production. After his return to Canada in April 1997, he was appointed as Cameco's Senior Vice-President and Chief Operating Officer. Mr. Spross received a Master's degree in Mine Engineering from Clausthal-Zellerfeld University in Germany and completed a three-year post graduate studies program with the Ministry for Mining and Administration where he graduated as "Bergassessor". At the end of 1999, Mr. Spross retired and assumed the position of President and Past President of the Saskatchewan Mining Association in February 2000 (a four-year term).

Mr. Spross is a member of the Human Resources and Compensation Committee, the Reserves Committee and Chair of the Safety, Health and Environmental Committee.

Anthony J. Webb, 60
Victoria, British Columbia, Canada
Director Since: April 30, 2004
Common Shareholdings: 0
DSUs: 21,201.551
Market value of shareholdings and
DSUs at March 27, 2007: $224,736
Independent

Anthony J. Webb, Director, has over 30 years of diverse experience in the mineral sector including, most recently, business development, strategic planning and minerals marketing. He served as Vice President, Corporate Development of Cameco from 1997 until his retirement in 2003. He originally joined the predecessor company to Cameco in 1982 and held positions of increasing responsibility including Assistant to the Chairman and CEO and Director, Corporate Development. Mr. Webb received a Bachelor of Science degree in 1968 and a Master of Science degree in 1970, both from McGill University. He received a Master of Business Administration degree from the University of Western Ontario in 1974.

Mr. Webb is Chair of the Human Resources and Compensation Committee and a member of the Nominating and Corporate Governance Committee.

To the best of the Corporation's knowledge, having made due inquiry, no director or executive officer of the Corporation is or has been in the last 10 years a director or officer of any company that, while that person was acting in that capacity: (a) was the subject of a cease trade or similar order, or an order that denied the company access to any exemptions under Canadian securities legislation for more than 30 consecutive days; (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation for more than 30 consecutive days; (c) 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 his or her assets; or (d) within a year of ceasing to act as a director or officer, become bankrupt or made a bankruptcy or insolvency related proposal or been subject to or instituted proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Committee Members

Audit Committee

Ian G. Austin (Chair)
John S. Auston
Patrick M. James

Nominating and Corporate Governance Committee

Patrick M. James (Chair)
Ian G. Austin
Gerald W. Grandey
Anthony J. Webb

Human Resources and Compensation Committee

Anthony J. Webb (Chair)
Ian G. Austin
Josef Spross

Safety, Health and Environmental Committee

Josef Spross (Chair)
Almazbek S. Djakypov
Patrick M. James
Terry V. Rogers

Reserves Committee

John S. Auston (Chair)
Almazbek S. Djakypov
Josef Spross

Appointment of Auditors

The management representatives designated in the enclosed form of proxy intend to vote **FOR** the reappointment of KPMG LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders. KPMG LLP was appointed auditors of the Corporation on May 10, 2006. The resolution to reappoint KPMG LLP as auditors of the Corporation must be passed by at least 50% of the votes cast by the holders of Shares present in person or represented by proxy at the meeting. Information regarding fees paid to KPMG LLP in each of the last two financial years can be found in the Corporation's annual information form for the financial year ended December 31, 2006 (the "AIF"), which is available on SEDAR at www.sedar.com.

Fees paid to KPMG LLP for the years ended December 31, 2006 and 2005 were as follows:

	2006	**2005**
Audit Fees	US$ 347,500	US$ 377,500
Audit Related Fees	—	—
Tax Fees	—	US$ 14,000
All Other Fees	—	—
Total	US$ 347,500	US$ 391,500

Amendment to the Share Option and Share Appreciation Rights Plan

The board has approved amendments to Centerra's Share Option and Share Appreciation Rights Plan (the "Option Plan"), subject to shareholder approval, to (i) implement detailed amendment provisions, setting out the types of amendments to the Option Plan that will require shareholder approval and those that will not require shareholder approval, and (ii) provide for the automatic extension of options which would expire during a blackout period to 10 business days following the end of the blackout period. The amendments are described in detail below. For additional information about the Option Plan, see "Report on Compensation of Executive Officers – Share Option and Share Appreciation Rights Plan".

Amendment Providing Specific Amendment Provisions

Currently, the board, upon the advice of the Human Resources and Compensation Committee and subject to any regulatory approval, has the power under the Option Plan to amend, suspend or terminate the Option Plan at any time without shareholder approval, provided, however, that any such amendment, suspension or termination shall not decrease the entitlements of a participant which have accrued prior to the date of the amendment, suspension or termination.

Amendments to the Toronto Stock Exchange (the "TSX") Company Manual effective January 1, 2005 required companies to implement amendment provisions which specify amendments that can be made to their security based compensation arrangements without shareholder approval. In TSX Staff Notice 2004-0002, published in 2004, the TSX provided administrative relief which permitted plans with a general amendment provision, like the Option Plan, to make housekeeping and certain other amendments without shareholder approval. In TSX Staff Notice 2006-0001, published on June 6, 2006, the TSX withdrew the administrative relief and advised companies that effective June 30, 2007, companies which did not have detailed amendment provisions in their security based compensation arrangements could only make amendments to their security based compensation arrangements, including "housekeeping" amendments, with shareholder approval.

In response to this change in TSX position, on March 6, 2007, the board approved an amendment to the Option Plan, subject to shareholder approval, to provide that the board or the Committee may make any amendments to the Option Plan, or to options granted thereunder, except the following amendments which require shareholder approval:

(i) 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;

(ii) amendments that increase the length of the period after a blackout period during which options or any rights pursuant thereto may be exercised;

(iii) 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 the Corporation affecting Shares;

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

(v) 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;

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

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

The board considers that the proposed amendment will allow matters of an administrative or technical nature to be dealt with in a timely and expeditious manner, while requiring shareholder approval for amendments that substantially alter the terms of the Option Plan and options granted pursuant to the Option Plan.

Amendment Providing For an Automatic Ten-Day Extension

Currently, options granted pursuant to the Option Plan usually have a term of eight years and vest at the rate of one-third per year or one-fifth per year (depending on when the options were granted), commencing on the anniversary of the date of grant. Prior to the expiry of an option at the end of the term, an optionholder generally may exercise an option at any time after the option vests, except during a blackout period or when the optionholder has material undisclosed information.

Effective January 1, 2005, subsection 613(h)(iii) of the TSX Company Manual was amended to require shareholder approval on a disinterested basis in order to extend the term of options benefiting insiders. TSX Staff Notice 2006-0001 recognizes that many listed issuers have self-imposed blackout periods, which the TSX recognizes are an example of good governance. The TSX stated that subsection 613(h)(iii) was not intended to penalize positive corporate behaviour. Accordingly, TSX Staff Notice 2006-0002 provides that the expiry date of an option which expires during a blackout period may be extended to a date shortly after the end of the blackout period. Accordingly, on March 6, 2007, the board approved an amendment to the Option Plan, subject to shareholder approval, to provide for an automatic extension to 10 business days following the end of a blackout period for the term of options that would otherwise expire during a blackout period.

Recommendation

The board of directors of the Corporation recommends that shareholders of the Corporation vote for the resolution approving the above-described amendments to the Option Plan. Shares represented by proxies in favour of management will be voted in favour of the amendment, unless a shareholder has specified in his or her proxy that his or her Shares are to be voted against the approval of the amendment.

Shareholder Approval

The rules of the TSX require that the above-described amendments to the Option Plan be approved by an ordinary resolution passed by a majority of the votes cast by holders of Shares of the Corporation present or represented by proxy at the meeting. Shareholders will be asked at the meeting to pass the resolution set forth in Appendix A. To be effective, the resolution must be passed by a majority of the votes cast thereon in person or by proxy by the shareholders at the meeting. The persons designated in the enclosed form of proxy, unless instructed otherwise, intend to vote **FOR** that resolution.

