centerra GOLD

Notice of Annual Meeting of Shareholders
and
Management Information Circular

March 27, 2012

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Dear Shareholder,

It is my pleasure to invite you to attend the annual meeting of shareholders of Centerra Gold Inc. ("Centerra"), which will be held on Thursday, May 17, 2012 at 10:00 a.m. (Toronto time) at the St Andrew's Club & Conference Centre, 150 King Street West, 27th Floor, Toronto, Ontario. It is an opportunity for the directors and management of Centerra to meet with you, our shareholders. At the meeting, we will report to you on Centerra's performance in 2011 and our plans for the future.

Included in this package are Centerra's 2011 annual report, notice of meeting and management information circular. These materials describe the business to be dealt with at the meeting and provide you with additional information about Centerra and its directors and officers. Please exercise your rights as a shareholder either by attending the meeting and voting in person or by using the enclosed request for voting instructions or form of proxy.

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

Sincerely,

(Signed)
Patrick M. James
Chair of the Board of Directors

centerra GOLD

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholder:

NOTICE IS HEREBY GIVEN THAT the annual meeting of the shareholders (the “Meeting”) of Centerra Gold Inc. (“Centerra”) will be held on Thursday, May 17, 2012 at 10:00 a.m. (Toronto time) at St Andrew’s Club & Conference Centre, 150 King Street West, 27th Floor, Toronto, Ontario, in order for shareholders of Centerra to:

1. receive the audited financial statements for the year ended December 31, 2011 and the auditors’ report thereon;
2. elect directors for the ensuing year;
3. appoint auditors for the ensuing year and authorize the directors to fix the remuneration to be paid to the auditors; and
4. transact such other business as may properly come before the Meeting, or any postponement or adjournment thereof.

The board of directors of Centerra has fixed the close of business on March 21, 2012 as the record date to determine which shareholders are entitled to receive notice of and to vote at the Meeting, or any postponement or adjournment thereof.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed)

Frank H. Herbert
Corporate Secretary

Toronto, Ontario, Canada
March 27, 2012

CENTERRA GOLD INC.

MANAGEMENT INFORMATION CIRCULAR

Dated March 27, 2012

SOLICITATION OF PROXIES AND VOTING INSTRUCTIONS

The information contained in this management information circular (the "Circular") is furnished in connection with the solicitation of proxies from holders of common shares ("Shares") of Centerra Gold Inc. ("Centerra" or the "Corporation"). These proxies will be used at the annual meeting of shareholders of the Corporation (the "Meeting") to be held on Thursday, May 17, 2012 at 10:00 a.m. (Toronto time) at the St Andrew's Club & Conference Centre, 150 King Street West, 27th Floor, Toronto, Ontario or any adjournment or postponement thereof, for the purposes set forth in the accompanying notice of Meeting. It is expected that the solicitation will be made primarily by mail, but proxies and voting instructions may also be solicited personally or by telephone by employees of the Corporation. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation and the total cost of the solicitation of proxies will be borne by the Corporation.** The information contained in this Circular is given as at March 27, 2012 and in Canadian dollars, except where otherwise noted.

VOTING INFORMATION

Who May Vote

You are entitled to vote at the Meeting if you were a holder of Shares of Centerra at the close of business on March 21, 2012, the record date for the Meeting. Each Share is entitled to one (1) vote.

How to Vote

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

Registered Shareholders

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

Non-Registered Shareholders

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

In accordance with the *Canada Business Corporations Act* and applicable securities laws, Centerra has distributed copies of the notice of Meeting, this Circular and Centerra's annual report for the year-ended December 31, 2011 (the "Meeting Materials") to intermediaries for onward distribution to non-registered shareholders who have not waived their right to receive them. Typically, intermediaries will use a service company (such as Broadridge Investor Communications) to forward Meeting Materials to non-registered shareholders. Meeting Materials will include either your intermediary's voting instruction form or a form of proxy stamped by the intermediary limited to the number of Shares beneficially owned by you, but that is otherwise not complete. The purpose of these documents is to permit you to direct the voting of the Shares you beneficially own. You should carefully follow the instructions set out in your intermediary's voting instruction form or form of proxy, as the case may be.

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

Voting by Proxy

Appointment of Proxies

The persons named in the voting instruction form or the form of proxy you received are representatives of management of the Corporation. **You have the right to appoint another person (who need not be a shareholder) to represent you at the Meeting. You may appoint another person by inserting that person's name in the blank space set out in the form of proxy provided or by completing another proper form of proxy.** By properly completing and returning a voting instruction form or form of proxy, you are authorizing the individual named in the form to attend the Meeting and to vote your Shares. To be valid, proxies must be deposited with our transfer agent, CIBC Mellon Trust Company through their Administrative Agent, Canadian Stock Transfer Company Inc. ("CST") at P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1 (Fax: (416) 368-2502; or toll-free within North America 1-866-781-3111) no later than 10:00 a.m. (Toronto time) on Tuesday, May 15, 2012 or, if the Meeting is postponed or adjourned, on a day other than a Saturday, Sunday or holiday which is at least 24 hours before the time of such reconvened meeting.

Exercise of Discretion by Proxies

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

If you properly complete and return your voting instruction form or form of proxy appointing representatives of management of the Corporation as your proxy, but do not specify how you wish the votes to be cast, your Shares will be voted FOR the appointment of KPMG LLP as independent auditors for 2012 and the authorization of the directors to fix their remuneration, FOR the election of directors nominated by management, and, at the discretion of management, on any matter which may properly come before the Meeting.

Revocation

If you are a registered shareholder and have provided a proxy, you may revoke your proxy anytime before it is used by: (i) completing and signing another form of proxy bearing a later date and depositing it with CST at P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1 (Fax: (416) 368-2502) or toll-free within North America 1-888-781-3111); (ii) depositing a document that is signed by you (or by someone you have properly authorized to act on your behalf) stating that you wish to revoke your proxy, to the Corporate Secretary of the Corporation at the registered office of the Corporation (1 University Avenue, Suite 1500, Toronto, Ontario, Canada, M5J 2P1); (iii) notifying the Chair of the Meeting prior to the commencement of the Meeting or any postponement or adjournment of the Meeting that you have revoked your proxy; or (iv) following any other procedure that is permitted by law.

If you are a non-registered shareholder, you may revoke your voting instruction form (or any waiver of your right to receive meeting materials and to vote) at any time by following instructions given by your intermediary.

VOTING SHARES

Centerra is authorized to issue an unlimited number of Shares, class A non-voting shares and preference shares with no par value. On March 21, 2012, the Corporation had 236,369,793 Shares issued and outstanding. The directors have fixed March 21, 2012 as the record date for the Meeting. Only holders of Shares who are on record on that date will be entitled to vote on the matters proposed to come before the Meeting on the basis of one (1) vote for each Share held.

PRINCIPAL HOLDERS OF VOTING SECURITIES

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

Name	Number of Securities	Percentage(1)
Kyrgyzaltyn JSC	77,401,766 Shares	32.7%
M&G Investment Management Limited(2)	30,732,400 Shares	13.0%

(1) Percentage is based on 236,369,793 shares issued and outstanding.

(2) M&G Investment Management Limited is a fund manager in the United Kingdom. This information was provided by M&G Investment Management Limited, as filed on August 8, 2011.

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

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

Kyrgyzaltyn purchases all of the gold produced from the Kumtor mine for processing at its refinery in the Kyrgyz Republic pursuant to a Restated Gold and Silver Sale Agreement (the "Sales Agreement") between Kyrgyzaltyn and KGC. Under the Sales Agreement Kyrgyzaltyn is required to pay for gold within

12 calendar days of shipment from the Kumtor mill at a price that is fixed based on the London PM fixed price of gold on the London Bullion Market. The obligations of Kyrgyzaltyn owing to KGC are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn.

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

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

BUSINESS TO BE TRANSACTED AT THE MEETING

Financial Statements

The audited financial statements of Centerra for the period ended December 31, 2011 and the auditors' report thereon will be placed before the Meeting. These financial statements, together with the auditors' report thereon, are contained in the Meeting Materials included with this Circular.

Election of Directors

The number of directors to be elected at the Meeting has been set by the Board at ten (10). The articles of the Corporation provide for a minimum of three (3) and a maximum of fifteen (15) directors. The Board approved the nomination of the individuals named below for election as directors.

