Centerra Gold Inc.

Condensed Consolidated Interim Financial Statements

For the Quarter Ended June 30, 2012
(Unaudited)

(Expressed in United States Dollars)

Centerra Gold Inc.

Condensed Consolidated Statements of Financial Position

(Unaudited)

(Expressed in Thousands of United States Dollars)	**Notes**	**June 30 2012**	December 31 2011
Assets			
Current assets			
Cash and cash equivalents		**$ 267,411**	$ 195,539
Short-term investments		**30,233**	372,667
Restricted cash		**-**	179
Amounts receivable	**3**	**34,271**	56,749
Inventories	**4**	**218,680**	279,944
Prepaid expenses		**38,675**	26,836
		589,270	931,914
Property, plant and equipment	**5**	**785,519**	590,151
Goodwill		**129,705**	129,705
Long-term receivables and other		**44,183**	24,674
Long-term inventories	**4**	**12,174**	12,174
		971,581	756,704
Total assets		**$ 1,560,851**	$ 1,688,618
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	**6**	**$ 30,715**	$ 76,385
Revenue-based taxes		**5,512**	15,178
Taxes payable		**4,230**	1,074
Current portion of provision		**4,259**	1,848
		44,716	94,485
Provision		**52,268**	53,777
Deferred income tax liability		**2,548**	1,897
		54,816	55,674
Shareholders' equity	**13**		
Share capital		**660,399**	660,117
Contributed surplus		**35,060**	33,994
Retained earnings		**765,860**	844,348
		1,461,319	1,538,459
Total liabilities and shareholders' equity		**$ 1,560,851**	$ 1,688,618

Commitments and contingencies (note 14)

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

Centerra Gold Inc.

Condensed Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)

(Unaudited)

(Expressed in Thousands of United States Dollars, except per share amounts)	Notes	Three months ended June 30 2012	Three months ended June 30 2011	Six months ended June 30 2012	Six months ended June 30 2011
Revenue from Gold Sales		**$ 89,737**	$ 243,808	**$ 223,490**	$ 493,987
Cost of sales	**7**	**78,375**	105,912	**163,129**	167,706
Abnormal mining costs	**8**	**13,523**	-	**32,751**	-
Mine standby costs		**-**	164	**4,584**	164
Regional office administration		**5,332**	5,743	**10,129**	10,509
Earnings (loss) from mine operations		**(7,493)**	131,989	**12,897**	315,608
Revenue based taxes	**12(a)**	**8,962**	30,966	**24,045**	63,154
Other operating expenses	**9**	**22,861**	488	**24,329**	535
Exploration and business development		**9,171**	12,406	**17,516**	19,963
Corporate administration		**1,920**	12,467	**10,466**	20,235
Earnings (loss) from operations		**(50,407)**	75,662	**(63,459)**	211,721
Other (income) and expenses	**10**	**807**	(1,272)	**30**	(2,320)
Finance costs	**11**	**743**	1,220	**1,659**	1,610
Earnings (loss) before income taxes		**(51,957)**	75,714	**(65,148)**	212,431
Income tax expense	**12(b)**	**2,640**	4,597	**4,102**	4,691
Net Earnings (loss) and comprehensive income (loss)		**$ (54,597)**	$ 71,117	**$ (69,250)**	$ 207,740
Basic and diluted earnings (loss) per common share	**13**	**$ (0.23)**	$ 0.30	**$ (0.29)**	$ 0.88

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

Centerra Gold Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(Expressed in Thousands of United States Dollars)	Notes	Three months ended June 30 2012	Three months ended June 30 2011	Six months ended June 30 2012	Six months ended June 30 2011
Operating activities					
Net (loss) earnings		**$ (54,597)**	$ 71,117	**$ (69,250)**	$ 207,740
Items not requiring (providing) cash:					
Depreciation, depletion and amortization		**20,243**	25,423	**43,031**	40,379
Finance costs		**743**	1,220	**1,659**	1,610
Loss on disposal of equipment		**353**	-	**410**	109
Stock - based compensation expense		**640**	477	**1,153**	801
Change in long-term inventory		**-**	768	**-**	951
Change in provision		**-**	5,784	**950**	5,784
Income tax expense		**2,640**	4,597	**4,102**	4,691
Other operating items		**(101)**	278	**(602)**	240
		(30,079)	109,664	**(18,547)**	262,305
Change in operating working capital		**15,387**	13,990	**14,155**	5,941
Revenue-based taxes advanced	**12**	**(30,155)**	-	**(30,155)**	-
Income taxes paid		**(276)**	(381)	**(341)**	(1,852)
Cash provided by (used in) operations		**(45,123)**	123,273	**(34,888)**	266,394
Investing activities					
Additions to property, plant and equipment	**16**	**(96,224)**	(48,457)	**(218,210)**	(110,142)
Redemption (purchase) of short-term investments		**122,236**	(57,088)	**342,434**	(126,054)
Use of restricted cash		**(239)**	(597)	**(179)**	(597)
Decrease (Increase) in long-term other assets		**2,965**	(4,794)	**(7,508)**	(5,353)
Proceeds from disposition of fixed assets		**47**	-	**47**	-
Cash provided by (used in) investing		**28,785**	(110,936)	**116,584**	(242,146)
Financing activities					
Dividends paid		**(9,238)**	(99,322)	**(9,238)**	(99,322)
Payment of transaction costs related to borrowing		**(280)**	(509)	**(734)**	(636)
Proceeds from common shares issued for cash		**-**	1,177	**148**	1,348
Cash provided by (used in) financing		**(9,518)**	(98,654)	**(9,824)**	(98,610)
(Decrease) increase in cash during the period		**(25,856)**	(86,317)	**71,872**	(74,362)
Cash and cash equivalents at beginning of the period		**293,267**	342,692	**195,539**	330,737
Cash and cash equivalents at end of the period		**$ 267,411**	$ 256,375	**$ 267,411**	$ 256,375
Cash and cash equivalents consist of:					
Cash		**$ 46,779**	$ 45,710	**$ 46,779**	$ 45,710
Cash equivalents		**220,632**	210,665	**220,632**	210,665
		$ 267,411	$ 256,375	**$ 267,411**	$ 256,375

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

Centerra Gold Inc.
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

(Expressed in Thousands of United States Dollars, except share information)