MEETING ATTENDANCE

All directors are expected to attend board and relevant committee meetings and the annual meeting of shareholders, except where the failure to attend is due to unavoidable circumstances.

Between January 1, 2006 and December 31, 2006, the number of board and committee meetings held were as follows:

Summary of Attendance of Directors

Director	Board Meetings Attended	Committee Meetings Attended
Ian G. Austin	13 of 16	17 of 20
John S. Auston	12 of 16	16 of 16
Almazbek S. Djakypov	7 of 16	5 of 7
Gerald W. Grandey	13 of 16	3 of 3
Leonard A. Homeniuk	16 of 16	0 of 0
Patrick M. James	16 of 16	23 of 24
Terry V. Rogers	16 of 16	4 of 4
Josef Spross	15 of 16	22 of 22
Anthony J. Webb	14 of 16	9 of 9

REPORT ON COMPENSATION OF EXECUTIVE OFFICERS

The following independent directors served as members of the Human Resources and Compensation Committee (the "Committee") of Centerra during the fiscal year ended December 31, 2006.

Anthony J. Webb (Chair)
Ian G. Austin
Josef Spross

None of the members of the Committee is an officer or employee of the Corporation or any of its affiliates or is eligible to participate in the Corporation's executive compensation program.

Centerra's executive compensation program is comprised of the following components:

- base salary,
- annual incentive,
- a performance share unit plan, and
- a share option and share appreciation rights plan.

Centerra does not have an executive pension plan.

Centerra's compensation program reflects market practice and is designed to provide compensation levels consistent with compensation levels and practices at peer group companies in the mining industry. Together, the objectives of Centerra's compensation program are to:

- Attract, retain and motivate senior executives operating in a highly demanding and competitive business environment.
- Link executive compensation to corporate performance and the creation of shareholder value.
- Reward successful achievement of corporate and individual performance objectives.

Centerra's policy is to provide total executive compensation that is competitive with the median to 3rd quartile of marketplace compensation levels of equivalent positions in North American-based gold mining companies that operate internationally when performance meets individual and company targets, and at the 3rd quartile or better of marketplace levels when individual and company performance significantly exceeds pre-established targets. As a result, compared to its peer group, Centerra executive compensation has a greater portion of total compensation weighted to variable pay. Therefore, a significant portion of the executive's compensation is comprised of variable rather than fixed costs and is dependent on performance.

Committee's Annual Review Process

The Committee annually reviews the recommendations of the Chief Executive Officer respecting individual performance ratings, salary levels and executive annual incentive awards for Centerra's executive officers, and respecting all PSUs and stock options awards, and makes recommendations to the board.

The Committee does a formal assessment of the Chief Executive Officer's performance and makes recommendations to the board for final approval of the Chief Executive Officer's performance rating, salary level, annual incentive to be awarded, and PSUs and share option grants.

Base Salary

Centerra uses a variety of compensation surveys conducted by independent, external compensation consulting firms in order to compare amounts paid to its executives with amounts paid to executives in similar positions at other companies in the gold mining industry. The surveys used include The Hay Group Global Mining Compensation Report, the PWC/Coopers Consulting Canadian Mining Survey and the McDermott Mining Survey. These surveys are supplemented with publicly available compensation information, such as information in public issuers' management information circulars describing amounts paid to such issuers' named executive officers. The amounts paid by Centerra to various consulting firms to conduct such surveys and for additional related consulting services is set out in the following chart.

External Consultants for Various Compensation Issues	Amount Paid in 2006 ($)
The Hay Group	21,751
Mercer	7,083
Ernst & Young	7,883
PWC/Coopers Consulting	3,074
Strategic Human Resources/McDermott	4,590 (US)

Adjustments to base salaries are determined by the performance level of the executive officer, market competitiveness and company performance. In determining individual performance, the Committee considers results accomplished by the executive officer as compared to specific performance goals established at the beginning of the year.

Annual Incentive Plan

Centerra's annual incentive plan provides annual cash incentives based on the achievement of individual and corporate targets. Employees designated by the Committee are eligible to participate in the plan. Individual performance factors and the weight given to each factor are determined for the President and Chief Executive Officer by the Committee, and for all other participants by the President and Chief Executive Officer, subject to confirmation by the Committee. Corporate performance factors are determined by the Committee in consultation with the President and Chief Executive Officer. Individual performance and corporate performance are given equal weighting in determining incentive payments. Corporate performance is based equally on the following financial and operational targets:

- safety (using a recordable index, which includes lost-time and medical recordables of Centerra employees and long-term contractors. Medical recordables are incidents which require medical treatment but did not result in any lost-time from work);
- environmental (incidents and reportables, based on the severity of the incident);
- total cash cost per ounce (note that in order to have a performance measure that is more reflective of factors employees can directly control and influence, some costs are excluded from the annual incentive plan total cash cost calculation and, therefore, the total cash cost per ounce determined for this purpose will be different than the total cash cost reported in Centerra's financial statements);
- ounces produced; and
- the change in the Corporation's net asset value from year-to-year.

Centerra has adopted a mission statement and a set of guiding principles which commit it to being a leading performer among its peers and to operating at international standards. This includes a commitment to the environment and to safety. Consequently, these aspects of its activities are included as key corporate performance measures.

For 2006, the safety performance measure was based on accident frequency using the Lost-Time Accident Frequency Index ("LTAF") and medical recordables (together, "RFI"). The LTAF allows Centerra to measure its performance against international industry best practices. (The LTAF is the number of accidents resulting in days lost from work per 200,000 hours worked, while the RFI is the LTAF plus the number of medical recordables per 200,000 hours worked.) In both 2006 and 2005, Centerra's

LTAF was 0.21. The safety performance of Centerra's operations resulted in an LTAF that is better than the average for the mining industries in Ontario and Saskatchewan. For 2006, Centerra's target RFI was 0.9 and the actual result was 0.79.

In 2006, Centerra's environmental performance continued to be very good. Environmental performance is measured by Centerra's success in preventing spills that affect the environment. Centerra had four minor environmental incidents in 2006, none of which had any environmental impact.

In 2006, Centerra did not meet its target cost per ounce. For the first half of 2006 total cash costs per ounce were $26.59 higher than target and production was 3,038 ounces below target. For the remainder of the year, total cash cost per ounce increased significantly reflecting the pit wall ground movement at the Kumtor mine, reduced recovery at the Boroo mine and significant price increases within the mining industry for consumables (especially fuel). Total cash cost per ounce and production targets for Centerra were revised for the second half of 2006 to reflect the change in Kumtor's mine plan resulting from the pit wall failure. By year end, production was slightly ahead of the revised target by 4,323 ounces, with the Kumtor mine falling short of its revised target by 6,418 ounces and the Boroo mine exceeding its target by 10,741 ounces. The significant reduction in the Corporation's net asset value was attributable to increased costs at the Kumtor mine, increased stripping ratios, a reduction in metallurgical recovery at the Boroo mine and increased costs due to royalties and taxes.

Centerra's 2006 corporate performance regarding cost per ounce, ounces produced and change in the Corporation's net asset value is set out in the following table. Certain of these measurements were adjusted during the year to reflect the July 2006 pit wall ground movement at the Kumtor mine. The original and revised targets are shown.

2006 CORPORATE PERFORMANCE MEASURES

	Annual Incentive Plan Total Cash Cost per Ounce		**Production (total ounces)**		**Year-end Net Asset Value/Prior Year's Net Asset Value**
	Original Target	**Revised Target**	**Original Target**	**Revised Target**	
Target	$311.08	$401.92	722,061	582,061	110%
Actual Results	$405.15		586,384		74.4%

Overall, Centerra's corporate performance for the purpose of determining employee cash incentive awards was below the target factor of 1.0, with Centerra as a whole achieving a performance rating of 0.825, the Kumtor mine a rating of 0.783 and the Boroo mine a rating of 0.987. Since one of the factors determining executive incentive payments is corporate performance, the lower than target performance resulted in lower incentive payments.