As disclosed in the Corporation's news release of March 14, 2012, Messrs. Patrick James and Ian Austin are not standing for re-election to the Board at the Meeting. Both have been directors of the Corporation since April 2004, immediately prior to Centerra's initial public offering. Subject to the outcome of the Meeting, the Board intends to appoint Mr. Stephen Lang as the Chair of the Board. Mr. Lang is currently Centerra's President and Chief Executive Officer and has decided to retire from this role concurrently with assuming the position of Board Chair. As Mr. Lang will not be considered an independent director for a three year period due to his historical role with the Corporation, the Board will name a lead independent director. In accordance with the succession plan previously established by the Board, Mr. Ian Atkinson (currently the Corporation's Senior Vice President, Global Exploration) has been promoted to the position of President and Chief Executive Officer and Mr. David Groves has been promoted to the position of Vice President, Global Exploration, both effective immediately following the Meeting. The Board is currently recruiting a replacement for Mr. Austin who can serve as the chair of the Audit Committee. The Board will appoint such individual after the Meeting. The Board also expects that Mr. Atkinson will join the Board prior to the next annual general meeting of shareholders.

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

All of the proposed nominees are currently directors of Centerra and have been since the dates indicated below. Each of the nominees who are currently directors of Centerra were elected to his or her present term as a director by the shareholders of the Corporation at the annual meeting of the Corporation's shareholders held on June 23, 2011.

While Kyrgyzaltyn is entitled to designate two Board nominees pursuant to the Restated Shareholders Agreement, the slate of proposed nominees set out below includes three Kyrgyz citizens: Messrs. Karybek Ibraev, Amangeldy Muraliev and Niyazbek Aldashev. All three nominees are incumbent directors of Centerra. In making its decision to also include a third Kyrgyz citizen to the Board, in the list of proposed nominees, the Board considered a variety of factors, including the current size of Kyrgyzaltyn's shareholding in Centerra and its desire for greater Kyrgyz representation on the Board, the continuing importance of the Kumtor mine to the Corporation and the particular qualifications and experience of the nominees.

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

Nominees — Biographies

The following tables set out the name and biographical information of each nominee, including present principal occupation, principal occupations and directorships during the past five years and whether or not the nominee has been determined by the Board to be independent under Canadian securities laws. The table below also sets out for each nominee, as of March 27, 2012, the number of Shares, Deferred Share Units ("DSUs"), Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") and the number of outstanding stock options ("Options") held by the nominees, and the market value of securities held as of the date hereof (in Canadian dollar figures). The table below also sets out the applicable minimum ownership requirements (in Canadian dollar figures), the appointment date to Centerra's Board and the areas of expertise for each director.

The Board's mandate provides for retirement of directors at age 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 Mr. Raphael Girard due to his experience and expertise in the areas of governmental relations and corporate social responsibility.

Niyazbek B. Aldashev, 43
Bishkek, Kyrgyz Republic

Shares[1]	Nil
DSUs	Nil
PSUs	Nil
Options	Nil
RSUs	2,509
Market value of securities held[2]	$40,470
Minimum ownership[3]	$420,000

Director since June 23, 2011

Independent

Areas of Expertise[4]: International Experience, Human Resources, Legal (particularly Kyrgyz Mining Law)

Since 2007, Mr. Aldashev has been the Director General with Lorenz LLC, an international law firm in its Bishkek, Kyrgyz Republic office. Mr. Aldashev's practice includes mining and subsoil law, corporate, project finance, international arbitration and international law. From 1998-2007, Mr. Aldashev was legal counsel with the legal firm of LeBouef, Lamb, Greene & MacRae LLP (a U.S. based international law firm) in its Bishkek and Brussels offices. Mr. Aldashev received his Law Degree from Leningrad State University, Russia, and has received other degrees including a PhD in International Law from St. Petersburg State University, Russia, a MA in Diplomatic Studies from Westminster University, London, and an International Practice Diploma from the College of Law of England and Wales.

Raphael A. Girard, 72
Ottawa, Ontario, Canada

Shares[(1)]	8,954
DSUs	959
PSUs	Nil
Options	Nil
RSUs	5,136
Market value of securities held[(2)]:	$242,740
Minimum ownership[(3)]:	$420,000

Director since August 19, 2010

Independent

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

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

Karybek U. Ibraev, 49
Bishkek, Kyrgyz Republic

Shares[(1)]	Nil
DSUs	1,004
PSUs	Nil
Options	Nil
RSUs	5,136
Market value of securities held[(2)]	$99,038
Minimum ownership[(3)]	$420,000

Independent

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

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

Stephen A. Lang, 56
Toronto, Ontario, Canada

Shares[(1)]	57,000
DSUs[(4)]	N/A
PSUs	136,225
Options	227,249
RSUs	Nil
Market value of securities held[(2)]	$919,410
Minimum ownership[(5)]	$650,000

Director since June 17, 2008

Non-Independent

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

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

John W. Lill, 60
Toronto, Ontario, Canada

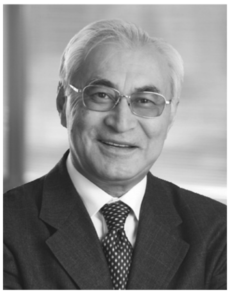
Shares[(1)]	10,000
DSUs	3,622
PSUs	Nil
Options	Nil
RSUs	5,136
Market value of securities held[(2)]	$302,567
Minimum ownership[(3)]	$420,000

Director since December 30, 2009

Independent

Areas of Expertise[(4)]: Mining, Exploration and Operations, Industry Knowledge, Senior Officer experience

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



Amangeldy M. Muraliev, 64
Bishkek, Kyrgyz Republic

Shares[(1)]	Nil
DSUs	903
PSUs	Nil
Options	Nil
RSUs	5,136
Market value of securities held[(2)]	$97,409
Minimum ownership[(3)]	$420,000

Director since August 19, 2010

Non-Independent

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

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

Sheryl K. Pressler, 61
Atlanta, Georgia, U.S.A.

Shares[(1)]	Nil
DSUs	28,365
PSUs	Nil
Options	Nil
RSUs	1,267
Market value of securities held[(2)]	$477,964
Minimum ownership[(3)]	$420,000

Director since May 7, 2008

Independent

Areas of Expertise[(4)]: Finance, Human Resources, Managing/Leading Growth

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

Terry V. Rogers, 65
McCall, Idaho, U.S.A.

Shares[(1)]	9,000
DSUs	28,394
PSUs	Nil
Options	Nil
RSUs	633
Market value of securities held[(2)]	$613,376
Minimum ownership[(3)]	$420,000

Director since February 1, 2003

Independent

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

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

Bruce V. Walter, 54
Toronto, Ontario, Canada

Shares[1]	15,000
DSUs[6]	23,908
PSUs	Nil
Options	100,000
RSUs	4,280
Market value of securities held[2]	$696,622
Minimum ownership[3]	$420,000

Director since May 7, 2008

Non-Independent

Areas of Expertise[4]: Legal, Managing/Leading Growth, Industry Knowledge

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

Anthony J. Webb, 65
Victoria, British Columbia, Canada

Shares[(1)]	Nil
DSUs	54,958
PSUs	Nil
Options	Nil
RSUs	5,136
Market value of securities held[(2)]	$696,316
Minimum ownership[(3)]	$420,000

Director since April 30, 2004

Independent

Areas of Expertise: Human Resources/Strategic Planning, Executive Compensation

Mr. Webb 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 Corporation 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.

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

(2) The market value of Centerra securities held by a director is the value of the director's DSUs, RSUs and Shares based upon the closing price on the Toronto Stock Exchange (the "TSX") of Centerra's Shares on March 26, 2012, which was $16.13. For Mr. Lang, it includes only Shares.

(3) For a description of minimum ownership expectations of directors, please refer to section 12 of the Board mandate attached hereto as Appendix "A", and "Directors Compensation for 2011" on page A-9.

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

(5) Mr. Lang is currently the President and Chief Executive Officer of Centerra and, as such, is not remunerated for his service on the Board. As a result, he is not subject to the minimum ownership requirement that applies to non-executive directors of Centerra and is not eligible to receive DSUs or RSUs. As the President and Chief Executive Officer, Mr. Lang is expected to hold Shares equivalent in value to 100% of his base salary within 5 years of his appointment. See "Compensation Discussion & Analysis — Executive Share Ownership Expectations" on page 19. As discussed elsewhere in this Circular, the Board intends to appoint Mr. Lang as the Chair of the Board following the Meeting and Mr. Lang will concurrently retire from his role as President and Chief Executive Officer of Centerra. Since Mr. Lang will no longer be an employee of Centerra, he will be entitled to receive remuneration for his services as a Board member, including the grant of DSUs and RSUs, but will no longer be entitled to receive Options which are only available for Centerra employees. Effective as of the Meeting, Mr. Lang will also become subject to the minimum ownership requirements for a Board member.