	Number of Common Shares	Share Capital Amount	Contributed Surplus	Retained Earnings	Total
Balance at January 1, 2011	235,869,397	$ 655,178	$ 33,827	$ 572,792	$ 1,261,797
Share-based compensation expense	-	-	801	-	801
Shares issued on exercise of stock options	234,347	2,061	(713)	-	1,348
Dividend paid	-	-	-	(99,322)	(99,322)
Net earnings for the period	-	-	-	207,740	207,740
Balance at June 30, 2011	236,103,744	$ 657,239	$ 33,915	$ 681,210	$ 1,372,364
Balance at January 1, 2012	236,339,041	$ 660,117	$ 33,994	$ 844,348	$ 1,538,459
Share-based compensation expense	-	-	1,153	-	1,153
Shares issued on exercise of stock options	30,752	235	(87)	-	148
Shares issued on redemption of restricted share units	3,343	47	-	-	47
Dividend paid	-	-	-	(9,238)	(9,238)
Net loss for the period	-	-	-	(69,250)	(69,250)
Balance at June 30, 2012	**236,373,136**	**$ 660,399**	**$ 35,060**	**$ 765,860**	**$ 1,461,319**

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

(Expressed in thousands of United States Dollars)

1. General business description

Centerra Gold Inc. ("Centerra" or the "Company") was incorporated under the Canada Business Corporations Act on November 7, 2002. Centerra has common shares listed on the Toronto Stock Exchange ("TSX"). The Company is domiciled in Canada and the registered office is 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1.

2. Basis of Preparation and Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), using accounting policies consistent with those used in its consolidated financial statements as at and for the year ending December 31, 2011. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

These financial statements are presented in U.S. dollars with all amounts rounded to the nearest thousand, except for share and per share data, or as otherwise noted. These financial statements should be read in conjunction with the Company's 2011 annual financial statements.

These financial statements were authorized for issuance by the Board of Directors of the Company on August 1, 2012.

3. Amounts receivable

(Thousands of U.S. Dollars)	**June 30, 2012**	**December 31, 2011**
Gold sales receivable from related party (note 15)	**$ 19,059**	$ 47,366
Gold sales receivable from third party	**6,447**	-
Other receivables	**8,765**	9,383
	$ 34,271	$ 56,749

(Expressed in thousands of United States Dollars)

4. Inventories

(Thousands of U.S. Dollars)	June 30, 2012	December 31, 2011
Stockpiles	**$ 34,288**	$ 105,635
Gold in-circuit	**24,737**	16,343
Heap leach in circuit	**3,359**	3,359
Gold doré	**5,607**	10,645
	67,991	135,982
Supplies	**162,863**	156,136
Total Inventories (net of provision)	**230,854**	292,118
Less: Long-term inventory (heap leach stockpiles)	**(12,174)**	(12,174)
Total Inventories-current portion	**$ 218,680**	$ 279,944

Stockpiled inventory was written down to net realizable value at June 30, 2012 resulting from a significant increase in cost due to pre-stripping activities in the revised mine plan which also deferred the release of ore from the pit in the first six months of 2012. The added costs to inventory in excess of what the Company believes can be realized after further processing and subsequent sale of the gold was $28.4 million for the six months ended June 30, 2012 and is included in abnormal mining costs which are disclosed in note 8.

The provision for mine supplies obsolescence was increased for the three and six months ended June 30, 2012 by $0.2 million and $0.5 million ($0.2 million and $0.4 million for the three and six months ended June 30, 2011) which was charged to cost of sales, as disclosed in note 7.

The table below summarizes the costs in excess of net realisable value and the provision for obsolescence charges to inventory:

(Thousands of U.S. Dollars)	June 30, 2012	December 31, 2011
Total inventories	**$ 261,853**	$ 294,319
Less: Abnormal mining costs	**(28,352)**	-
Less : Provisions for obsolescence	**(2,647)**	(2,201)
Total Inventories (net of write down and provision)	**230,854**	292,118
Less: Long-term inventory (heap leach stockpiles)	**(12,174)**	(12,174)
Total Inventories-current portion	**$ 218,680**	$ 279,944

(Expressed in thousands of United States Dollars)

5. Property, plant and equipment

The following is a summary of the carrying value of property, plant and equipment:

(Thousands of U.S. Dollars)	Mine buildings	Pland and equipment	Mineral properties	Capitalized stripping costs	Mobile Equipment	Construction in progress ("CIP")	Total
Cost							
Balance Jan 1, 2012	$ 53,836	$ 322,775	$ 187,434	$ 116,198	$ 346,927	$ 178,541	$ 1,205,711
Additions	-	1,169	-	110,229	39,921	95,134	246,453
Disposals	-	(666)	(799)	-	(7,495)	-	(8,960)
Reclassification	-	4,012	-		1,313	(5,325)	-
Balance June 30, 2012	**$ 53,836**	**$ 327,290**	**$ 186,635**	**$ 226,427**	**$ 380,666**	**$ 268,350**	**$ 1,443,204**
Accumulated depreciation							
Balance Jan 1, 2012	$ 34,238	$ 208,456	$ 123,910	$ 75,747	$ 173,209	$ -	$ 615,560
Charge for the year	488	3,069	3,194	247	43,629	-	50,627
Disposals	-	(615)	(695)	-	(7,192)	-	(8,502)
Balance June 30, 2012	**$ 34,726**	**$ 210,910**	**$ 126,409**	**$ 75,994**	**$ 209,646**	**$ -**	**$ 657,685**
Net book Value							
Balance Jan 1, 2012	$ 19,598	$ 114,319	$ 63,524	$ 40,451	$ 173,718	$ 178,541	$ 590,151
Balance June 30, 2012	**$ 19,110**	**$ 116,380**	**$ 60,226**	**$ 150,433**	**$ 171,020**	**$ 268,350**	**$ 785,519**

The net movement in construction in progress during the six months ended June 30, 2012 includes primarily increases in Kumtor's mobile fleet with the commissioning of 25 CAT 789 haul trucks, 4 Hitachi shovels and 4 DR460 drills during the first six months of 2012. Also included in construction in progress is $24.3 million of costs incurred on the underground development at Kumtor.