Performance Share Unit Plan

Centerra's performance share unit plan is a mid-term incentive plan that permits Centerra to grant PSUs to its employees and executive officers. The purpose of the performance share unit plan is to link executive and non-executive performance with Centerra's performance in increasing shareholder value that exceeds that of other gold companies over a mid-term period of three years. The number of performance share units ("PSUs") awarded is based on a target percentage of the participant's base salary and Centerra's closing Share price on the first trading day of the year following the year in respect of the year that the PSUs are granted. The target percentage varies depending upon the participant's level of responsibility.

PSUs represent the right to receive the cash equivalent of a Share or, at Centerra's election, a Share purchased on the market, on a deferred basis. Each PSU vests three years from December 31 of the calendar year in respect of which the PSU is granted, or such earlier date as determined by the Committee. The first PSUs were issued June 30, 2004, the date of the Corporation's initial public offering and vested December 31, 2006. Payment was made in January 2007. PSUs were awarded to executive officers on January 4, 2005 and January 3, 2006. The vesting for the 2005 awards is December 31, 2007 and the 2006 awards vest December 31, 2008.

At vesting, the number of PSUs which are redeemed may be higher or lower than the number of PSUs initially credited to a participant. The table below sets out the formula for determining the number of PSUs which will vest based on Centerra's total return performance relative to the S&P/TSX Global Gold Index Total Return Investment Value (the "TRIV") during the applicable period. The number of PSUs that vest is determined by multiplying the number of PSUs credited to the participant by the adjustment factor. For example, as of December 29, 2006, Centerra's total return performance relative to the TRIV for PSUs issued in 2005 was a factor of 1.28 and for PSUs issued in 2006 was a factor of 1.42. If, at that date, the PSUs were vested, the result would be an adjustment in the number of PSUs for each year of 1.35.

Centerra Total Return Performance vs. TSX Gold Capped Index TRIV	Adjustment Factor (PSUs that have been granted are adjusted by this factor)
≥1.50	1.50
>1.25	1.35
>1.10	1.20
>1.00	1.05
>0.95	0.90
>0.90	0.75
>0.85	0.60
>0.75	0.45
under 0.75	Payout subject to board discretion

If dividends are paid on Centerra's Shares, additional PSUs will be 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 fair market value of Shares on the date credited. Centerra currently does not pay dividends.

In the event of a change of control, the plan provides that the surviving, successor or acquiring entity shall assume any outstanding PSUs or substitute similar performance share units for the outstanding PSUs. If, however, the plan is terminated in that circumstance, all outstanding PSUs will become fully vested and immediately payable within 30 days, based on the performance criteria set out above and the fair market value of the Shares, as of the date of 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 of the change of control, all PSUs or substituted similar performance share units then held by the participant will become fully vested and immediately payable within 30 days, based on the performance criteria set out above, as of the date of the participant's termination of employment.

The plan is administered by the Committee and PSUs are awarded at the board's discretion.

Share Ownership Requirements

All executives are required to hold an amount of Shares equivalent to a specified percentage of base salary (100% of base salary for the Chief Executive Officer and 50% of base salary for other executives). There is a five-year time period during which executives may meet this requirement. The Option Plan allows executive employees and officers, through options, to acquire an ownership interest in Centerra. The Committee designates the recipients of options and the terms and conditions of each grant. Options are granted at prices no lower than the weighted average trading price of the Shares for the five trading days prior to the date of the grant. The number of options awarded is based on a target percentage of the base salary. The target percentage varies depending upon the executive's level of responsibility. Currently, of the named executives, Leonard A. Homeniuk and David M. Petroff own Shares and have met the ownership requirement. Other named executives still have a number of years to meet the requirements.

Share Option and Share Appreciation Rights Plan

The purpose of Centerra's share option and share appreciation rights plan (the "Option Plan") is to link executive performance with successful, sustained long-term company performance that adds shareholder value.

Under the Option Plan, options may be granted with a related share appreciation right. In these circumstances, the holder may 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. Options granted in 2005 and 2006 did not have a share appreciation right attached to them.

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 and are subject to a vesting schedule whereby options granted: (i) on or prior to December 7, 2005 will become vested as to one-fifth on the first anniversary of the grant and one-fifth on each of the four subsequent anniversaries of the grant, and (ii) after December 7, 2005 will become vested as to one-third on the first anniversary of the grant and one-third on each of the two subsequent anniversaries of the grant.

A maximum of 18,000,000 Shares (adjusted for the June 1, 2006 three-for-one stock split) have been made available for issuance upon exercise of options granted under the Option Plan, representing 8.32% of the Corporation's currently outstanding Shares. To date, no Shares in respect of vested options have been issued under the Option Plan. The maximum number of Shares that may be issued to any individual or any insider of the Corporation under the Option Plan within a 12- month period cannot exceed 5%, or 10,811,940, of the outstanding Shares. The following table summarizes aggregated information regarding the Corporation's outstanding options under the Option Plan.

Number of Shares to be Issued Upon Exercise of Outstanding Options (adjusted for June 1, 2006 stock split)	Weighted-Average Exercise Price of Outstanding Options	Number of Options Remaining Available for Issuance
879,321	$8.07	17,120,679

The Committee may amend, suspend or terminate the Option Plan at any time, subject to any required regulatory or shareholder approval. No amendment, suspension or termination may materially adversely affect any options or rights granted to a participant without the participant's consent. If the Option Plan is terminated, its provisions will continue as long as options or rights remain outstanding. With the consent of the participant, the Committee may amend or modify any outstanding option to the extent it would have had authority to initially grant the option as so modified.

The board of directors has approved certain amendments to the Option Plan, subject to shareholder approval. See "Business to be Transacted at the Meeting – Amendment to the Share Option and Share Appreciation Rights Plan".

If a participant of 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. Options not vested in that time will expire. If a participant ceases to be eligible, under the Option Plan, for any other reason, except due to a change in control, 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 the date such option would have become exercisable had the participant continued to be eligible under the Option Plan and ending 90 days thereafter, after which time all unexercised options 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 after the change in control following which unexercised options will expire.

Target Compensation

Based on the various components of the executive compensation program described above, using the base salary in effect as of April 1, 2006, the total target cash compensation designed for Centerra's executive officers for 2006 is shown in the following table. An adjustment to base salaries is planned for April 1, 2007. Since the value of share options to an executive is based on the future increase in Share price above the issue price, a value has not been included. All amounts shown are calculated on an annual basis.

Name and Principal Position	Current Annual Base Salary (effective April 1, 2006 or 2006 start date to March 31, 2007) ($)	Total Other Compen-sation ($)	Total Non Incentive Compen-sation ($)	Performance Based Incentive Compensation			Total Performance Based Compen-sation ($)	Total Compen-sation ($ at target)	Performance Based Compen-sation (as % of total compen-sation)
				Annual Incentive ($ at target)	Value of PSUs ($ at target)	Value of options ($ at target)			
Leonard A. Homeniuk, President and Chief Executive Officer	505,250	47,051	552,301	252,625	631,563	631,563	1,515,750	2,068,051	73.29%
David M. Petroff, Executive Vice-President and Chief Financial Officer	363,113	29,788	392,901	145,245	290,490	290,490	726,226	1,119,127	64.89%
George R. Burns, Vice-President and Chief Operating Officer	336,800	26,437	363,237	134,720	269,440	269,440	673,600	1,036,837	64.97%
Ian Atkinson, Vice-President, Exploration	261,875	27,225	289,100	78,563	130,938	130,938	340,438	629,537	54.08%
Frank H. Herbert, General Counsel and Corporate Secretary	221,025	27,620	248,645	66,308	110,513	110,513	287,333	535,978	53.61%

2006 Corporate Performance and Chief Executive Officer Compensation

The Committee annually reviews the performance and the salary of the Chief Executive Officer against targeted compensation as described above and makes its recommendations to the board. The review is the basis upon which the Chief Executive Officer's compensation is determined.