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

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

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

Bruce Walter is currently the subject of proceedings before the Ontario Securities Commission (the "OSC"). According to the Statement of Allegations by the OSC, a copy of which can be found at the OSC website, the OSC alleges that Mr. Walter and a business colleague engaged in insider trading and conduct contrary to the public interest in connection with an acquisition of a publicly traded company which was completed in 2011. The OSC seeks an order that, among other things, would require Mr. Walter to resign all positions he holds as an officer or director of any publicly traded company. The allegations against Mr. Walter have not been substantiated. The first hearing of this matter is scheduled for February 2013.

Committee Members

The following table sets out the members of each of the standing committees of Centerra's Board as at March 27, 2012:

Audit Committee
- Ian G. Austin (Chair)
- Niyazbek B. Aldashev
- Patrick M. James
- Sheryl K. Pressler

Human Resources and Compensation Committee
- Anthony J. Webb (Chair)
- Niyazbek B. Aldashev
- Ian G. Austin
- Terry V. Rogers

Nominating and Corporate Governance Committee
- Sheryl K. Pressler (Chair)
- Raphael A. Girard
- Patrick M. James
- Amangeldy M. Muraliev
- Anthony J. Webb

Reserves Committee
- Terry V. Rogers (Chair)
- Raphael A. Girard
- Karybek U. Ibraev
- Bruce V. Walter

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

Corporate Social Responsibility Committee
- Raphael A. Girard (Chair)
- Niyazbek B. Aldashev
- Karybek U. Ibraev
- John W. Lill
- Terry V. Rogers

As previously disclosed, Messrs. Patrick James and Ian Austin are not standing for re-election to the Board. It is expected that Mr. Lang will be appointed by the Board as the Chair following the Meeting. The Board is currently recruiting for a replacement for Mr. Austin who will be independent from the Corporation and financially literate (within the meaning of National Instrument 52-110 — Audit Committees of the Canadian Securities Administrators). The appointment of the additional director will not occur until after the Meeting.

Appointment of Auditors

The management representatives, designated in the enclosed form of proxy, intend to vote **FOR** the re-appointment of KPMG LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the Board to fix their remuneration. The resolution to reappoint KPMG

LLP as auditor of the Corporation must be passed by a majority of the votes cast by the holders of Shares present in person or represented by proxy at the meeting. KPMG LLP was first appointed auditors of the Corporation on May 10, 2005.

Audit, tax and other fees billed by KPMG LLP in respect of the financial years ended December 31, 2011 and 2010 were as follows:

	2011	2010
Audit Fees	801,805	732,700
Audit Related Fees(1)	153,400	152,000
Tax Fees(2)	29,667	27,350
All Other Fees(3)	10,000	Nil
Total	**994,872**	**912,050**

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

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

(3) All Other Fees are for transaction services.

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

COMPENSATION DISCUSSION AND ANALYSIS

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

Named Executive Officers

Centerra's Named Executive Officers ("NEO") are determined in accordance with applicable securities laws. In 2011, the NEOs were:

Name	Title
Stephen Lang	President and Chief Executive Officer
Jeff Parr	Vice President and Chief Financial Officer
Ron Colquhoun	Vice President and Chief Operating Officer
Ian Atkinson	Senior Vice President, Global Exploration
Frank Herbert	General Counsel and Corporate Secretary

Human Resources and Compensation Committee Governance

Human Resources and Compensation Committee Composition

The current members of the Human Resources and Compensation Committee (the "HRC Committee") of Centerra are Anthony Webb (Chair), Niyazbek Aldashev, Ian Austin and Terry Rogers. Each member of the HRC Committee is independent of Centerra. The Board has adopted a formal charter for the HRC Committee, which provides that one of the primary purposes of the HRC Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the selection, retention and compensation of senior management. See page 49 for a detailed description of the HRC Committee charter.

Human Resources and Compensation Committee Expertise

Centerra's HRC Committee is currently comprised of four independent directors, who together have over 38 years of prior experience in human resources and compensation matters, including sitting on human resources and compensation committees of other public companies, executive management experience in compensation matters, and/or pursuing education opportunities. As well, one of the directors, Terry Rogers, has received his Chartered Director designation from the Directors College which included an extensive module on human resources and compensation matters, and Niyazbek Aldashev is scheduled to commence his Chartered Director studies in 2012.

HRC Committee's Role in Setting Executive Compensation

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

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

- It reviews and approves annually (or recommends to the Board for approval, where required) the Corporation's targets for its annual incentive plan, taking into consideration Centerra's corporate objectives and potential risks that the Corporation may face or that are inherent in the industry. The review process is carried out with the involvement of other Board committees, including the safety, health and environmental committee and the corporate social responsibility committee. The HRC Committee also reviews annually, with the assistance of other Board committees, the achievement of such targets.
- It reviews and approves compensation for the executives that report directly to the President and Chief Executive Officer, and makes recommendations to the Board regarding compensation for the President and Chief Executive Officer.
- It retains discretion to create, modify or reduce incentive awards, including bonuses, performance share units and options, if circumstances require, such as the use of modified PSUs in 2010 when the Corporation was not in a position to grant Options.
- It reviews share ownership guidelines and whether directors and executives have met the required standards.

Compensation Philosophy and Objectives

Guiding Principles

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

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

Managing Compensation-Related Risk

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

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

- Incentive awards are based on multiple metrics, including both relative and absolute metrics and environmental and health and safety as well as production and cost metrics.

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

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

Benchmarking Compensation

Compensation Peer Group

In December 2008, Centerra retained Mercer Consulting to assist with the selection of an appropriate group of companies as a reference for determining competitive total compensation packages. The selection of companies was intended to reflect a group of mining companies with which Centerra competes for executives and other professionals. The criteria were determined to be North American-based, publicly-traded gold and base metal mining companies with annual revenues of approximately US$500 million to US$1.5 billion. The HRC Committee reviewed and approved the selection criteria and the resulting list of comparator companies and reviews the list annually and adjusts as required due to mergers and acquisitions. There were no changes to the comparator group in 2011 and therefore it remains as follows:

Agnico-Eagle Mines Limited
HudBay Minerals Inc.
IAMGOLD Corporation
Inmet Mining Corporation
Kinross Gold Corporation
Lundin Mining Corporation
Quadra FNX Mining Ltd.
Thompson Creek Metals Company Inc.
Yamana Gold Inc.

Compensation Surveys

In addition to annual proxy data of companies within the comparator group noted above, Centerra relies on several surveys prepared by independent consultants to ensure Centerra's compensation program provides competitive compensation opportunities for its executive officers while satisfying Centerra's compensation philosophy and objectives. In 2011, Centerra purchased the Hay Group Global Mining Compensation Reviews for 2011, the Coopers Consulting Mining Industry Salary Surveys for 2011, and various executive and non-executive surveys from Mercer Consulting. The amounts paid in 2010 and 2011 by Centerra to compensation consultants for surveys were as follows:

Consultant	Amounts Paid in 2011 $	Amounts Paid in 2010 $
Hay Group(1)	44,028	32,825
Coopers Consulting(2)	9,368	6,554
Mercer Consulting(3)	7,048	3,797
Total	**60,444**	**43,176**

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

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

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

Human Resources and Compensation Consultant Fees

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

	Amounts Paid in 2011		Amounts Paid in 2010	
Consultant	Executive Compensation-Related Fees $	All Other Fees $	Executive Compensation-Related Fees $	All Other Fees $
Hay Group(1)	77,701	22,576	152,945	nil
Meridian Compensation Partners(2)	11,644	nil	nil	nil
Ernst & Young(3)	4,892	9,532	56,816	2,273
Mercer Consulting(4)	nil	nil	9,293	nil
Total	**94,237**	**32,108**	**219,054**	**2,273**

(1) Centerra has engaged the Hay Group for various consulting assignments since 2004. In 2009 the Hay Group was engaged by the HRC Committee and the Board as their independent compensation advisor. Although management and the Board both use Hay Group, care is used to maintain independence, including use of different individuals for management versus Board functions. When the HRC Committee or the Board use a consultant, the consultant is instructed by and reports directly to the HRC Committee or the Board, as applicable. In 2010 Hay Group provided consulting services with respect to directors' compensation and executive management compensation including the design of an executive retirement plan. Of the $77,701 paid to Hay Group for consulting services in 2011, $44,347 was for the purpose of determining compensation for the Board. The $22,576 other fees paid to Hay Group in 2011 was for access to the Hay Group's Job Evaluation Manager software and executive and non-executive job evaluation consultation.

(2) Centerra first engaged Meridian Compensation Partners in 2011 to provide advice to the HRC Committee and the Board with respect to compensation-related risk and disclosure requirements.