6. Accounts payable and accrued liabilities

(Thousands of U.S. Dollars)	**June 30, 2012**	**December 31, 2011**
Trade creditors and accruals	**$ 26,332**	$ 34,411
Liability for share-based compensation	**4,383**	41,974
Total	**$ 30,715**	$ 76,385

(Expressed in thousands of United States Dollars)

7. Cost of sales

	Three Months Ended		Six Months Ended	
(Thousands of U.S.Dollars)	**June 30, 2012**	June 30, 2011	**June 30, 2012**	June 30, 2011
Operating costs:				
Salaries and benefits	**$ 18,716**	$ 16,432	**$ 36,029**	$ 31,695
Consumables	**14,951**	52,057	**53,590**	94,265
Third party services	**1,566**	1,348	**2,630**	2,258
Other operating costs	**4,641**	9,238	**8,532**	12,707
Royalties, levies and production taxes	**1,402**	1,239	**2,795**	2,339
Changes in inventories	**19,564**	122	**21,518**	(16,100)
	60,840	80,436	**125,094**	127,164
Inventories obsolescence (note 4)	**228**	178	**446**	413
Depreciation, depletion and amortization	**17,307**	25,298	**37,589**	40,129
	$ 78,375	$ 105,912	**$ 163,129**	$ 167,706

8. Abnormal mining costs

	Three Months Ended		Six Months Ended	
(Thousands of U.S.Dollars)	**June 30, 2012**	June 30, 2011	**June 30, 2012**	June 30, 2011
Abnormal mining costs (i)	**$ 9,658**	$ -	**$ 28,352**	$ -
Unloading of abnormal waste (ii)	**3,865**	-	**4,399**	-
	$ 13,523	$ -	**$ 32,751**	$ -

(i) The original mining plan for the first six months of 2012 included stripping of waste material in the SB Zone and the continued normal mining of ice and waste in the southeast section of the pit to allow access and mining of ore. The Company announced on March 27, 2012 its decision to re-sequence its mine plan and delay the mining of ore in the SB zone due to concerns created by the acceleration of ice and waste movement in the high movement area above the southeast portion of the SB zone. The resulting pre-stripping activity in the southwest portion of the SB zone under the revised mine plan during a period where little ore is mined resulted in a significant amount of cost being added to existing stockpiled inventory. This caused the inventory's recorded value to exceed what the Company believes can be realized after further processing and subsequent sale of the gold by $9.7 million and $28.4 million for the three and six months ended June 30, 2012.

(Expressed in thousands of United States Dollars)

8. Abnormal mining costs (continued)

(ii) The decision announced on March 27, 2012 requires that a significant area of ice and waste be removed, primarily located outside of the current pit limits which will require significant effort and cost over the balance of 2012 and part of 2013 to provide access to mine the southeast section of the pit. The abnormal cost associated with the removal of ice and waste material from the high movement area for the three and six months ended June 30, 2012 was $3.9 million and $4.4 million.

9. Other Operating expenses

(Thousands of U.S.Dollars)	**Three Months Ended** **June 30, 2012**	June 30, 2011	**Six Months Ended** **June 30, 2012**	June 30, 2011
Social development contributions [(a)]	**$ 22,758**	$ 488	**$ 24,175**	$ 535
Net alluvial production (income) expenses	**-**	-	**(47)**	-
Project care and maintenance	**103**	-	**201**	-
	$ 22,861	$ 488	**$ 24,329**	$ 535

a) During the three months ended June 30, 2012, the Company through its subsidiary Kumtor contributed $21 million to a national micro-credit financing program, whose objective is to provide financing for small sustainable development projects throughout the Kyrgyz Republic. The Company also accrued a further $1.1 million for the construction and equipping of a maternity hospital in Ulaanbaatar through the Boroo Community Development Initiatives program in Mongolia.

(Expressed in thousands of United States Dollars)

10. Other (income) and expenses

(Thousands of U.S.Dollars)	**Three Months Ended June 30, 2012**	June 30, 2011	**Six Months Ended June 30, 2012**	June 30, 2011
Interest income	**$ (142)**	$ (254)	**$ (432)**	$ (481)
Loss on disposal of assets	**122**	-	**147**	17
Bank charges	**14**	18	**35**	36
Miscellaneous income	**(38)**	(116)	**(53)**	(39)
Foreign exchange loss (gain)	**851**	(920)	**333**	(1,853)
	$ 807	$ (1,272)	**$ 30**	$ (2,320)

11. Finance Costs

(Thousands of U.S.Dollars)	**Three Months Ended June 30, 2012**	June 30, 2011	**Six Months Ended June 30, 2012**	June 30, 2011
Transaction costs related to Revolver facilities	**$ 553**	$ 509	**$ 1,279**	$ 636
Accretion of provision for reclamation	**190**	711	**380**	974
	$ 743	$ 1,220	**$ 1,659**	$ 1,610

12. Taxes

a. Revenue Based Taxes - Kumtor

Kumtor pays taxes on revenue, at a rate of 13% of gross revenue, with an additional contribution of 1% of gross revenue payable to the Issyk-Kul Oblast Development Fund. During the three and six months ended June 30, 2012, the 13% revenue-based tax expense recorded by Kumtor was $8.3 million and $22.3 million ($28.8 million and $58.6 million for the three and six months ended June 30, 2011), while the Issyk-Kul Oblast Development Fund contributions of 1% of gross revenue for the three and six months ended June 30, 2012 totalled $0.6 million and $1.7 million $2.2 million and $4.5 million for three and six months ended June 30, 2011).

On May 28, 2012, a tax advance agreement was signed by Kumtor and the Kyrgyz Government, after which $30 million of future revenue-based taxes were advanced. This interest-free advance will be applied against revenue-based taxes otherwise payable during 2012 (starting in November 2012) and 2013, under a formal repayment schedule with $10 million to be offset in 2012 and the remaining $20 million to be offset in 2013.

(Expressed in thousands of United States Dollars)

12. Taxes (continued)

b. Income Tax Expense

(Thousands of U.S.Dollars)	Three Months Ended June 30, 2012	June 30, 2011	Six Months Ended June 30, 2012	June 30, 2011
Current tax	**$ 1,852**	$ 37	**$ 3,416**	$ 37
Deferred tax	**788**	4,560	**686**	4,654
Income Tax Expense	**$ 2,640**	$ 4,597	**$ 4,102**	$ 4,691

During the three and six months ended June 30, 2012, the Mongolian segment recorded income tax expense of $2.6 million and $4.1 million ($4.6 million and $4.7 million income tax expense for three and six months ended June 30, 2011).

No entities, other than those in the Mongolian segment, reported income tax expense in the three and six months ended June 30, 2012 and June 30, 2011.