In terms of corporate performance, Centerra, under the leadership of its Chief Executive Officer, had a modest financial performance during 2006 and made continued progress towards becoming a leading international gold mining company. In 2006, Centerra increased reserves at its Kumtor mine and achieved safety and environmental targets, while aggressively developing revised production strategies to minimize production shortfall at Kumtor due to the pit wall failure and addressing significant union issues at the Kumtor mine, as well as political issues in the Kyrgyz Republic and Mongolia. Centerra also achieved very good shareholder return and made good progress towards achieving its strategic objectives.

Cash provided by operations continued to be strong in 2006, at a level of $80.4 million compared to $83 million in 2005. All operations maintained an excellent overall safety and environmental record, though unfortunately Kumtor did incur one fatality. The Boroo mine achieved 2 million hours worked without a lost-time accident. Total production was 586,384 ounces, down from 787,000 ounces the previous year, reflecting the pit wall movement at the Kumtor mine, lower grades, increased stripping rates and lower metallurgical recovery. Though production at the Kumtor mine during the first half of 2006 was slightly below target, Kumtor performed in line with the revised mine plan established to maximize recovery from the pit wall movement. Shortfall in production at Kumtor in the last half of 2006 is attributed to the five-day illegal strike in December. The Boroo mine maintained production well above design capacity levels and exceeded production targets for the year. Overall, the Corporation exceeded its revised gold production forecast by 2%. Total cash costs were $386 per ounce in 2006 compared to $241 in 2005. This increase reflects lower production due to the Kumtor pit wall movement, lower recovery at the Boroo mine and increased operating costs for consumables, as well as costs incurred due to legislative changes in the Kyrgyz Republic that are now subject to international arbitration. The Corporation replaced the production of gold mined in 2006. In addition, 1.8 million ounces of high-grade inferred resources at depth in the SB Zone at the Kumtor mine and 296,000 ounces of reserves at the Sarytor property were identified.

Approval for the heap leach project at the Boroo mine, the underground exploration and development program at the Kumtor mine and a commitment of capital expenditures positions Centerra for strong growth in 2007, increased production of approximately 20% and slightly reduced total cash costs.

Two key business objectives for 2006 were ensuring the Corporation was compliant with the requirements of the *Sarbanes-Oxley Act* (United States) ("SOX compliant") without any significant deficiency or material weakness in disclosure controls and internal controls and implementing an information management system, the Mincom Ellipse Enterprise Resource Program ("ERP"), at Centerra's head office. Both of these initiatives were successfully completed. With respect to SOX, management testing and external independent auditing of design and operational effectiveness confirmed no significant deficiencies and no material weakness. The ERP at Centerra's head office was successfully implemented in 2006 and extensive work was done at Boroo in preparing for going live with Ellipse in April 2007.

On January 3, 2006, Centerra's Share price was $9.75 (adjusted for the June 1, 2006 stock split) and closed the year at $13.20, a 35.4% increase. This performance significantly exceeded the benchmark TRIV, which increased 23.6% during the same period.

Centerra remains a leader in employing nationals. Its operations in the Kyrgyz Republic and Mongolia employ training and recruitment practices which have resulted in more than 90% of the work force being national employees. In 2006, Centerra continued to make good progress on its strategy to reduce the number of expatriates employed, with a 15% reduction at Kumtor. In many instances domestic employees moved into these positions.

In light of Centerra's exceptional total return performance relative to the TRIV, the achievement of pre-established individual and corporate performance targets and the progress made toward achieving strategic objectives, annual incentives, PSUs and stock options were awarded to the Chief Executive Officer and other senior executives of Centerra. The total actual cash compensation paid to the named executive officers in 2006, as a percentage of Centerra's 2006 net earnings, was 6.5%.

The Chief Executive Officer's total compensation for 2006 was $1,385,986, comprised of: (a) base salary of $496,437; (b) an annual incentive payment of $260,520; (c) the receipt of PSUs with a value of $587,486 at the date of grant; and (d) perquisites and personal benefits in the amount of $41,543. In light of the Corporation's performance in 2006 and the Chief Executive Officer's role in connection therewith, the Committee believes this is an appropriate amount. The Chief Executive Officer also received 102,414 options in 2006. As of December 31, 2006, the "in the money" value of these options is $43,014.

The tables and related narrative below present information about the compensation of the Corporation's "Named Executive Officers" (determined in accordance with applicable rules).

SUMMARY COMPENSATION TABLE(1)

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Awards		All Other Compensation ($)
		Salary ($)	Annual Incentive ($)(2)	Other Annual Compensation ($)(3)	Securities Under Options/SARs Granted (#)	Shares or Units Subject to Resale Restrictions ($)(4)	
Leonard A. Homeniuk, President and Chief Executive Officer(5)	2006	496,437	260,520	47,051	102,414	587,486	—
	2005	446,667	509,253	—	110,428	400,010	—
	2004	369,665	311,654	—	143,370	3,131,821(6)	—
David M. Petroff, Executive Vice-President and Chief Financial Officer(7)	2006	358,585	155,775	79,788	48,114	276,003	—
	2005	338,333	240,327	—	67,292	243,759	—
	2004	319,667	221,741	—	87,366	243,753	—
George R. Burns, Vice-President and Chief Operating Officer(8)	2006	332,600	144,487	26,437	44,625	255,996	—
	2005	305,000	222,912	—	47,451	171,870	—
	2004	258,867	165,729	—	61,605	171,879	—
Ian Atkinson, Vice-President, Exploration(9)	2006	258,906	74,536	49,047	21,789	125,015	—
	2005	52,084	30,234	—	—	89,880	—
	2004	—	—	—	—	—	—
Frank H. Herbert, General Counsel and Corporate Secretary(10)	2006	218,269	70,568	27,620	18,303	105,008	—
	2005	210,000	138,465	—	21,741	78,753	—
	2004	25,038	10,344	—	—	—	—

(1) All amounts shown have been adjusted to take into account the three-for-one stock split on June 1, 2006. All dollar amounts are expressed in Canadian dollars.

(2) Amounts shown were earned in relation to the financial year indicated and paid in the subsequent year.

(3) For 2004 and 2005, perquisites and other personal benefits, securities or property did not exceed $50,000 or 10 per cent of the total of the annual salary and annual incentive for any of the named executive officers and, as a result, are not included in the amounts shown. For 2006, the amount of perquisites and other personal benefits is shown, even if the amount is below the required reporting levels. The amounts in this column represent expenses for leased car or car allowance and car operating expenses, financial planning in lieu of a pension plan, club memberships and taxable benefits related to group benefit plans. For Mr. Homeniuk, it also includes the imputed interest benefits computed in accordance with the *Income Tax Act* for a company housing loan in the amount of $250,000, repayable on June 17, 2010. For Mr. Petroff, it includes a one-time $50,000 payment related to relocation expenses resulting from his transfer from Cameco to Centerra. For Mr. Atkinson, it includes a one time relocation allowance related to his relocation upon joining Centerra.

(4) Dollar amounts are calculated based on numbers of PSUs granted multiplied by the Share price on the date of grant. The number of PSUs issued by year, the accumulated number of PSUs held by the named executives and the value of the accumulated PSUs, as of December 31, 2006, is shown in the table below. At vesting, the number of PSUs which are redeemed may be higher or lower than the number of PSUs initially awarded to the named executives based on Centerra's total return performance relative to the S&P/TSX Global Gold TRIV Index. For information on the performance share unit plan, including details regarding dividends and vesting, please refer to "– Performance Share Unit Plan".