(3) Ernst & Young has provided consulting services to Centerra since 2006. In 2010, their services focused on the design and taxation of our executive retirement plan and in 2011 they provided professional advice on the taxation of stock options. Other fees paid to Ernst & Young in both 2010 and 2011 are for personal tax preparation or advice for some executives or expatriates in years of transition.

(4) Centerra first engaged Mercer Consulting for professional consulting services in 2004. In 2010 Mercer professionals provided consulting services with respect to the establishment of an executive retirement plan.

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

Executive Share Ownership Expectations

The Board believes that executive officers should hold a significant ownership interest in Centerra in order to align their interests with those of Centerra's shareholders and focus executives on improving total shareholder returns over time and mitigate compensation related risks. The Board expects executive officers to hold common shares in Centerra with a value equal to a percentage of an executive's base salary (100% of base salary for the President and Chief Executive Officer and 50% of base salary for other executive officers) within five years of their initial appointment as executive officers. Shares are valued at the higher of cost and current fair market value, for this purpose. As of December 31, 2011, all of the NEOs have met their share ownership expectations. The HRC Committee in 2012 expects to review these standards in light of comparator group practices.

Total Compensation Targets

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

Measuring Individual Performance

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

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

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

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

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

- contributions to Centerra's overall performance;
- individual performance relative to pre-established goals;

- long-term performance and potential for future advancement or ability to assume roles of greater responsibility; and
- position against competitive market norms for similar roles.

Components of Executive Compensation

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

Salary

Base salary is the principal fixed component of pay, and is intended to compensate executive officers for fulfilling their duties and assists in the attraction and retention of key executives. An annual base salary for each executive officer is normally established on a preliminary basis each year using independent compensation surveys and proxy data of Centerra's comparator group of companies. Actual base salaries are then recommended by the President and Chief Executive Officer to the Chair of the Board and the HRC Committee based upon the median salary levels so established, an assessment of an executive officer's performance and Centerra's performance during the prior year, the scope of the executive's responsibilities, tenure and prior experience, as well as retention risk. On the same basis, base salary of the President and Chief Executive Officer is recommended by the Chair of the Board and approved by the Board. Base salaries are the principal basis for establishing the target payouts of the annual, mid-term and long-term incentive plan awards discussed below. Salaries are reviewed on an annual basis, and merit increases are considered for all executive officers and are generally effective April 1. Salaries paid to the NEOs in 2011 are reflected in the "Summary Compensation Table" on page 30. As of December 31, 2011, the base salaries for the NEOs are as follows:

Named Executive Officer	Annual Base Salary at December 31, 2011 ($)(1)
Stephen Lang(2)	650,000
Jeff Parr	389,100
Ron Colquhoun	392,500
Ian Atkinson	367,000
Frank Herbert	377,000

(1) 2011 base salaries were effective as of April 1, 2011.

(2) Stephen Lang also received a 7.7% premium on his base salary in the amount of $48,922 in 2011, and will receive a final base salary premium of 6.1% in 2012. The premium was established on the advice of an independent tax advisor and is a temporary premium to allow Mr. Lang to transition into the Canadian taxation environment from the United States, and is not based on performance criteria. The base salary that is the principal basis for establishing the target payouts of the annual, mid-term and long-term incentive plan awards for Mr. Lang does not include the premium.

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

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

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

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

Base Salary (at Dec. 31, 2011)	**X**	**Individual Bonus Target** (% of Base Salary)	**X**	**Corporate Performance Multiplier** (0.0-1.5)	**X**	**Individual Performance Multiplier** (0.0-1.5)	**=**	**Actual Cash Bonus**

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

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

Named Executive Officer	Cash Bonus Target (% of Base Salary)	Cash Bonus Range (% of Base Salary)
Stephen Lang	70	0-140
Jeff Parr	50	0-100
Ron Colquhoun	60	0-120
Ian Atkinson	60	0-120
Frank Herbert	50	0-100

The cash bonus target is a percentage of base salary reflecting the NEO's role and responsibilities. When performance meets expectations, executives earn their target bonus. Depending on individual and corporate performance, annual cash bonuses may exceed or fall short of target. Based upon 2011 performance, the eligible NEOs received cash bonuses in 2012 that ranged from 82% to 121% of their respective base salaries as at the end of 2011. See the "Summary Compensation Table" on page 30.

2011 Corporate Performance

At or near the beginning of each year, the Board and management agree on financial, operational and strategic objectives for the year which are based upon Centerra's long-term business strategy. At the conclusion of each year, the HRC Committee assesses actual performance against these objectives. Centerra's 2011 corporate performance measure is based equally upon the following performance measures for cash bonus incentive plan purposes:

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

If Centerra meets each of the targeted performance measurements, the corporate performance multiplier is 1.0. If the maximum performance is achieved or exceeded for each of the corporate performance measures, the corporate performance multiplier is 1.5. If the minimum performance is not achieved for a particular corporate performance measurement, no amount is payable for that measurement. The degree of difficulty in achieving each of these corporate performance measures is challenging because targets are set aggressively. Detailed descriptions of each of the elements of the 2011 corporate performance measure are set out below.

Health and Safety Performance

The health and safety measurement encourages executives and employees to continually improve health and safety management systems and performance at Centerra's operations. The health and safety performance measure in 2011 was split, with 50% based on recordable injury frequency ("RIF") and injury severity, which are described below, and the remaining 50% on a health, safety & environment ("HSE") evaluation score. The HSE evaluation is an audit tool which evaluates whether the health, safety and environmental management of Centerra's operations meet internationally recognized standards and industry best practices. The evaluation tool also highlights areas of Centerra's health, safety and environmental management system where significant improvement has been achieved since the previous evaluation and identifies areas for continued improvement. It provides a measuring stick for where Centerra currently stands versus its goals and is an important part of our continual improvement process. The formula is as follows:

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

where,

LTI = number of lost time injuries to employees and contractors

MAI = number of medical aid injuries to employees and contractors

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

The RIF permits Centerra to measure its health and safety performance against international industry best practices, and is a measure of the number of injuries per 100 workers in a year. For 2011, a RIF of 0.3 or less would result in a score of 1.5; a RIF of 0.4 would result in a score of 1.0; a RIF of 0.54 would result in a score of 0.80; and a RIF of higher than 0.54 would result in a score of 0.0. All other RIF results are calculated on a linear basis within these parameters. This RIF score is then adjusted based on the severity of the injuries sustained. Injury severity is based on the number of lost workdays per 100 workers per year, including: traumatic or surgical loss; permanent impairment of a function; and fatal or permanent total disability. An injury severity deduction, representing the number of lost workdays per 100 workers is subtracted from the RIF score. With a severity score of less than 5, meaning fewer than 5 lost work days per 100 workers, there is no deduction from the RIF score; with a severity score of 5, there is a 0.05 deduction from the RIF score; with a severity score of 300, there is a 0.25 deduction from the RIF score; with a severity score of 600, there is a 0.70 deduction from the RIF score; and with a severity score of more than 600, the RIF score is reduced to 0.0. All other severity scores are calculated on a linear basis within these parameters.

The RIF score minus the applicable injury severity deduction represents 50% of the health and safety component of the corporate performance measure. The other 50% is based on the average HSE evaluation score achieved at Kumtor and Boroo. A HSE evaluation score of 90% or higher would result in a score of 1.5; a HSE evaluation score of 80% would result in a score of 1.0; a HSE evaluation score of 65% would result in a score of 0.8; and a HSE evaluation score of lower than 65% would result in a score of 0.0 for the HSE portion of the health & safety measure. All other HSE evaluation scores are calculated on a linear basis within the above parameters.

In 2011, Centerra's RIF was 0.3, with a severity score of 4.09 resulting in a score of 1.5 which is worth 50% of the health and safety measure. The average HSE evaluation score of 88.5% resulted in a score of 1.425 for the other 50% of the health and safety measure. Therefore, the overall multiplier for the health and safety performance in 2011 is 1.4625, being (1.5 x 50%) + (1.425 x 50%).

Environmental Performance

The environmental measurement is designed to focus executives and employees on continually improving the environmental performance of Centerra's operations, and is measured by Centerra's success in preventing incidents that could affect the environment. The environmental performance measure is split, with 50% based on the number and level of environmental incidents, and the remaining 50% on the HSE evaluation score (as detailed above). The initial incidence scores for the Kumtor mine and Boroo mine are set at 1.5 as of January 1, and deductions are made to these on a per incident basis as follows:

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

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

In 2011, neither Kumtor nor Boroo reported any spills above a level 1, resulting in a 2011 corporate incidence score of 1.5, and representing 50% of the environmental performance measure. None of the incidents which occurred required reporting to a regulatory authority in the relevant jurisdictions.