(Expressed in thousands of United States Dollars)

13. Shareholders' Equity

a. Share Capital

Centerra is authorized to issue an unlimited number of common shares, class A non-voting shares and preference shares with no par value.

b. Earnings (loss) per Share

Net earnings (loss) attributable to shareholders for the purposes of diluted earnings per share:

(Thousands of U.S. Dollars)	**Three Months Ended** **June 30, 2012**	June 30, 2011	**Six Months Ended** **June 30, 2012**	June 30, 2011
Net earnings (loss) for the purposes of diluted earnings per share	**$ (54,597)**	$ 71,117	**$ (69,250)**	$ 207,740

Basic and diluted earnings (loss) per share computation:

	Three Months Ended **June 30, 2012**	June 30, 2011	**Six Months Ended** **June 30, 2012**	June 30, 2011
Basic weighted average number of common shares outstanding (thousands)	**236,363**	236,021	**236,370**	235,951
Effect of stock options (thousands)	**-**	332	**-**	330
Effect of restricted share units (thousands)	**-**	23	**-**	23
Diluted weighted average number of common shares outstanding (thousands)	**236,363**	236,376	**236,370**	236,304
Basic and diluted earnings (loss) per common share	**$ (0.23)**	$ 0.30	**$ (0.29)**	$ 0.88

(Expressed in thousands of United States Dollars)

13. Shareholders' Equity (continued)

b. Earnings per Share (continued)

All potentially dilutive securities were excluded from the calculation of diluted earnings per share for the three and six months ended June 30, 2012 as they would have been anti-dilutive as a result of the net loss recorded for the three and six months ended June 30, 2012.

For the three and six months ended June 30, 2011 certain potentially dilutive securities were excluded from the calculation of diluted earnings per share due to the exercise prices of certain stock options being greater than the average market price of the Company's ordinary shares for the period and the effect of the assumed potential conversion of the performance share units and restricted share units to equity was anti-dilutive.

Potentially dilutive securities are summarized as follows:

(thousands of units)	**Three Months Ended June 30, 2012**	Three Months Ended June 30, 2011	**Six Months Ended June 30, 2012**	Six Months Ended June 30, 2011
Stock options	**799**	323	**495**	67
Restricted share units	**81**	-	**81**	-
PSU (1) and Annual PSU (2)	**228**	29	**236**	27
	1,108	352	**812**	94

c. Share-Based Compensation

The impact of Share-Based Compensation is summarized as follows:

(Millions of U.S. dollars except as indicated)	Number outstanding June 30/12	Expense/(Income) Three Months Ended **June 30/12**	Expense/(Income) Three Months Ended June 30/11	Expense/(Income) Six Months Ended **June 30/12**	Expense/(Income) Six Months Ended June 30/11	Liability **June 30/12**	Liability Dec 31/11
(i) Stock options	**1,046,809**	**$ 0.2**	$ 0.5	**$ 0.7**	$ 0.8	**$ -**	$ -
(ii) PSU (1)	**624,632**	**(4.3)**	3.9	**(3.8)**	5.3	**1.9**	33.0
(iii) Annual-PSU (2)	**79,190**	**(0.2)**	0.3	**0.1**	0.7	**0.1**	1.9
(iv) Deferred share units	**201,042**	**(1.5)**	(0.3)	**(2.6)**	(0.9)	**1.7**	6.2
(v) Restricted share units	**80,941**	**(0.2)**	0.3	**0.1**	0.5	**0.7**	0.9
		$ (6.0)	$ 4.7	**$ (5.5)**	$ 6.4	**$ 4.4**	$ 42.0

1) Performance share units.
2) Annual performance share units

(Expressed in thousands of United States Dollars)

13. Shareholders' Equity (continued)

c. Share-Based Compensation (continued)

Movements in the number of options and units for the six months ended June 30, 2012 are summarized as follows:

	Number outstanding Dec 31/11	Issued	Exercised	Expired/ Forfeited	Number outstanding June 30/12	Number Vested June 30/12
(i) Stock options	752,448	333,861	(30,752)	(8,748)	**1,046,809**	**456,590**
(ii) PSU	1,314,134	218,906	(892,456)	(15,952)	**624,632**	**-**
(iii) Annual- PSU	77,013	87,148	(77,013)	(7,958)	**79,190**	**39,595**
(iv) Deferred share units	354,516	4,076	(157,550)	-	**201,042**	**201,042**
(v) Restricted share units	49,659	49,048	(17,766)	-	**80,941**	**80,941**

(i) Stock Options

On March 6, 2012, Centerra granted 333,861 stock options at an exercise price of Cdn $19.48 per share. The fair value of the stock options was determined using the Black-Scholes valuation model, assuming a weighted average expected life of 3-years, 49.03% volatility, dividend yield of 2.26% and a risk-free rate of return of 1.18%. The resulting weighted average fair value per option granted was Cdn $4.68. The estimated fair value of the options is expensed over their graded vesting periods, which range from 1 year to 3 years.

(ii) Performance Share Unit Plan

Centerra granted 218,906 performance share units during the first six months of 2012, at a grant price of Cdn $20.37 per share. The fair value of the performance share units re-calculated at June 30, 2012 was determined using the Monte Carlo option pricing model.

The principal assumptions used in applying the Monte Carlo option pricing model as at June 30, 2012 were as follows:

Share price	$ 7.12
S&P/TSX Global Gold Index	$ 332.52
Expected life (years)	2.00
Expected volatility- Centerra's share price	63.2%
Expected volatility- S&P/TSX Global Gold Index	30.3%
Risk-free rate of return	1.20%
Forfeiture rate	3.41%

The resulting weighted average fair value of each performance share unit as of June 30, 2012 was Cdn $3.41.

(Expressed in thousands of United States Dollars)

13. Shareholders' Equity (continued)

c. Share-Based Compensation – (continued)

(iii) Annual Performance Share Unit Plan

Centerra granted 87,148 annual performance share units during the first six months of 2012, at a grant price of Cdn $20.37 per share. The fair value of the performance share units re-calculated at June 30, 2012 was determined using the Monte Carlo option pricing model.

The principal assumptions used in applying the Monte Carlo option pricing model as at June 30, 2012 were as follows:

Share price	$ 7.12
S&P/TSX Global Gold Index	$ 332.52
Expected life (years)	0.5
Expected volatility- Centerra's share price	90.65%
Expected volatility- S&P/TSX Global Gold Index	31.54%
Risk-free rate of return	1.10%
Forfeiture rate	12.95%

The resulting weighted average fair value of each annual performance share unit as of June 30, 2012 was Cdn $1.92.

(iv) Deferred Share Unit Plan

During the first six months ended June 30, 2012, Centerra granted 4,076 deferred share units, which vest immediately, at a weighted average grant price of Cdn $9.71 per unit to eligible members of the Board of Directors.