(5) Mr. Homeniuk was under contract with Centerra beginning May 1, 2004, before which he worked for Cameco Gold. In 2004, he received in the aggregate compensation of $369,664.64 from Cameco Gold and Centerra, $102,984.64 of which was paid by Cameco Gold. For more information on Mr. Homeniuk's current compensation arrangements, please see a description of his employment contract under "Employment Agreements – Leonard A. Homeniuk". Mr. Homeniuk also received 528,741 Shares of Centerra from Cameco Gold at the closing of Centerra's initial public offering. This value is reported in the column entitled "Shares or Units Subject to Resale Restrictions".

(6) The amount includes 528,741 Shares of Centerra awarded to Mr. Homeniuk at the closing of Centerra's initial public offering by Cameco Gold based on the offering price of $5.17 per Share. The value of these Shares, based on the closing price of the Shares on December 29, 2006, was $6,979,381. The value of Mr. Homeniuk's PSUs, based on the closing price of the Shares on December 29, 2006, was $1,021,918. The number of units that will vest may be higher or lower than the number of units awarded to Mr. Homeniuk based on Centerra's total return performance relative to the TRIV. For information on the performance share unit plan, please refer to "– Performance Share Unit Plan".

(7) Mr. Petroff was under contract with Centerra beginning May 1, 2004, before which he worked for Cameco. In 2004, he received in the aggregate compensation of $319,666.67 from Cameco and Centerra, $143,625 of which was paid by Cameco. For more information on Mr. Petroff's current compensation arrangements, please see a description of his employment contract under "Employment Agreements – David M. Petroff".

(8) Mr. Burns was under contract with Centerra beginning May 1, 2004, before which he worked for Cameco Gold. In 2004, he received in the aggregate compensation of $258,866.68 from Cameco Gold and Centerra, $75,533.36 of which was paid by Cameco Gold. For more information on Mr. Burns' current compensation arrangements, please see a description of his employment contract under "Employment Agreements – George R. Burns".

(9) Mr. Atkinson joined Centerra on October 11, 2005. Prior to joining Centerra, Mr. Atkinson was employed with Hecla Mining. For more information on Mr. Atkinson's current compensation arrangements, please see a description of his employment contract under "Employment Agreements – Ian Atkinson".

(10) Mr. Herbert joined Centerra on November 22, 2004. Prior to joining Centerra, Mr. Herbert was a partner at the law firm Macleod Dixon LLP. For more information on Mr. Herbert's current compensation arrangements, please see a description of his employment contract under "Employment Agreements – Frank H. Herbert".

Supplemental Compensation Information

In order to provide further information that may be of interest to shareholders and describe in more detail executive compensation based on performance, the following table consolidates information from the Summary Compensation Table set out above and includes additional information on the value of options.

Name and Principal Position	Year	Annualized Salary ($)	Other Compen-sation ($)	Performance based incentive compensation: Annual Incentive ($)	PSUs ($)	Options(1) ($)	Total Performance Based Compen-sation(1) ($)	Total Direct Compen-sation(2) ($)
Leonard A. Homeniuk, President and Chief Executive Officer	2006	496,437	47,051	260,520	587,486	587,521	1,435,527	1,979,015
	2005	446,667	—	509,253	400,010	399,926	1,309,189	1,755,856
	2004	369,665	—	311,654	3,131,821	400,002	3,843,477	4,213,142
David M. Petroff, Executive Vice-President and Chief Financial Officer	2006	358,585	79,788	155,775	276,003	276,017	707,795	1,146,168
	2005	338,333	—	240,327	243,759	243,708	727,794	1,066,127
	2004	319,667	—	221,741	243,753	243,751	709,245	1,028,912
George R. Burns, Vice-President and Chief Operating Officer	2006	332,600	26,437	144,487	255,996	256,001	656,484	1,015,521
	2005	305,000	—	222,912	171,870	171,843	566,625	871,625
	2004	258,867	—	165,729	171,879	171,878	509,486	768,353
Ian Atkinson, Vice-President, Exploration	2006	258,906	49,047	74,536	125,015	124,997	324,548	632,501
	2005	52,084	—	30,234	89,880	—	120,114	172,198
	2004	—	—	—	—	—	—	—
Frank H. Herbert, General Counsel and Corporate Secretary	2006	218,269	27,620	70,568	105,008	104,999	280,575	526,464
	2005	210,000	—	138,465	78,753	78,735	295,953	505,953
	2004	25,038	—	10,344	—	—	10,344	35,382

(1) This item represents the portion of total direct compensation that was granted as options. The grant of options is valued using the Black-Scholes option pricing model. The Hay Group, an independent executive compensation consulting firm, determined Centerra's Black-Scholes values. The value of a option using the Black-Scholes model was $5.74 for 2006, $3.62 for 2005 and $2.79 for 2004. Key assumptions used in the 2006 Black-Scholes valuation were divided yield of 0%, risk-free rate of 4.5%, volatility of 44.61%, a 3-year vesting period and an 8-year exercise life. The approach used 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.

(2) Total direct compensation represents the aggregate of base (annualized) salary, other compensation, annual incentive and performance based equity incentives (PSUs and options).

SUMMARY OF PSUs ISSUED BY YEAR AND AGGREGATE PSUs HELD, AS OF DECEMBER 31, 2006

Name and Principal Position	Year	Number of PSUs Granted (#)	Value as of December 31, 2006 ($)	Accumulated Totals as of December 31, 2006 (#)	($)
Leonard A. Homeniuk, President and Chief Executive Officer	2006	60,255	795,366	194,145	2,562,714
	2005	56,472	745,430		
	2004	77,418	1,021,918		
David M. Petroff, Executive Vice-President and Chief Financial Officer	2006	28,308	373,666	109,899	1,450,667
	2005	34,413	454,252		
	2004	47,178	622,750		
George R. Burns, Vice-President and Chief Operating Officer	2006	26,256	346,579	83,787	1,105,988
	2005	24,264	320,285		
	2004	33,267	439,124		
Ian Atkinson, Vice-President, Exploration	2006	12,822	169,250	23,322	307,850
	2005	10,500	138,600		
	2004	—	—		
Frank H. Herbert, General Counsel and Corporate Secretary	2006	10,770	142,164	21,888	288,922
	2005	11,118	146,758		
	2004	—	—		

OPTION/SAR GRANTS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

Name and Principal Position	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price ($/Security) (adjusted for the stock split on June 1, 2006)	Market Value of Securities Underlying Options on the Date of Grant ($/Security) (adjusted for the stock split on June 1, 2006)	Expiration Date
Leonard A. Homeniuk, President and Chief Executive Officer	102,414	36.7	12.78	12.78	February 7, 2014
David M. Petroff, Executive Vice-President and Chief Financial Officer	48,114	17.3	12.78	12.78	February 7, 2014
George R. Burns, Vice-President and Chief Operating Officer	44,625	16.1	12.78	12.78	February 7, 2014
Ian Atkinson, Vice-President, Exploration	21,789	7.8	12.78	12.78	February 7, 2014
Frank H. Herbert, General Counsel and Corporate Secretary	18,303	6.6	12.78	12.78	February 7, 2014

AGGREGATED OPTION/SAR EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION VALUES

Name and Principal Position	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options/SARs at December 31, 2006 (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options/SARs at December 31, 2006 ($) Exercisable/ Unexercisable
Leonard A. Homeniuk, President and Chief Executive Officer	Nil	Nil	79,434/276,778	604,105/1,308,035
David M. Petroff, Executive Vice-President and Chief Financial Officer	Nil	Nil	48,405/154,368	368,127/791,037
George R. Burns, Vice-President and Chief Operating Officer	Nil	Nil	34,132/119,548	259,578/543,421
Ian Atkinson, Vice-President, Exploration	Nil	Nil	Nil/21,789	Nil/9,224
Frank H. Herbert, General Counsel and Corporate Secretary	Nil	Nil	4,348/35,695	35,695/120,683

Employment Agreements

Leonard A. Homeniuk

Centerra has entered into an employment agreement with Mr. Leonard Homeniuk, the terms of which are substantially as follows. Mr. Homeniuk is Centerra's President and Chief Executive Officer and, effective from April 1, 2007 until March 31, 2008, will be paid a base salary of $543,144 per year. Mr. Homeniuk is also eligible for a target annual incentive of 50% of his salary and a maximum annual incentive of 100% of his salary under Centerra's annual incentive plan. In addition, Mr. Homeniuk participates in Centerra's performance share unit plan. Mr. Homeniuk also participates in the Option Plan.