The average HSE score (as previously described in the Health and Safety Performance section above) of 88.5% resulted in a corporate HSE score of 1.425 for the other 50% of the environmental performance measure. Therefore, the overall environmental performance multiplier for 2011 was 1.4625, being (1.5 x 50%) + (1.425 x 50%).

Ounces of Gold Produced

The production measurement is intended to encourage executives and employees to achieve targeted amounts of gold production. The production performance measure is based upon the aggregate number of ounces of gold produced from Centerra's mines compared to the forecast. The 2011 production multiplier was determined on the following basis:

	Production Performance Multiplier		
	Minimum (0.8)	Target (1.0)	Maximum (1.5)
Ounces of Gold Produced	560,828	623,142	654,300 or more

Production of less than 560,828 ounces of gold would result in a production multiplier of 0.0. In 2011, Centerra produced 642,380 ounces of gold, resulting in a production performance multiplier of 1.3087.

Cost per Ounce of Gold Produced

The cost measurement is designed to balance the production measure by encouraging the efficient production of gold from Centerra's mines. The cost measure used for the corporate performance calculation is different from the "total cash cost per ounce produced" reported in Centerra's other public disclosure and is used instead of total cash cost per ounce produced because it is adjusted to (i) include costs that are within the control of management such as maintenance capital spending, mine standby costs, corporate spending at head office, and exploration administration costs, and (ii) deduct costs which are not controllable by management such as short-term and long-term incentives. The 2011 cost multiplier was determined on the following basis:

	Cost Performance Multiplier		
	Minimum (0.8)	Target (1.0)	Maximum (1.5)
Cost per Ounce of Gold Produced (US$)	763.13	635.94	572.35

A cost per ounce of gold produced of greater than US$763.13 would result in a cost multiplier of 0.0. In 2011, the cost per ounce of gold produced from Centerra's mines was US$639.87, resulting in a cost performance multiplier of 0.9938.

Growth Measure

The purpose of the growth measurement is to focus executives and head office employees on increasing shareholder value. The growth measure is not used by the HRC Committee in a formulaic manner, but rather as a general guideline under which it can exercise its discretion, and is tailored annually to align each year's objectives with the company's strategic plan and to place emphasis on objectives of special importance in each particular year. In 2011, the HRC Committee considered, among other things, growth and growth creation through exploration, joint ventures, and merger and acquisition activity. The HRC Committee concluded that a growth multiplier for 2011 of 1.1875 was appropriate in the circumstances.

2011 Corporate Performance Non-Equity Incentive Plan Compensation

Overall, Centerra's 2011 corporate performance for the purpose of determining annual cash bonus incentive plan compensation was based upon the following calculation:

2011 Corporate Performance Measure	2011 Performance	Performance Multiplier	Factor Weighting (%)	Payout Multiplier
Health and Safety	1.4625	1.4625	20	0.2925
Environmental	1.4625	1.4625	20	0.2925
Production	642,380 oz.	1.3087	20	0.2617
Cost per Ounce	US$ 639.87	0.9938	20	0.1988
Growth	qualitative	1.1875	20	0.2375
Total				**1.2830**

The 2011 corporate performance multiplier was 1.2830 which was higher than the target factor of 1.0.

2011 Individual Performances

In assessing the 2011 personal performance multiplier used for determining annual cash bonuses, the HRC Committee evaluated progress against Centerra's strategic plan and the written individual objectives established for each of the NEOs, which were reviewed and approved by the HRC Committee in advance. The Chair of the Board and the HRC Committee reviewed the President and Chief Executive Officer's progress against his objectives, and reviewed the President and Chief Executive Officer's assessment of the progress of each of the other NEOs against their respective objectives, and determined the level and quality of each NEO's performance achievement. Based on that assessment, the HRC Committee determined an appropriate individual performance multiplier for the President and Chief Executive Officer, and then reviewed and approved the individual performance multipliers that the President and Chief Executive Officer recommended for each of the other NEOs. See "Compensation Paid to Named Executive Officers in 2011" on page 30.

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

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

Performance Share Unit Plan

Centerra's PSU Plan is a mid-term incentive plan that permits Centerra to grant PSUs to its employees and executive officers. The purpose of the PSU Plan is to link executive and non-executive performance with Centerra's performance in increasing shareholder value over the medium term, especially in comparison with other gold companies included in the S&P/TSX Global Gold CAD$ Index as measured through its Total Return Index Value (the "TRIV"). For 2011, awards to NEOs were as follows:

Named Executive Officer	2011 PSUs (% of Base Salary)[1]
Stephen Lang	125%
Jeff Parr	80%
Ron Colquhoun	80%
Ian Atkinson	90%
Frank Herbert	75%

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

PSUs represent the right to receive in the future, the cash equivalent of a Share based upon the 61 trading-day volume weighted average price prior to redemption of the PSUs or, at Centerra's election, a Share purchased on the open market. PSUs cannot be redeemed by a participant unless they have vested in accordance with their terms. Originally, the PSU Plan provided for all PSUs to vest three years from December 31 of the calendar year preceding the year in which they were granted. For example, PSUs granted in 2009 were based on a price determined as of December 31, 2008 (i.e. December 31 of the preceding year), and vested on December 31, 2011 (three-years from December 31, 2008). The PSU Plan was amended with effect on January 1, 2010 to provide for (i) a staggered vesting schedule over three years whereby one-half of the PSUs vest on December 31 of the year succeeding the grant year, and the remaining one-half of the PSUs vest on December 31 of the subsequent year, and (ii) a revised adjustment factor schedule (as more fully described below). The result is as follows:

- PSUs granted to executives and others in 2009, vested entirely on December 31, 2011;
- PSUs granted to executives and others in 2010 (other than Modified PSUs) vested as to 50% on December 31, 2011 and will vest as to 50% on December 31, 2012;
- PSUs granted to executives and others in 2011 vest as to 50% on December 31, 2012 and as to 50% on December 31, 2013;
- Modified PSUs held by executives and certain other members of the corporate head office vested as to one-third on each of December 31, 2010 and December 31, 2011 and will vest as to one-third on December 31, 2012.

When dividends are paid on Centerra's Shares, additional PSUs are credited to the participant's account. The number of additional PSUs credited to a participant's account is determined by dividing the dollar amount of the dividends payable in respect of the PSUs allocated to the participant's account by the 61 trading-day volume weighted average price of Shares on the date credited. Centerra paid a dividend of $0.40 per Share on May 18, 2011 to shareholders of record on May 12, 2011, and accordingly additional PSUs were awarded.

At vesting, the number of PSUs (other than Modified PSUs) that are redeemed may be higher or lower than the number of PSUs initially granted to a participant depending on Centerra's relative performance to competitors. For PSUs granted prior to the PSU Plan amendment described above, the table below sets out the adjustment factors for determining the number of PSUs that will vest based upon Centerra's stock performance relative to the TRIV (the "Relative Performance") of TSX gold companies during the applicable three-year period. The adjustment factor below only applies to the PSUs granted in 2009, which vested entirely on December 31, 2011.

Relative Performance	Adjustment 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
Less than 0.75	Payout subject to board discretion

For PSUs granted subsequent to the amendments to the PSU Plan described above (ie: for PSUs granted since 2010), the table below sets out the adjustment factors for determining the number of PSUs that will vest based upon Centerra's stock performance relative to the TRIV during the applicable periods.

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

The number of PSUs (other than Modified PSUs) that are redeemed and paid out, if applicable, is determined by multiplying the number of PSUs granted to the participant by the Adjustment Factor. The PSUs granted in January of 2009, which vested entirely on December 31, 2011, had a Relative Performance of 3.51, resulting in an adjustment factor of 1.5. The PSUs granted in January of 2010, of which 50% vested on December 31, 2011, had a Relative Performance of 1.65, resulting in an adjustment factor of 2.0.

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

Share Option and Share Appreciation Rights Plan

The purpose of Centerra's Option Plan is to link employee performance with successful, sustained long-term company performance that increases shareholder value. The Option Plan is designed to assist in the retention of key employees. In 2011, a total of 318,106 options were granted to executive and non-executive employees.

For 2011, awards of Options to NEOs were as follows:

Named Executive Officer	2011 Stock Options (% of Base Salary)[1]
Stephen Lang	125%
Jeff Parr	80%
Ron Colquhoun	80%
Ian Atkinson	90%
Frank Herbert	75%

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

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

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

A maximum of 18,000,000 Shares have been made available for issuance upon exercise of Options granted under the Option Plan, representing 7.62% of Centerra's currently outstanding Shares. Under no circumstances may the Option Plan, together with all of Centerra's other share compensation arrangements, result in the number of Shares reserved for any one person exceeding 5%, for any insider in a 12-month period exceeding 5% or for insiders exceeding 10%, of Centerra's outstanding issued Shares. No additional Options are granted in the event of a dividend payable on existing Shares.