(v) Restricted Share Unit Plan

During the first six months ended June 30, 2012, Centerra granted 49,048 restricted share units, which vest immediately, at a weighted average grant price of Cdn $10.80 per unit to eligible members of the Board of Directors.

14. Commitments and Contingencies

Commitments

As at June 30, 2012, the Company had entered into contracts to purchase capital equipment and operational supplies totalling $54.2 million (Kumtor - $54.0 million and Boroo - $0.2 million) which are expected to be settled over the next twelve months.

Contingencies

Various legal and tax matters are outstanding from time to time due to the complexity and nature of the Company's operations.

Except as noted below, no material changes have occurred with respect to the matters discussed in the "contingencies" section of the consolidated financial statements for the period ended March 31, 2012 published on May 15, 2012 and no new contingencies have been identified that are material to Centerra.

(a) Heap Leach Permit: receipt of a permanent permit and regulatory commissioning to resume heap leach operations at Boroo;

(b) Gatsuurt and the Impact of the Mongolian Water and Forest Law: the receipt of regulatory commissioning of the Gatsuurt development property, and determination of the impact of the Mongolian *Law to Prohibit Mineral Exploration and Mining Operations at River Headwaters, Protected Zones of Water Reservoirs and Forested Areas* (the "Water and Forest Law") on the Company's Mongolian operations. Centerra is reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the Water and Forest Law having a limited impact on the Company's Mongolian activities. There can be no assurance, however, that this will be the case. Unless the Water and Forest Law is repealed or amended such that the law no longer applies to the Gatsuurt project or Gatsuurt is designated as a "mineral deposit of strategic importance" that is exempt from the Water and Forest Law, mineral reserves at Gatsuurt may have to be reclassified as mineral resources or eliminated entirely and the Company may be required to write-off the associated investment in Gatsuurt and Boroo. As at June 30, 2012, the Company had net assets recorded amounting to approximately $36 million related to the investment in Gatsuurt and approximately $28 million remaining capitalized for the Boroo mill facility and other surface structures which are expected to be utilized for the processing of ore from Gatsuurt. Although the Company expects to exploit the Gatsuurt deposit, should this not be the case, the Company would be required to write-off these amounts. A revocation of the Company's mineral licenses, including the Gatsuurt mineral license, or the reclassification of mineral reserves or the write-off of assets could have an adverse impact on Centerra's future cash flows, earnings, results of operations or financial condition;

14. Commitments and Contingencies (continued)

Contingencies (continued)

(c) Impact of the Graduated Royalty Fee on Boroo: the possibility that the graduated royalty fee introduced by the Mongolian Parliament in November 2010 may apply to the Boroo project, despite the existence of a stability agreement which provides legislative stabilization for the property. The Company is of the opinion that the Boroo Stability Agreement provides, among other things, legislative stabilization for its Boroo operations and accordingly the graduated royalty fee is not applicable to Boroo's remaining operations. Despite this, the Company cannot provide any assurances that Boroo will not be made subject to the graduated royalty fee. If the graduated royalty fee does apply to Boroo, it may have an adverse impact Centerra's future cash flows, earnings, results of operations or financial condition;

(d) Enforcement Notice by Sistem: the impact on Centerra of an enforcement notice filed in an Ontario court by Sistem Muhenkislik Insaat Sanayi Ticaret ("Sistem") in March 2011 to seize shares in Centerra held by Kyrgyzaltyn JSC and dividend payable thereon in satisfaction of an international arbitral award against the Kyrgyz Republic in favour of Sistem in the amount of $11 million with additional interest. On July 25, 2012, the Ontario Superior Court of Justice dismissed a motion brought by Kyrgyzaltyn raising a jurisdictional challenge to a prior Ontario court decision which had recognized an international arbitral award obtained by Sistem. The merits of the dispute between Kyrgyzaltyn and Sistem will now proceed in court, subject to any appeal which may be taken of the July 25th decision.

Kyrgyz Republic Parliamentary Commission Report and State Commission

Parliamentary Commission Report

On February 15, 2012, the Kyrgyz Republic Parliament (the "Parliament") established an interim Parliamentary Commission (the "Parliamentary Commission") to inspect and review (i) Kumtor's compliance with relevant Kyrgyz operational and environmental laws and regulations and community standards, and (ii) the State's regulation over Kumtor's activities. The Parliamentary Commission made numerous requests to Centerra and Kumtor for various project-related documents and information going back to the initial project discussions in 1992. These requests related to a wide variety of subjects including mine construction, operations, project ownership, human resources and procurement practices, environmental practices, and project management and financial matters.

14. Commitments and Contingencies (continued)

Contingencies (continued)

Kyrgyz Republic Parliamentary Commission Report and State Commission (continued)

The Parliamentary Commission released its report on June 18, 2012 (the "Commission Report"). The Commission Report, which is over 300 pages, made numerous assertions, all of which the Company believes are without merit. The Company notes that the Kumtor project has been operating without interruption since 1997 and is in full compliance with Kyrgyz law, meets or exceeds Kyrgyz and international environmental standards, and has been the subject of systematic compliance audits by both Kyrgyz and international independent experts, who have confirmed its high level of performance. The assertions made in the Commission Report include:

(i) challenging the legal validity and propriety of the project agreements that have governed the Kumtor project from time to time, and certain transactions contemplated by such agreements, including the 1992 Master Agreement between the Kyrgyz Republic and the investor parties, the 2003 Investment Agreement between the Kyrgyz Republic, Centerra and others, and the current agreements that govern the project, including the Restated Investment Agreement among the Kyrgyz Republic, Centerra, Kumtor Gold Company ("KGC") and Kumtor Operating Company ("KOC") dated June 6, 2009, the Restated Concession Agreement between the Kyrgyz Republic and KGC dated June 6, 2009, the Restated Shareholders Agreement between Kyrgyzaltyn JSC and Centerra dated June 6, 2009, and the Restated Gold and Silver Sale Agreement between Kyrgyzaltyn JSC, the Government of the Kyrgyz Republic (the "Government") on behalf of Kyrgyz Republic and KGC dated June 6, 2009 (collectively, the "Restated Project Agreements");

(ii) non-compliance by the Kumtor project with Kyrgyz environmental laws and other laws and regulations, and inadequate oversight of the Kumtor project by Kyrgyz state authorities. The allegations of non-compliance related to, among other things, the Kumtor tailings facility, the Davidov glacier, and the Sarychat-Ertash State Reserve which is in the vicinity of the Kumtor mine. The Commission Report also alleges very substantial monetary damage as a result of environmental contamination at Kumtor; and

(iii) inefficient or improper management of the Kumtor mine, including in relation to customs practices, tax and social fund payments, operational decisions, procurement practices and mill efficiencies (gold recoveries). The Commission Report alleges very substantial losses due to the purported inefficient approach to gold recoverability since 1997 (when commercial production began).