If Mr. Homeniuk is terminated without just cause, or he resigns for good reason as defined in the employment agreement, he will be entitled to a lump sum payment equal to his base salary and target annual incentive for 36 months, continuance of participation in the benefits plans for that 36-month period and a lump sum payment of a pro rata bonus for the year of termination. In addition, since the termination period is 36 months and the vesting of the term for PSUs is 36 months, all PSUs vest immediately and any options that would have vested in that 36-month period vest immediately.

In the event that Mr. Homeniuk's employment is terminated without just cause, or he resigns for good reason, within 24 months following a change of control, Mr. Homeniuk is entitled to immediate payment of all issued PSUs based on actual performance at the date of the change of control or the date of termination of employment, whichever is higher, and to accelerated vesting of all options at the date of termination of employment or to a lump sum payment in respect of options which cannot vest or become exercisable. Immediate payment of all PSUs and vesting of options is in addition to the lump sum payment equal to Mr. Homeniuk's salary and target annual incentive for 36 months, continuance of participation in the benefits plan for that 36-month period and a lump sum payment of a pro rata bonus for the year of termination that Mr. Homeniuk is entitled to receive on a termination without just cause or resignation for good reason. Mr. Homeniuk is required to hold an amount of Shares equivalent in value to two times his base salary, to be achieved within a five-year period. No pension plan is provided to Mr. Homeniuk.

In consideration for the efforts and contribution made by Mr. Homeniuk in relation to the Kumtor restructuring in June 2004, and in consideration for his past service provided to Cameco and Cameco Gold, Cameco Gold transferred to Mr. Homeniuk 528,741 Shares (adjusted for the stock split on June 1, 2006). Cameco Gold also made a payment to Mr. Homeniuk to offset 50% of the taxes payable by him in connection with his receipt of these Shares.

David M. Petroff

Centerra has entered into an employment agreement with Mr. David Petroff, the terms of which are substantially as follows. Mr. Petroff is Centerra's Executive Vice-President and Chief Financial Officer and, effective from April 1, 2007 until March 31, 2008, will be paid a base salary of $392,162 per year. Mr. Petroff is also eligible for a target annual incentive of 40% of his salary and a maximum annual incentive of 80% of his salary under Centerra's annual incentive plan. In addition, Mr. Petroff participates in Centerra's performance share unit plan. Mr. Petroff also participates in the Option Plan. Mr. Petroff's termination arrangements are the same as those that apply to Mr. Homeniuk. Mr. Petroff is required to hold an amount of Shares equivalent in value to 50% of his base salary, to be achieved within a five-year period. No pension plan is provided to Mr. Petroff.

George R. Burns

Centerra has entered into an employment agreement with Mr. George Burns, the terms of which are substantially as follows. Mr. Burns is Centerra's Vice-President and Chief Operating Officer and, effective from April 1, 2007 until March 31, 2008, will be paid a base salary of $371,684 per year. Mr. Burns is also eligible for a target annual incentive of 40% of his salary and a maximum annual incentive of 80% of his salary under Centerra's annual incentive plan. In addition, Mr. Burns is eligible to participate in Centerra's performance share unit plan. Mr. Burns also participates in the Option Plan.

If Mr. Burns is terminated without just cause, or he resigns for good reason as defined in the employment agreement, he will be entitled to a lump sum payment equal to his base salary and target annual incentive for 24 months, continuance of participation in the benefits plans for that 24-month period and a lump sum payment of a pro rata bonus for the year of termination. In addition, PSUs which have been previously awarded will be paid on a pro rata basis determined by calculating the number of months from the date of issue of the PSU to the end of the 24-month termination period, divided by 36 months. Only options that would have vested in that 24-month period will vest immediately.

In the event that Mr. Burns' employment is terminated without just cause, or he resigns for good reason, within 24 months following a change of control, Mr. Burns is entitled to immediate payment of all issued PSUs based on actual performance at the date of the change of control or the date of termination of employment, whichever is higher, and to accelerated vesting of all options at the date of termination of employment or to a lump sum payment in respect of options which cannot vest or become exercisable. Immediate payment of all PSUs and vesting of options is in addition to the lump sum payment equal to Mr. Burns' base salary and target annual incentive for 24 months, continuance of participation in the benefits plan for that 24-month period and a lump sum payment of a pro rata bonus for the year of termination that Mr. Burns is entitled to receive on a termination without just cause or resignation for good reason other than within 24 months following a change of control. Mr. Burns is required to hold an amount of Shares equivalent in value to 50% of his base salary, to be achieved within a five-year period. No pension plan is provided to Mr. Burns.

Ian Atkinson

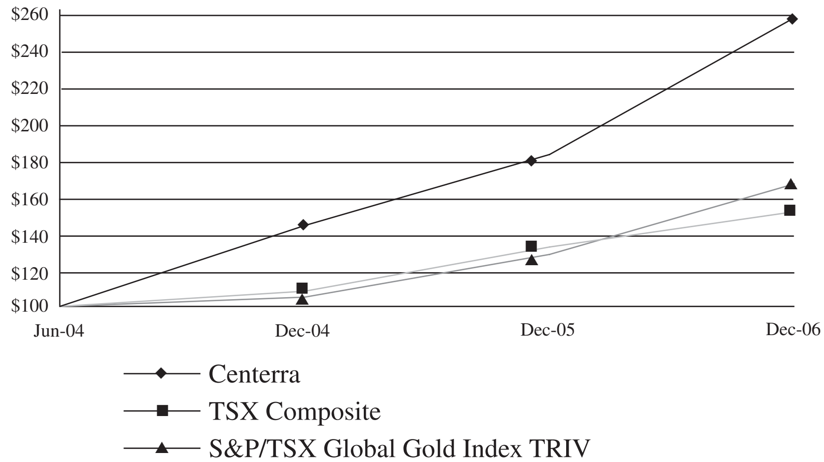
Centerra has entered into an employment agreement with Mr. Ian Atkinson, the terms of which are substantially as follows. Mr. Atkinson is Centerra's Vice-President, Exploration and, effective from April 1, 2007 until March 31, 2008, he will be paid a base salary of $278,897 per year. Mr. Atkinson is also eligible for a target annual incentive of 30% of his salary and a maximum annual incentive of 60% of his salary under Centerra's annual incentive plan. In addition, Mr. Atkinson is eligible to participate in Centerra's performance share unit plan. Mr. Atkinson also participates in the Option Plan. Mr. Atkinson's arrangements are the same as those that apply to Mr. Burns. Mr. Atkinson is required to hold an amount of Shares equivalent in value to 50% of his base salary, to be achieved within a five-year period. No pension plan is provided to Mr. Atkinson.

Frank H. Herbert

Centerra has entered into an employment agreement with Mr. Frank Herbert, the terms of which are substantially as follows. Mr. Herbert is Centerra's General Counsel and Corporate Secretary and, effective from April 1, 2007 until March 31, 2008, will be paid a base salary of $247,790 per year. Mr. Herbert is also eligible for a target annual incentive of 30% of his salary and a maximum annual incentive of 60% of his salary under Centerra's annual incentive plan. In addition, Mr. Herbert is eligible to participate in Centerra's performance share unit plan. Mr. Herbert also participates in the Option Plan. Mr. Herbert's termination arrangements are the same as those that apply to Mr. Burns. Mr. Herbert is required to hold an amount of Shares equivalent in value to 50% of his base salary, to be achieved within a five-year period. No pension plan is provided to Mr. Herbert.