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

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

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

1. amendments to the number of Shares issuable under the Option Plan, including an increase to a fixed maximum number of Shares or a change from a fixed maximum number of Shares to a fixed maximum percentage;
2. amendments that increase the length of the period after a blackout period during which Options or any rights pursuant thereto may be exercised;
3. amendments that would reduce the exercise price of an Option or that would result in the exercise price for any Option being lower than the fair market value of a Share at the time the Option is granted, except a reduction in connection with any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution, or other change in the capital of Centerra affecting Shares;
4. any amendment expanding the categories of eligible person which would have the potential of broadening or increasing insider participation;
5. amendments to termination provisions providing an extension beyond the original expiry date, or a date beyond a permitted automatic extension in the case of an Option expiring during a blackout period;
6. the addition of any other provision which results in participants receiving Shares while no cash consideration is received by Centerra; and
7. amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

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

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

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

The following table summarizes aggregated information regarding Centerra's outstanding equity compensation plans (ie: plans which can result in the issuance of Shares from treasury) as of December 31, 2011:

EQUITY COMPENSATION PLAN INFORMATION AS OF DECEMBER 31, 2011

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans**
Equity compensation plans approved by securityholders			
Stock Option Plan	752,448	$12.31	16,450,495
RSU Plan	49,659	$17.67	944,579

For a description of the Corporation's Option Plan and RSU Plan, see pages 27 and 39 respectively. Centerra does not have any equity compensation plans which have not been approved by securityholders.

Other Benefits and Perquisites

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

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

Compensation Paid to Named Executive Officers in 2011

SUMMARY COMPENSATION TABLE

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

Name and principal position	Year	(a) Salary ($)[1]	(b) Share-based awards ($)[2]	(c) Option-based awards ($)[3]	(d) Non-equity incentive plan compensation ($)[4]	(e) All other compensation ($)[5][6]	Total compensation ($)
Stephen Lang[7]	2011	684,272	739,250	739,250	788,083	272,012	3,222,867
President and Chief Executive Officer	2010	643,680	1,437,500	nil	648,206	155,695	2,885,081
	2009	623,000	624,998	624,528	665,268	241,350	2,779,144
Jeff Parr	2011	384,100	295,280	295,280	318,674	150,423	1,443,757
Vice-President and Chief	2010	366,435	573,504	nil	280,988	96,157	1,317,084
Financial Officer	2009	355,830	278,401	278,189	290,932	98,177	1,301,529
Ron Colquhoun	2011	388,125	300,000	300,000	408,411	158,853	1,555,389
Vice President and	2010	343,000	527,360	nil	316,729	99,725	1,286,814
Chief Operating Officer	2009	327,200	256,001	255,807	251,959	86,292	1,177,259
Ian Atkinson[8]	2011	362,750	315,000	315,000	379,279	140,745	1,512,774
Senior Vice President,	2010	322,902	388,102	nil	246,871	92,548	1,050,423
Global Exploration	2009	308,112	225,751	150,387	204,538	81,680	970,468
Frank Herbert	2011	372,750	270,000	270,000	310,771	132,233	1,355,754
General Counsel and Corporate Secretary	2010	334,037	392,400	nil	220,496	94,011	1,040,944
	2009	308,690	219,749	146,390	202,800	131,739	1,009,368

(1) Amounts indicated represent actual base salary received in the applicable year.

(2) Share-based units awarded are PSUs (including Modified PSUs in 2010) and are valued based on the grant date fair market value of a Centerra Share — defined as the volume weighted average price (VWAP) for the 61 trading days preceding the applicable date. This valuation methodology is used because Centerra believes the fair market value is a reasonable reflection of the intended value, given that holders of these awards are affected by share price movement and dividends in a similar manner as shareholders are affected by such events.

(3) Option-based awards represent the portion of total compensation that was granted as Options. Option-based awards are valued at the date of the grant using the Black-Scholes option pricing model which Centerra has chosen because it is one of the most common valuation methodologies and which is determined by an external compensation consultant each year. These values are meant to reflect the value the Board intended to deliver rather than the potential accounting expense, and therefore the assumptions used in these two calculations may differ. The key assumptions used in the 2011 Black-Scholes option pricing model, for the purposes of calculating the intended compensation value, were (i) a dividend yield of 0.29%, (ii) a risk-free rate of 3.25%, (iii) a volatility capped at 50%, (iv) a vesting condition of one-third on 1st, 2nd and 3rd anniversary of grant, and (v) an 8-year term. This approach may not be identical to that used by other issuers and is sensitive to the assumptions used. Therefore, the figures may not be directly comparable across issuers. Similarly, the assumptions used for the purpose of calculating the intended compensation value of an Option may be different from the assumptions used to calculate the accounting fair value of such Option. For comparison purposes, the corresponding accounting fair values for the Option-based Awards in this table are as follows: (i) Stephen Lang — $841,509 (2009), $624,568 (2011); (ii) Jeff Parr — $374,841 (2009), $249,475 (2011); (iii) Ron Colquhoun — $344,683 (2009), $253,457 (2011); (iv) Ian Atkinson — $202,637 (2009), $266,137 (2011); and (v) Frank Herbert — $197,250 (2009), $228,114 (2011).

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

(5) Amounts include annual SERP contributions made by the Corporation for each NEO. SERP contributions are earned in one year and paid in the following year. See "— Other Benefits and Perquisites" above for a description of the SERP. The SERP contributions are as follows:

NEO	2011 $	2010 $	2009 $
Stephen Lang	130,842	120,154	117,300
Jeff Parr	69,438	66,118	64,519
Ron Colquhoun	74,835	64,412	59,328
Ian Atkinson	69,954	56,952	52,161
Frank Herbert	67,350	58,086	52,739

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

(7) Mr. Lang is a member of the Board of Centerra, but does not receive any fees in connection with his service thereon. Amounts in column (a) include a temporary premium of 12% in 2009, 9.6% in 2010 and 7.7% in 2011 applied to Mr. Lang's base salaries in such year. 2009 amounts in column (f) include a $100,000 Chairman Award. Chairman Awards are given at the discretion of the Board with recommendations from the HRC Committee.

(8) Ian Atkinson was Vice President, Exploration until November 1, 2010, when he was promoted to Senior Vice President, Global Exploration.

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

The following table sets out all incentive plan awards for each NEO outstanding as at December 31, 2011.

	Option-based Awards				Share-based Awards(1)		
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)(2)	Option expiration date	Value of unexercised in-the-money options ($)(3)	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)(4)	Market or payout value of vested share-based awards not paid out or distributed ($)(5)
Stephen Lang	77,702	4.81	February 17, 2017	1,024,889	96,338	2,798,464	6,325,740
	71,789	18.31	March 7, 2019	Nil			
Jeff Parr	34,612	4.81	February 17, 2017	456,532	38,453	1,116,900	2,730,934
	28,675	18.31	March 7, 2019	Nil			
Ron Colquhoun	5,942	14.29	March 18, 2016	22,045	36,864	1,062,921	2,511,209
	48,652	4.81	February 17, 2017	641,720			
	29,133	18.31	March 7, 2019	Nil			
Ian Atkinson	17,938	14.29	March 18, 2016	66,550	32,107	900,943	2,114,535
	18,711	4.81	February 17, 2017	246,798			
	30,590	18.31	March 7, 2019	Nil			
Frank Herbert	18,214	4.81	February 17, 2017	240,243	29,900	849,818	2,077,314
	26,220	18.31	March 7, 2019	Nil			

(1) Share based awards are PSUs, including Modified PSUs.

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

(3) The amount in this column is the difference between the closing price on the TSX of the Shares underlying Options on December 30, 2011 (the last trading day of 2011), which was $18.00, and the exercise price of the Options times the number of Options (whether or not such Options are vested as of the date of this Circular).

(4) The market value of PSUs (excluding the Modified PSUs) is based upon the market price of Centerra's Shares (calculated to be the volume weighted average trading price, in Canadian dollars, of the Shares on the TSX for the 61 day trading days immediately preceding the applicable date) and Centerra's share performance (for the applicable performance period) relative to the S&P/TSX Global Gold CAD$ TRIV Index as at December 30, 2011 (being the last trading day for the year). Modified PSUs, which are included in the figure above, are calculated based on the market price (as described above) but are not adjusted for relative share performance.

(5) These amounts relate to PSUs which vested on December 31, 2011 but were paid in early January 2012. These figures appear also in the table immediately following entitled, "Incentive Plan Awards — Value Vested or Earned During the Year" (under "Share-based awards — value vested during the year" since they also fall within the required disclosure there under. For greater certainty however, the amounts at issue were only paid once.