14. Commitments and Contingencies (continued)

Contingencies (continued)

Kyrgyz Republic Parliamentary Commission Report and State Commission (continued)

Draft Parliamentary Commission Decree

On June 20, 2012, the Parliamentary Commission proposed a form of decree to the Parliament ("Draft Decree"), which, among other things, called for the cancellation of the Restated Project Agreements, among other agreements, and the creation of a new state-owned Kyrgyz Republic entity to assume control over the Kumtor mine. If the Draft Decree had been approved and given full effect by the Government, the results would have, in substance, resulted in the nationalization of the Kumtor project.

Government Review of Parliamentary Commission Report

The Parliament reviewed the Commission Report and the Draft Decree on June 20, 22 and June 27, 2012. At its meeting on June 27, 2012 the Parliament voted against the Draft Decree proposed by the Parliamentary Commission and instead elected to adopt an alternative resolution ("Resolution 2117-V"). Resolution 2117-V took note of the Commission Report and declared the Restated Investment Agreement to be contradictory to the interests of the Kyrgyz people. Resolution 2117-V also called for the formation of a State Commission by July 10, 2012 to examine the Commission Report, and to, among other things, by October 1, 2012 "assess the environmental, industrial and social damage" caused by the Kumtor project and to initiate the renegotiation of the current project agreements, "in order to protect economic and environmental interests". Resolution 2117-V also recommended that renegotiations include increasing environmental reclamation obligations, renegotiation of the ownership interest of the Kyrgyz Republic in Centerra, replacing the current profit sharing arrangement with a production sharing arrangement, renegotiating the Kumtor concession area and the applicable tax regime, and other matters relating to the Kumtor project. Resolution 2117-V requested that the State Commission submit information to Parliament on the work done by November 1, 2012.

Resolution 2117-V also recommended that the Government cancel various government decrees and orders, including Government Decree #168 dated March 25, 2010 regarding the allocation of lands to Kumtor (surface rights in respect of the Kumtor concession area), and recommended to the State Agency for Geology and Mineral Resources to cancel certain licenses granted to Kumtor, including the exploration license for the Koendy licensed area. Lastly, the resolution also called on the Prosecutor General of the Kyrgyz Republic to examine all agreements and other documents made with the Kyrgyz Republic relating to the Kumtor project and to investigate any offences committed arising from them.

14. Commitments and Contingencies (continued)

Contingencies (continued)

Kyrgyz Republic Parliamentary Commission Report and State Commission (continued)

<u>Decree #465 and the State Commission</u>

In response to Resolution 2117-V, the Government issued Decree #465 dated July 3, 2012 to establish a State Commission (the "State Commission") for the purpose of reviewing the Commission Report by inspecting and reviewing Kumtor's compliance with Kyrgyz operational and environmental laws and regulations and community standards. The Company understands that the State Commission is comprised of three working groups with responsibility for environmental and mining matters, legal matters (including a review of all prior and current agreements relating to the Kumtor project), and socio-economic matters (including a review of financial, taxation, procurement and employment related matters).

On July 13, 2012, the Kyrgyz Republic Prime Minister issued orders to establish two interagency commissions to facilitate the activity of the State Commission. According to the Government orders, one interagency commission is to review Kumtor's compliance with Kyrgyz legal requirements in general, and one is tasked with reviewing Kumtor's compliance with legal requirements with respect to natural resources, environmental and operation-related matters. Both interagency commissions have until September 1, 2012 to complete their review, and are given the right to use government specialists as well as independent experts and consultants. It is unclear at this point how the work of the interagency commissions will relate to the work of the State Commission.

<u>Decree #475 and the Land Use Certificate</u>

The Government issued Decree #475 dated July 5, 2012 to cancel Government Decree #168 which was issued on March 24, 2010. Government Decree #168 provided Kumtor with land use (surface) rights over the Kumtor concession area for the duration of the Restated Concession Agreement. On July 6, 2012, in response to a request for clarification from the Company, the Kyrgyz Republic Prime Minister confirmed the Government's position that Decree #475 would have no impact on or limit in any way Kumtor's activities or operations. Based on advice from Kyrgyz legal counsel, the Company believes that Decree #475 is in violation of the Kyrgyz Republic Land Code because such legislation provides that land rights can only be terminated by court decision and on the listed grounds set out in the Land Code. The requirements were not followed in these circumstances, and accordingly the Company believes that Decree #475 cannot be considered a legal basis for terminating KGC's land rights. The Company also notes that under the Restated Investment Agreement, Kumtor is guaranteed all necessary access to the Kumtor concession area, including all necessary surface lands as is necessary or desirable for the operation of the Kumtor project.

14. Commitments and Contingencies (continued)

Contingencies (continued)

Kyrgyz Republic Parliamentary Commission Report and State Commission (continued)

The agreement also provides for the payment of quarterly land use and access fees. The Restated Investment Agreement also provides that the Government shall use its best efforts to reserve or cancel any action that conflicts with Kumtor's rights under the Restated Investment Agreement. To the extent that Kumtor's land use rights are considered invalid (which the Company does not accept), the Company would seek to enforce its rights under the Restated Investment Agreement to obtain the rights otherwise guaranteed to it.

The agreement also provides for the payment of quarterly land use and access fees. The Restated Investment Agreement also provides that the Government shall use its best efforts to reserve or cancel any action that conflicts with Kumtor's rights under the Restated Investment Agreement. To the extent that Kumtor's land use rights are considered invalid (which the Company does not accept), the Company would seek to enforce its rights under the Restated Investment Agreement to obtain the rights otherwise guaranteed to it.

<u>Other Related Matters</u>

Kumtor received notice on June 15, 2012, that the renewal applications for its exploration licenses for the Koendy license area and the Karasay license area would be reviewed by the Kyrgyz Republic Environmental and Forestry Agencies for possible impacts on the nearby Sarychat-Ertash State Reserve. Kumtor has been conducting exploration on these two license areas since 2010 and has expended in excess of $1 million developing exploration targets on both licenses. Exploration work has been suspended on these licenses and will not resume until such reviews have been completed and the licenses renewed. It is unlikely that any exploration work will be performed on these licenses in 2012.