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return for $100 invested in Shares from June 30, 2004 to December 31, 2006, with the cumulative total return of the TRIV for the same period. Centerra's Shares were initially offered at a price of $5.17 per share (adjusted for the three-for-one stock split on June 1, 2006). The closing price of Centerra's Shares on the TSX on December 29, 2006 was $13.20 per share.



COMPENSATION OF DIRECTORS

In 2006, the Human Resources and Compensation Committee employed the services of an external executive compensation consulting firm, The Hay Group, to review Centerra's existing director compensation structure to ensure that an appropriate mix and level of compensation that is competitive with equivalent positions in appropriate comparator companies in the North American mining industry is in place. As a result of this review (the fees payable in respect of which are disclosed under "Report on Compensation of Executive Officers – Base Salary"), it was recommended that compensation for directors be increased by making an additional payment in the form of deferred share units equivalent to 75% of the retainer, chair and meeting fees earned annually. The board of directors approved a change in compensation, payable in DSUs, of an additional 40% of the retainer, chair and meeting fees earned as noted below, which was less than the recommended 75%.

Only directors who are not Centerra executives or employees of Cameco are paid for serving as directors of Centerra. Centerra's compensated directors receive a retainer of $45,000 per year. The chair of each committee of the board also receives an additional retainer of $3,000 per year except the chair of the Audit Committee, who receives an additional retainer of $6,000 per year. Directors receive an attendance fee of $1,250 for each board meeting and committee meeting that they attend and $1,750 for each Audit Committee meeting that they attend. Directors who are officers of Cameco, Cameco Gold, Centerra or their subsidiaries do not receive fees for serving as directors. Directors are reimbursed for travel and other out-of-pocket expenses incurred in connection with meetings of the board of directors or any committee of the board and are provided a travel allowance of $1,250 per meeting ($3,750 in the case of Kyrgyzaltyn's nominee). Of the retainer, chair, meeting fees and travel fees earned a minimum of 60% is paid as DSUs and the balance in cash. An additional amount of DSUs equal to 40% of the retainer, chair and meeting fees (travel fees are excluded) is also paid to directors.

Mr. Patrick M. James is the non-executive Chair of the board. Mr. James sits on three committees and chairs one. Mr. James is entitled to an annual retainer in the amount of $125,000, chair fees, meeting fees and travel fees, 60% of which is paid in DSUs and the balance in cash. An additional 40% of the retainer, chair and meeting fees (travel fees are excluded) earned is paid as DSUs. Mr. James is also entitled to the usual fees for attending board and committee meetings. Centerra also provides Mr. James with a club membership.

Compensated Directors	Total Director Remuneration Earned from January 1 to December 31, 2006		
	Paid as Cash ($)	Paid as DSUs ($)	Total ($)
Ian G. Austin	43,600	107,000	150,600
John S. Auston	—	122,658	122,658
Almazbek S. Djakypov	33,500	74,750	108,250
Patrick M. James	78,500	191,250	269,750
Josef Spross	40,700	97,750	138,450
Anthony J. Webb	32,700	78,750	111,450

Directors Deferred Share Unit Plan

Centerra has established a deferred share unit plan to provide for compensated directors to receive a portion of their director's compensation as DSUs. Directors may elect to receive all of their director's compensation as DSUs. Management believes that the implementation of this plan will further align the interest of these directors with those of the shareholders. Directors who are officers of Cameco, Cameco Gold, Centerra or their subsidiaries do not receive DSUs for serving as directors.

While serving as a director, DSUs cannot be paid out. Deferred share units are paid in full to the director no later than December 31 in the calendar year that immediately follows the calendar year following termination of board service. Each DSU vests immediately and represents the right of the director to receive, after termination of board service, at Centerra's option, one Share of Centerra purchased on the open market or the equivalent cash value. The cash value of the DSUs is the weighted average of the closing price of Centerra's Shares on the last 90 days prior to when the director ceases to be a board member. 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.

Directors Share Ownership Guidelines

Centerra has established share ownership guidelines for its non-executive directors of an amount equal to three times their annual retainer ($375,000 for the Chair and $135,000 for each director), to be achieved within a period of five years. Since DSUs are only payable upon termination from the board and the value of the DSUs is tied directly to Centerra's share price, DSUs count toward the achievement of these ownership guidelines. As shown in the table below, all directors, through their grants of DSUs, have attained this ownership requirement, except Mr. Djakypov, who joined the board in 2005.

Compensated Directors	Total Number of DSUs Held (#)	Value of Accumulated DSUs at December 31, 2006 ($)
Ian G. Austin	17,064	225,238
John S. Auston	25,597	337,874
Almazbek S. Djakypov	6,798	89,734
Patrick M. James	52,707	695,725
Josef Spross	18,727	274,200
Anthony J. Webb	21,202	279,861

INDEBTEDNESS

As of March 27, 2007, there was no indebtedness (other than "routine indebtedness" under applicable Canadian securities laws and the housing loan reported for Mr. Homeniuk) of officers, directors and employees and former officers, directors and employees of the Corporation or its subsidiaries to the Corporation or its subsidiaries.

AUDIT COMMITTEE

Information regarding the Corporation's Audit Committee can be found under "Audit Committee" in the Corporation's 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: Director, Investor Relations, or (416) 204-1953 or can be found on SEDAR at www.sedar.com.

REPORT ON CORPORATE GOVERNANCE

The board of directors 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 of directors 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 of directors 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 endeavours to act always in the best interests of the Corporation. In addition, the board recognizes the importance of the enhancement of both short and longer term value for all shareholders. 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 of directors 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, 2006 and December 31, 2006, the board of directors held 16 meetings.

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. 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. The board also approves the Corporation's overall business strategies and annual business plans for achieving its objectives.

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; 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 the committees. The full text of the mandate is set out in Appendix B. A copy can also be found on Centerra's website at www.centerragold.com.

The board has appointed a non-executive, independent director as Chair, which allows the board to function independently of management. Mr. James has held this position since 2004. The Chair is principally responsible for overseeing the operations and affairs of the board. His responsibilities include 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 independently from management; acting as a liaison between the board and senior management, including acting as an advisor to and sounding board for the Chief Executive Officer; and working 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 Centerra. 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 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 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.

The board receives reports on Centerra's operating activities as well as timely reports on certain non-operational matters, including insurance, legal, corporate governance and financial matters.

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 meet separately from management and the non-independent directors.

Composition of the Board

The names of Centerra's current and proposed directors, together with their age, municipality and country of residence, year first elected or appointed 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 director is the number of Shares beneficially owned, directly or indirectly, by the director or over which the director exercised control or direction on December 31, 2006 and, as of the same date, the number of DSUs credited to the account of the director and the number of options held by each director.

Centerra's board is comprised of a majority of independent directors. Centerra's board has assessed the independence of each 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 director, the board has determined that of the nine directors, five are independent.

- One of the directors, Mr. Homeniuk, is not independent because he is a member of management of Centerra.
- Two of the directors, Mr. Grandey and Mr. Rogers, are not independent because they are members of management of Cameco, the Corporation's indirect parent corporation.
- One of the directors, Mr. Djakypov, is the President of Kyrgyzaltyn, which has significant ongoing arrangements with Centerra as discussed under the heading "Interests of Management and Others in Material Transactions" in Centerra's AIF.

Approximately 52.7% of the outstanding Shares are held by the Corporation's controlling shareholder, Cameco Gold, and approximately 15.7% of the outstanding Shares are held by Kyrgyzaltyn.