INCENTIVE PLAN AWARDS — VALUE VESTED OR EARNED DURING THE YEAR

The following table sets out incentive plan awards which have vested or been earned during the year ended December 31, 2011. The awards reflected in the column "Share-based awards — value vested during the year" are also reflected in the last column of the immediately preceding table. For greater certainty, however, the amounts at issue were only paid out once.

Name	Option-based awards — Value vested during the year ($)(1)	Share-based awards — Value vested during the year ($)(2)	Non-equity incentive plan compensation — Value earned during the year ($)
Stephen Lang	1,267,198	6,325,740	788,083
Jeff Parr	571,809	2,730,934	318,674
Ron Colquhoun	530,509	2,511,209	408,411
Ian Atkinson	258,334	2,114,535	379,279
Frank Herbert	250,590	2,077,314	310,771

(1) Represents the aggregate dollar value that would have been realized in 2011 if Options had been exercised on the applicable vesting date. The value was determined by calculating the difference between the closing price on the TSX, in Canadian dollars, of the Shares underlying the Options on the vesting date and the exercise price of the Options times the number of Options vested.

(2) The value of PSUs vested in 2011 (excluding Modified PSUs) was based upon the market price of Centerra's Shares (calculated to be the volume weighted average trading price, in Canadian dollars, of the Shares on the TSX for the 61 day trading days immediately preceding the applicable date) and Centerra's share performance relative to the S&P/TSX Global Gold CAD$ TRIV as of the vesting date of December 31, 2011. Modified PSUs, which are included in the figure above, are calculated based on the market price (as described above) but are not adjusted for relative share performance.

A description of the significant terms of all incentive plan awards are set out on pages 20 to 28.

SUPPLEMENTARY EXECUTIVE RETIREMENT PLAN

The following table sets out the accumulated value of their SERP at the beginning of 2011 for each NEO, the contributions made with respect to 2011 and the accumulated value as of December 31, 2011. Annual contributions to the SERP are twelve percent (12%) of eligible earnings, where eligible earnings are defined as the prior year's base salary plus annual incentive, capped at target incentive. The first SERP contributions were made in 2010, based on the eligible earnings of 2009.

Name	Accumulated value at beginning of year ($)(1)	Contribution earned in respect of 2011 ($)(2)	Accumulated value at end of year ($)(1)
Stephen Lang	237,454	130,842	368,296
Jeff Parr	130,637	69,438	200,075
Ron Colquhoun	123,740	74,835	198,575
Ian Atkinson	109,113	69,954	179,067
Frank Herbert	110,825	67,350	178,175

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

(2) Contributions earned in respect of 2011 were based on eligible earnings in 2011 and paid in 2012.

Termination and Change of Control Benefits

The following is a description of the termination and change of control benefits provided to each of the NEOs pursuant to the terms of the Corporation's incentive plans and their respective employment agreements with the Corporation. The incentive plans and NEO employment agreements do not provide any rights of NEOs on the occurrence of a change of control, only on the occurrence of a termination without Cause or resignation for Good Reason following a change of control. Except as expressly noted below, each of the NEO's has the same employment terms. Mr. Lang volunteered to amend his employment agreement in 2011 from a 36 month severance period to its current 24 month period, so his agreement terms would better meet current governance standards.

Type of Termination	Severance	Annual Incentive Plan (Bonus)	Options	PSUs(3)	Benefits	SERP
Resignation(1)	• None	• None	• All vested options as of date of resignation remain exercisable for 90 days	• No entitlement to any PSU payout and all PSUs are cancelled.	• None	• No entitlement for a contribution for the year of resignation.
Termination without Just Cause or for a Good Reason(2)	• Lump sum equal to base salary and target annual incentive for 24 months.	• Bonus for the current year is *pro rated* to the termination date (based on corporate performance assumed at target, if it cannot be determined, and based on personal performance at not less than meets expectation)	• All options that would have vested during the 24 months following the termination date immediately vest as of the termination date and remain exercisable for a period of 90 days.	• PSUs are *pro rated* to the termination date(4), and are subject to an adjustment factor equal to the adjustment factor at the termination date or 1.0, whichever is lower.	• Benefits continue for a 24 month period. • If benefits cannot be provided, the NEO receives a payment in lieu of benefits.	• Contributions continue for a 24 month period.

Type of Termination	Severance	Annual Incentive Plan (Bonus)	Options	PSUs[3]	Benefits	SERP
Termination without Just Cause or for Good Reason within 24 months of a Change of Control[2]	• Lump sum equal to base salary and target annual incentive for 24 months.	• Bonus for the current year is *pro rated* to the termination date (based on corporate performance assumed at target, if it cannot be determined, and based on personal performance at not less than meets expectation)	• All options immediately vest and remain exercisable for a period of 90 days. • If options cannot vest or become exercisable during such 90 day period, the payment of a lump sum equal to the "in-the-money" value of the options.	• All PSUs held as of the termination date vest immediately and are paid based on actual performance (as defined in the PSU plan) at the time of the change of control or the termination date (whichever is higher).	• Benefits continue for the 24 month period following termination. • If benefits cannot be provided, the NEO receives a payment in lieu of benefits.	• Contributions continue for the 24 month period following termination.
Termination with Just Cause[2]	• None	• None	• All vested options as of date of termination remain exercisable for 90 days	• No entitlement to any PSU payout and all PSUs are cancelled.	• None	• No entitlement for a contribution for the year of termination.

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

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

(3) Includes Modified PSUs.

(4) Pro rated PSUs means a percentage of outstanding PSUs based on the period from the grant date to the termination date relative to the entire vesting period. For example, if an NEO was terminated without cause 18 months after his grant of PSUs, his entitlement would be to (i) for the first vesting period of 24 months, 18/24 of the PSUs that would vest during such vesting period; and (ii) for the second vesting period of 36 months, 18/36 of the PSUs that would vest during such vesting period. For a further discussion on the vesting periods of PSUs, see "Performance Share Unit Plan" on page 25.

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

The table below provides details on the estimated incremental payments, payables and benefits by the Corporation to each NEO that would have resulted had the relevant triggering event occurred on December 30, 2011 (the last business day of the calendar year). The value of these payments to U.S. executives also recognizes compensation for agreeing to certain post-employment restrictive covenants. For equity-based compensation, the values represent the "in-the-money" value of any awards that vest or will become vested as a result of the termination circumstance. The values are based as a share price of $18.00, being the closing price of the Shares on December 30, 2011.

Type of Termination	Severance ($)	Annual Incentive Plan (Bonus) ($)	Options ($)	PSUs ($)	Benefits ($)	SERP ($)	Total Payout ($)
Stephen Lang President and Chief Executive Officer							
Resignation	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil
Termination without Just Cause or for a Good Reason	$2,210,000(1)	Nil(3)	$1,024,889(4)	Nil(5)	$88,712	$265,200	$3,588,801
Termination without Just Cause or for a Good Reason within 24 months of a Change of Control	$2,210,000(1)	Nil(3)	$1,024,889(4)	$2,798,464(6)	$88,712	$265,200	$6,387,265
Termination with Just Cause	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil

Jeff Parr Vice-President and Chief Financial Officer							
Resignation	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil
Termination without Just Cause or for a Good Reason	$1,167,300(1)	Nil(3)	$ 456,532(4)	Nil(5)	$90,210	$140,076	$1,854,118
Termination without Just Cause or for a Good Reason within 24 months of a Change of Control	$1,167,300(1)	Nil(3)	$ 456,532(4)	$1,116,900(6)	$90,210	$140,076	$2,971,018
Termination with Just Cause	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil

Ron Colquhoun Vice-President and Chief Operating Officer							
Resignation	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil
Termination without Just Cause or for a Good Reason	$1,256,000(1)	Nil(3)	$ 419,798(4)	Nil(5)	$82,878	$150,720	$1,909,396
Termination without Just Cause or for a Good Reason within 24 months of a Change of Control	$1,256,000(1)	Nil(3)	$ 419,798(4)	$1,062,921(6)	$82,878	$150,720	$2,972,317
Termination with Just Cause	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil

Type of Termination	Severance ($)	Annual Incentive Plan (Bonus) ($)	Options ($)	PSUs ($)	Benefits ($)	SERP ($)	Total Payout ($)
Ian Atkinson **Senior Vice-President, Global Exploration**							
Resignation	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil
Termination without Just Cause or for a Good Reason	$1,174,400(1)	Nil(3)	$246,798(4)	Nil(5)	$89,394	$140,928	$1,651,520
Termination without Just Cause or for a Good Reason within 24 months of a Change of Control	$1,174,400(1)	Nil(3)	$246,798(4)	$900,943(6)	$89,394	$140,928	$2,552,463
Termination with Just Cause	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil

Frank Herbert **General Counsel and Corporate Secretary**							
Resignation	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil
Termination without Just Cause or for a Good Reason	$1,131,000(1)	Nil(3)	$240,243(4)	Nil(5)	$80,672	$135,720	$1,587,635
Termination without Just Cause or for a Good Reason within 24 months of a Change of Control	$1,131,000(1)	Nil(3)	$240,243(4)	$849,818(6)	$80,672	$135,720	$2,437,453
Termination with Just Cause	Nil	Nil	Nil(2)	Nil	Nil	Nil	Nil

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

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

(3) In the case of "Termination without Just Cause or for a Good Reason" and "Termination without Just Cause or for a Good Reason within 24 months of a Change of Control" which occurs on December 30, 2011, an NEO would still receive his annual incentive plan bonus for all of 2011, which would be calculated based on corporate performance and the individual performance being no less than "meets expectations".