On July 17, 2012, the Company received notice from the Kyrgyz Republic Social Fund (i) declaring invalid an August 23, 1994 agreement between the Kyrgyz Social Fund and Kumtor Operating Company, and requiring Kumtor to pay Social Fund contributions for all expatriate employees for the period from February 15, 1993 to present, and (ii) obliging Kumtor to make Social Fund contributions on high altitude premiums paid to all Kumtor employees before 2010. As previously disclosed, the application of the Social Fund contributions to the high altitude premium for the 2010 tax year was the subject of a dispute between the Kyrgyz Social Fund and Kumtor, which was settled in late 2011 with Kumtor agreeing to make a settlement payment and to apply the contribution going forward. Tax audits for periods prior to 2010 have been completed, and the Company believes that cancelling such previously completed tax audits is not permitted under Kyrgyz law or under the Company's agreement with the Kyrgyz Republic.

14. Commitments and Contingencies (continued)

Contingencies (continued)

Kyrgyz Republic Parliamentary Commission Report and State Commission (continued)

The Company notes that pursuant to the Restated Investment Agreement, Kumtor is only required to make Social Fund payments in respect of such Kumtor employees who are Kyrgyz citizens.

Conclusion

As noted above, Centerra believes that the findings of the Parliamentary Commission set out in the Parliamentary Commission Report are without merit. Nevertheless, Centerra and Kumtor intend to work constructively with the State Commission and the interagency commissions to complete their reviews, and with any other Kyrgyz regulatory body to resolve matters.

With respect to the State Commission's mandate in Resolution 2117-V to renegotiate the current project agreements by October 1, 2012, the Company notes that such agreements were approved by all relevant Kyrgyz governmental authorities in 2009, including the Kyrgyz Parliament and the Constitutional Court. Accordingly, the Company believes these agreements are legally valid and enforceable obligations. In addition, concurrently with entering into the Restated Project Agreements, Centerra, KGC, the Kyrgyz Republic and others entered into a Release Agreement dated June 6, 2009, whereby, subject to certain exceptions which are not applicable in the circumstances, the Kyrgyz Republic released Centerra and KGC from any and all claims, and damages with respect of any matter (including any tax or fiscal matters) arising or existing prior to the date of such release agreement, whether such matters were known or unknown at such time, and the Kyrgyz Republic agreed not to commence any actions or assert any demands for such actions or demands so released. The Restated Project Agreement also provide for any disputes regarding the Restated Project Agreements, the Release Agreement, and the Kumtor project to be resolved by international arbitration if necessary.

There are risks associated with the Parliamentary Report, the State Commission, the interagency commissions, and the other related matters which could have an adverse impact on Centerra's future cash flows, earnings, results of operations, financial condition, or business prospects.

(Expressed in thousands of United States Dollars)

15. Related Party Transactions

Kyrgyzaltyn JSC

Revenues from the Kumtor gold mine are subject to a management fee of $1.00 per ounce based on sales volumes, payable to Kyrgyzaltyn JSC ("Kyrgyzaltyn"), a shareholder of the Company and a state-owned entity of the Kyrgyz Republic.

The table below summarizes 100% of the management fees and concession payments paid and accrued by Kumtor Gold Company ("KGC"), a subsidiary of the Company, to Kyrgyzaltyn and the amounts paid and accrued by Kyrgyzaltyn to KGC according to the terms of a Restated Gold and Silver Sale Agreement between KGC, Kyrgyzaltyn and the Government of the Kyrgyz Republic dated June 6, 2009.

The breakdown of the sales transactions and expenses with Kyrgyzaltyn are as follows:

	Three Months Ended		**Six Months Ended**	
(Thousands of U.S. Dollars)	**June 30, 2012**	June 30, 2011	**June 30, 2012**	June 30, 2011
Management fees to Kyrgyzaltyn	**$ 40**	$ 145	**$ 102**	$ 311
Gross gold and silver sales to Kyrgyzaltyn	**$ 64,219**	$ 221,938	**$ 172,246**	$ 452,685
Deduct: refinery and financing charges	**(196)**	(751)	**(489)**	(1,586)
Net sales revenue received from Kyrgyzaltyn	**$ 64,023**	$ 221,187	**$ 171,757**	$ 451,099

Dividend

	Three Months Ended		**Six Months Ended**	
(Thousands of U.S. Dollars)	**June 30, 2012**	June 30, 2011	**June 30, 2012**	June 30, 2011
Dividends paid to Kyrgyzaltyn	**$ 3,096**	$ 29,412	**$ 3,096**	$ 29,412

(Expressed in thousands of United States Dollars)

15. Related Party Transactions (continued)

Kyrgyzaltyn JSC (continued)

Related party balances

The assets and liabilities of the Company include the following amounts due from and prepaid to Kyrgyzaltyn:

(Thousands of U.S.Dollars)		**June 30, 2012**		**December 31, 2011**
Prepaid amounts	**$**	**91**	$	143
Amounts receivable (note 3)		**19,059**		47,366
Total related party assets	**$**	**19,150**	$	47,509

Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to a Gold and Silver Sale Agreement. Amounts receivable from Kyrgyzaltyn arise from the sale of gold to Kyrgyzaltyn. Pursuant to the Agreement on New Terms, entered into in April 2009, the Gold and Silver Sale Agreement was amended and restated in June 2009 with new terms. Kyrgyzaltyn is required to pay for gold delivered within 12 days from the date of shipment. Default interest is accrued on any unpaid balance after the permitted payment period of 12 days.

The obligations of Kyrgyzaltyn are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn.

Based on movements in Centerra's share price and the value of individual or unsettled gold shipments, the highest value receivable from unsettled shipments during the second quarter of 2012 was $24.7 million and $48.7 million for the six months ended June 30, 2012. On the date when these unsettled shipments were outstanding, the value of the pledged shares was sufficient to cover the amounts outstanding. However, the last shipment of the quarter on June 30, 2012, coincided with a material decline in the value of Centerra's stock, thereby resulting with a shortfall in the pledged security coverage of approximately $0.5 million for that unsettled shipment as of June 30, 2012.

(Expressed in thousands of United States Dollars)

16. Supplemental cash flow disclosure

Investment in property, plant and equipment (PP&E)

(Thousands of U.S.Dollars)	Three months ended June 30 2012	Three months ended June 30 2011	Six months ended June 30 2012	Six months ended June 30 2011
Additions to PP&E during the period	**$ (116,317)**	$ (48,615)	**$ (246,453)**	$ (120,783)
Depreciation and amortization included in additions to PP&E	**19,436**	3,849	**28,871**	9,260
Reduction (increase) in accruals included in additions to PP&E	**657**	(3,691)	**(628)**	1,381
Cash investment in PP&E	**$ (96,224)**	$ (48,457)	**$ (218,210)**	$ (110,142)

17. Segmented Information

In accordance with IFRS 8, *Operating Segments*, the Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The Chief Executive Officer has authority for resource allocation and assessment of the Company's performance and is therefore the CODM.