Under the terms of the Centerra Shareholders Agreement, so long as Kyrgyzaltyn continues to hold more than 5% of Centerra's outstanding Shares, Cameco Gold and its affiliates will vote their Shares for the election or appointment of one nominee designated by Kyrgyzaltyn to Centerra's board of directors and has agreed to include in Centerra's proposed slate of directors nominated for election at each annual or special meeting one board nominee designated by Kyrgyzaltyn. In addition, so long as Cameco Gold and its affiliates hold more than 5% of Centerra's outstanding Shares, Kyrgyzaltyn will vote its Shares for the election or appointment of that number of nominees designated by Cameco Gold and its affiliates to Centerra's board of directors as is proportionate to Cameco Gold's and its affiliates' shareholdings.

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.

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 members of the Audit Committee are Messrs. Austin (Chair), Auston and James. The board has determined that all of the Audit Committee members are independent and financially literate as required by applicable securities legislation. Between January 1, 2006 and December 31, 2006, the Audit Committee met 14 times.

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 members of the Nominating and Corporate Governance Committee are Messrs. Austin, Grandey, James (Chair) and Webb. Other than Mr. Grandey, each of these directors is independent. Between January 1, 2006 and December 31, 2006, the Nominating and Corporate Governance Committee met 3 times.

Human Resources and Compensation Committee

The Human Resources and Compensation 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 Human Resources and Compensation Committee by the board.

The members of the Human Resources and Compensation Committee are Messrs. Austin, Spross and Webb (Chair), each of whom is independent. Between January 1, 2006 and December 31, 2006, the Human Resources and Compensation Committee met 6 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 members of the Safety, Health and Environmental Committee are Messrs. James, Djakypov, Rogers and Spross (Chair). Two of these directors are independent. Between January 1, 2006 and December 31, 2006, 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 members of the Reserves Committee are Messrs. Auston (Chair), Djakypov and Spross. Two of these directors are independent. Between January 1, 2006 and December 31, 2006, the Reserves Committee met 3 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.

Director Qualifications 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. The Nominating and Corporate Governance Committee recommends candidates for initial board membership and board members for re-nomination. Recommendations are based on 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 72 unless this requirement has been waived by the board or the Nominating and Corporate Governance Committee for a valid reason. The board has waived this requirement in respect of Josef Spross due to his extensive and unique knowledge of the Corporation and its operations, particularly in the Kyrgyz Republic.

The Nominating and Corporate Governance Committee is aware of the opportunity for its independent members to meet separately as requested by any independent member of the Nominating and Corporate Governance Committee from time to time. The Committee has sessions of its independent members as required.

The board is currently of the view that its optimal size for effective decision-making and committee work is 9 to 10 members.

Centerra provides new directors with orientation materials describing the business of the Corporation, its corporate governance structure and related policies and information. New directors also have meetings with Centerra's Chief Executive Officer, Chief Financial Officer and other senior executives.

Continuing education is provided by management through presentations to the board and committees when any key business decisions are sought at strategic planning meetings. 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.

Director Attendance

All directors are expected to attend board and relevant committee meetings and the annual meeting of shareholders, except where non-attendance is unavoidable. The attendance records of Centerra's current directors during fiscal year 2006 are set out under "Meeting Attendance".

Compensation of Directors and Officers

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 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 2006 is set out under "Compensation of Directors".

Centerra's executive compensation philosophy is described under "Report on Compensation of Executive Officers".

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. As set out in the Code of Ethics, an employee who, in good faith, reports a concern regarding accounting matters or a suspected breach of the Code of Ethics 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. 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 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. This policy among other things:

- 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 Patrick M. James, Chair of the board of directors, Centerra Gold Inc., 1 University Avenue, Suite 1500, Toronto, Ontario M5J 2P1, Canada, email: patrick.james@centerragold.com.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Insurance Coverage for Directors and Officers and Indemnification

Centerra's directors and officers are covered under the directors' and officers' insurance policies of its ultimate parent Cameco. The aggregate limit of liability applicable to those insured directors and officers under the policies is $150 million inclusive of defence costs. There is no deductible for officers or directors under these policies. Under the policies, Centerra has reimbursement coverage (to $100 million) to the extent that it or a subsidiary has indemnified a director or officer in excess of a deductible of $2.5 million for each loss. The premium paid by Centerra in 2006 was $500,000.

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 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 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: Corporate Secretary, 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 2008 is January 3, 2008.

ADDITIONAL INFORMATION

Financial information for the financial year ended December 31, 2006, 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 M5J 2P1, Canada or (416) 204-1953.

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, 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

March 27, 2007

APPENDIX A

APPROVAL OF AMENDMENT TO SHARE OPTION PLAN

BE IT RESOLVED THAT:

1. the amendment of the Share Option and Share Appreciation Rights Plan of Centerra Gold Inc. (the "Corporation") as described in the accompanying management information circular of the Corporation, be and the same is hereby ratified and approved; and
2. any officer or director of the Corporation is authorized to execute and deliver in the name and on behalf of the Corporation and under its corporate seal or otherwise all such certificates, instruments, agreements and other documents and to do all such other acts and things as in the opinion of such person may be necessary or desirable in connection with the foregoing resolution.

APPENDIX B

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 Directors.

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 7 and 11 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 72nd birthday, and may not be re-elected after reaching age 72, 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 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) oversight of the estimation of reserves by management;

(p) 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;

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

(r) 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;

(s) issuance of securities of the Corporation;

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

(u) 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;

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

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

(x) 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 has delegated financial authority to the Chief Executive Officer (who may sub-delegate such authority to others within the Corporation as appropriate) for approval of the expenditures listed in Schedule A, all of which must be made within the framework of the strategic plan of the Corporation approved by the Board.

7. **CHAIR**

(a) **Appointment**

The Board will in each year elect from among its members a Chair who 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:

- 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, including acting as an advisor to and sounding board for 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. **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.

9. **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) **Composition**

The Audit Committee is comprised solely of Independent Directors who are selected by the Board on the recommendation of the Nominating and Corporate Governance Committee and who meet the requirements with respect to independence and financial literacy set out in applicable securities laws. The Nominating and Corporate Governance Committee, the Human Resources and Compensation Committee, the Safety, Health and Environmental Committee and the Reserves Committee are each comprised of a majority of Independent Directors who are selected by the Board on the recommendation of the Nominating and Corporate Governance Committee.

(c) **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.

(d) **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 assisting the Board in fulfilling its oversight responsibilities in relation to 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 Human Resources and Compensation Committee by 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.

10. 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, 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.

11. 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.

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

12. SHARE OWNERSHIP REQUIREMENTS

Directors are required, within five years of their initial appointment to the Board, to acquire and hold deferred share units or common shares of the Corporation with a value equal to at least three times the amount of their annual retainer for service as a director.

13. 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.

14. 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.

15. 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.

16. **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.

17. **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.

18. **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.

19. **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.
Suite 1500 – 1 University Avenue
Toronto, Ontario M5J 2P1 Canada

20. **DEFINITIONS**

Capitalized terms used in this Mandate have the meanings attributed to them below. Terms not otherwise defined have the meanings attributed to them in Multilateral Policy 58-201, as amended from time to time.

"Independent Director" means a director who has no direct or indirect material relationship with the Corporation. For this purpose, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgement. Despite the foregoing, the following individuals are considered to have a material relationship with the Corporation:

(a) an individual who is, or has been, an employee or executive officer of the Corporation, unless three years have elapsed since the end of the service or employment;

(b) an individual whose immediate family member is, or has been, an executive officer of the Corporation unless three years have elapsed since the end of the service or employment;

(c) an individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the Corporation unless three years have elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;

(d) an individual whose immediate family member is, or has been, an affiliated entity of, or employed in a professional capacity by, a current or former internal or external auditor of the Corporation unless three years have elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;

(e) an individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the Corporation's current executive officers serve on the entity's compensation committee unless three years have elapsed since the end of the service or employment; and

(f) an individual who receives, or whose immediate family member receives, more than $75,000 per year in direct compensation from the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee, unless three years have elapsed since he or she ceased to receive more than $75,000 per year in such compensation.