The Kyrgyz Republic segment involves the operations of the Kumtor Gold project and local exploration activities, and the Mongolian segment involves the operations of the Boroo Gold project, activities related to the Gatsuurt project and local exploration activities. The Corporate and other segment involve the head office located in Toronto and other international exploration projects. The segments' accounting policies are the same as those described in the summary of significant accounting policies in the Company's 2011 annual financial statements except that inter-company loan interest income and expenses, which eliminate on consolidation, are presented in the individual operating segments where they are generated when determining earnings or loss from operations.

Geographic Segmentation of Revenue

The Company's only product is gold doré, produced from mines located in the Kyrgyz Republic and Mongolia. All production from the Kumtor Gold project is sold to the Kyrgyzaltyn refinery in the Kyrgyz Republic while production from the Boroo Gold project is sold to Auramet Trading, LLC or Johnson Matthey Limited; the latter also refines the gold for Boroo at its refinery located in Ontario, Canada.

The following table reconciles segment operating profit per the reportable segment information to operating profit per the consolidated statements of earnings (loss) and comprehensive income (loss).

(Expressed in thousands of United States Dollars)

17. Segmented Information (continued)

Three months ended June 30, 2012

(Millions of U.S. Dollars)	Kygyz Republic	Mongolia	Corporate and other	Total
Revenue from Gold Sales	**$ 64.0**	**$ 25.7**	**$ -**	**$ 89.7**
Cost of sales	**62.1**	**16.3**	**-**	**78.4**
Abnormal mining costs	**13.5**	**-**	**-**	**13.5**
Regional office administration	**4.1**	**1.2**	**-**	**5.3**
Earnings from mine operations	**(15.7)**	**8.2**	**-**	**(7.5)**
Revenue based taxes	**9.0**	**-**	**-**	**9.0**
Other operating expenses	**21.3**	**1.6**	**-**	**22.9**
Exploration and business development	**3.1**	**2.1**	**4.0**	**9.2**
Corporate administration	**0.4**	**0.1**	**1.4**	**1.9**
Earnings (loss) from operations	**(49.5)**	**4.4**	**(5.4)**	**(50.5)**
Other (income) and expenses				**0.8**
Finance costs				**0.7**
Loss before income taxes				**(52.0)**
Income tax expense				**2.6**
Net loss and comprehensive loss				**$ (54.6)**
Capital expenditure for the period	**$ 111.2**	**$ 5.0**	**$ 0.1**	**$ 116.3**

Three months ended June 30, 2011

(Millions of U.S. Dollars)	Kygyz Republic	Mongolia	Corporate and other	Total
Revenue from Gold Sales	$ 221.2	$ 22.6	$ -	$ 243.8
Cost of sales	92.9	13.0	-	105.9
Mine standby costs	-	0.2	-	0.2
Regional office administration	4.4	1.3	-	5.7
Earnings from mine operations	123.9	8.1	-	132.0
Revenue based taxes	31.0	-	-	31.0
Other operating expenses	0.3	0.2	-	0.5
Exploration and business development	3.0	4.1	5.3	12.4
Corporate administration	0.5	0.1	11.9	12.5
Earnings (loss) from operations	89.1	3.7	(17.2)	75.6
Other (income) and expenses				(1.3)
Finance costs				1.2
Earnings before income taxes				75.7
Income tax expense				4.6
Net earnings and comprehensive income				$ 71.1
Capital expenditure for the period	$ 45.8	$ 2.6	$ 0.2	$ 48.6

(Expressed in thousands of United States Dollars)

17. Segmented Information (continued)

Six months ended June 30, 2012

(Millions of U.S. Dollars)	Kygyz Republic	Mongolia	Corporate and other	Total
Revenue from Gold Sales	**$ 171.8**	**$ 51.7**	**$ -**	**$ 223.5**
Cost of sales	**130.6**	**32.5**	**-**	**163.1**
Abnormal mining costs	**32.8**	**-**	**-**	**32.8**
Mine standby costs	**4.6**	**-**	**-**	**4.6**
Regional office administration	**7.4**	**2.7**	**-**	**10.1**
Earnings from mine operations	**(3.6)**	**16.5**	**-**	**12.9**
Revenue based taxes	**24.1**	**-**	**-**	**24.1**
Other operating expenses	**22.7**	**1.6**	**-**	**24.3**
Exploration and business development	**5.3**	**4.3**	**7.9**	**17.5**
Corporate administration	**1.0**	**0.1**	**9.4**	**10.5**
Earnings (loss) from operations	**(56.7)**	**10.5**	**(17.3)**	**(63.5)**
Other (income) and expenses				**-**
Finance costs				**1.7**
Loss before income taxes				**(65.2)**
Income tax expense				**4.1**
Net loss and comprehensive loss				**(69.3)**
Capital expenditure for the period	**$ 237.5**	**$ 8.8**	**$ 0.2**	**$ 246.5**
Assets (excluding Goodwill)	**$ 948.1**	**$ 325.1**	**$ 158.0**	**$ 1,431.2**

Six months ended June 30, 2011

(Millions of U.S. Dollars)	Kygyz Republic	Mongolia	Corporate and other	Total
Revenue from Gold Sales	$ 451.1	$ 42.9	$ -	$ 494.0
Cost of sales	141.2	26.5	-	167.7
Mine standby costs	-	0.2	-	0.2
Regional office administration	7.7	2.8	-	10.5
Earnings from mine operations	302.2	13.4	-	315.6
Revenue based taxes	63.2	-	-	63.2
Other operating expenses	0.3	0.2	-	0.5
Exploration and business development	7.2	4.9	7.9	20.0
Corporate administration	1.0	0.2	19.0	20.2
Earnings (loss) from operations	230.5	8.1	(26.9)	211.7
Other (income) and expenses				(2.3)
Finance costs				1.6
Earnings before income taxes				212.4
Income tax expense				4.7
Net earnings and comprehensive income				$ 207.7
Capital expenditure for the period	$ 117.9	$ 2.7	$ 0.2	$ 120.8
Assets(excluding Goodwill)	$ 824.2	$ 260.9	$ 287.7	$ 1,372.8