(4) Value of Options for "Termination without Just Cause or for a Good Reason" and for "Termination without Just Cause or For Good Reason within 24 months of a Change of Control" are identical for all NEOs since additional Options that would vest under the latter were not "in-the-money" as of December 30, 2011.

(5) In the case of a "Termination without Just Cause or for a Good Reason" which occurs on December 30, 2011, an NEO would receive a PSU payment for any PSUs which vested at the end of 2011, and their pro rated PSUs up to their termination date, and which in each case is calculated based on an adjustment factor equal to the adjustment factor at December 30, 2011 (the termination date) or 1.0, whichever is lower, so there is no incremental benefit to an NEO.

(6) In the case of "Termination without Just Cause or for a Good Reason" within 24 months of a Change of Control, all unvested PSUs vest based on actual performance as of December 30, 2011.

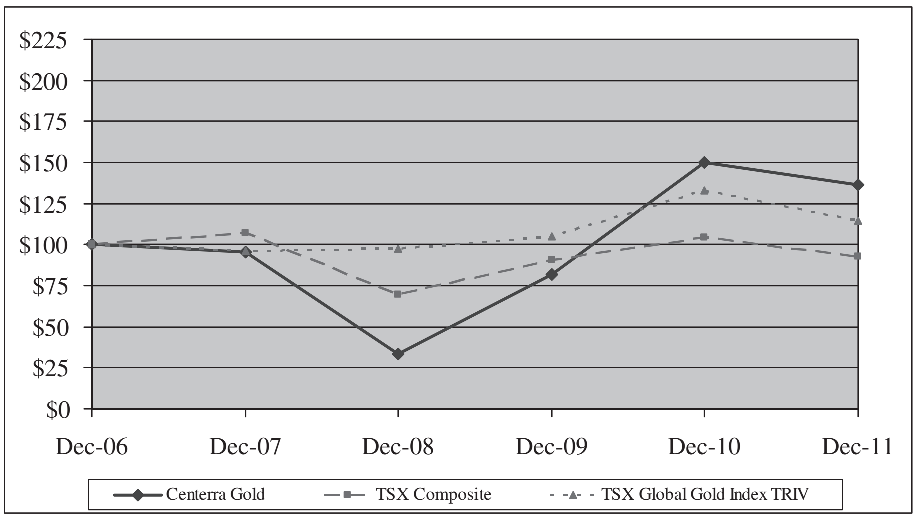
Changes to Executive Compensation for 2012

In early 2012, the Corporation reviewed its annual cash bonus incentive plan which is discussed elsewhere in the Circular. At the recommendation of the HRC Committee and the Corporate Social Responsibility Committee, the 2012 corporate performance objectives were revised to include a performance measure for corporate social responsibility performance in the countries where Centerra has major operations. This results in six corporate performance measures for 2012, each of which will be equally weighted. This change reflects the Corporation's commitment to implementing responsible mining practices and working cooperatively with its host communities to assist them in improving their quality of life.

PERFORMANCE GRAPH

The following graph compares the cumulative shareholder return for $100 invested in Centerra's Shares from December 31, 2006 to December 31, 2011. Centerra's executive compensation mix provides a large proportion of total compensation through mid-term and long-term incentives that are directly tied to the Centerra stock price, either through PSUs or Options. Therefore, executive compensation is highly sensitive to the performance of Centerra's Share value. As a result, when Centerra's stock was out-performing its comparators (measured via the S&P/TSX Global Gold Index — Total Return Index Value) the PSU Plan was paying out above target, and most Options were in-the-money. Conversely, when Centerra's stock was under-performing its comparators, the PSU Plan did not pay out, and most Options were no longer in-the-money.

The closing price of Centerra's Shares on the TSX on December 30, 2011 was $18.00.



DIRECTORS COMPENSATION FOR 2011

Only directors who are not employees of Centerra are paid for serving as directors of Centerra. In November 2010, upon the recommendation by the HRC Committee and advice of an independent compensation consultant, Centerra's board reviewed and approved amendments to director compensation to bring compensation in line with the practices of comparator group companies. Effective January 1, 2011, Centerra's compensated directors (other than the chair) received a retainer of $140,000 per year, a portion of which (currently $90,000) must be taken in the form of DSUs and/or RSUs. The Chair of the Board receives a retainer of $297,500 per year, a portion of which (currently $191,250) must be taken as equity based compensation as RSUs and/or PSUs. The chair of each standing committee of the Board also receives an additional retainer of $5,000 per year except the chair of the Audit Committee, who receives an additional retainer of $10,000 per year. Directors receive an attendance fee of $1,500 for each board meeting and regular committee meeting that they attend.

The following table sets out compensation paid to all directors in 2011:

Name[2]	Fees Earned in 2011[1]							All Other Compensation ($)	Total ($)
	Total Fees Earned ($)	Cash Portion of Total Fees Earned ($)	Percent of Total Fees Earned (%)	Share-based Portion of Total Fees Earned — Paid as DSUs[3] ($)	Percent of Total Fees Earned (%)	Share-based Portion of Total Fees Earned — Paid as RSUs[3] ($)	Percent of Total Fees Earned (%)		
Niyazbek Aldashev	104,569	57,596	55	Nil	Nil	46,973	45	Nil	104,569
Ian Austin	244,730	132,500	54	21,701	9	90,529	37	Nil	244,730
Raphael Girard	184,904	94,000	51	376	<1	90,529	49	Nil	184,904
Karybek Ibraev	188,922	98,000	52	393	<1	90,529	48	Nil	188,922
Patrick James[4]	401,034	159,243	40	61,518	15	178,861	45	1,412	402,446
John Lill	178,948	87,000	49	1,419	<1	90,445	51	Nil	178,948
Amangeldy Muraliev	188,883	98,000	52	354	<1	90,529	48	Nil	188,883
Sheryl Pressler	225,613	124,500	55	11,113	5	90,000	40	Nil	225,613
Terry Rogers	193,383	93,000	48	55,383	29	45,000	23	Nil	193,383
Bruce Walter[5]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	441,108	441,108
Anthony Webb	235,061	123,000	52	21,532	9	90,529	39	Nil	235,061

(1) Directors receive a portion of their fees in the form of DSUs and RSUs (see the description of the DSU and RSU Plans on pages 40 and 39, respectively).

(2) Compensation disclosure for Stephen Lang who is an NEO and a director in 2011, can be found in the Summary Compensation Table on page 30.

(3) The number of DSUs or RSUs awarded is equal to the dollar amount of fees paid as DSUs or RSUs divided by the volume weighted average trading price of Centerra's Shares on the TSX for the five trading days immediately preceding the date of the grant. In the case of RSUs which were redeemed in 2011, the value above reflects the intended value of the RSU grants and not the actual amount paid out upon redemption, which amounts can be found in the table, "Directors Incentive Plan Awards (Value Vested During 2011) on page 43.

(4) Amount in "All other compensation column" represents fees reimbursed for a club membership.

(5) Mr. Walter is the Vice-Chair of Centerra and accordingly is not remunerated for his services as a director on the Board. The information above relates to the employment income Mr. Walter received in his capacity as the Vice Chair of Centerra for the financial year 2011 and is broken down as follows: (a) salary — $330,000; (b) DSUs — $9,367; (c) RSUs — $75,441, and (d) other compensation (executive benefits allowance) — $26,300.

Effective January 1, 2011, directors not resident where the Board meeting is occurring are reimbursed for travel and other out-of-pocket expenses incurred in connection with meetings of the Board or any committee of the Board and are provided with a travel allowance of $1,500 per trip ($4,500 in the case of non-North American residents). In addition, directors receive a per diem amount of $1,500 for international travel made at the request of the Chairman or the President and Chief Executive Officer of Centerra.

Directors Restricted Share Unit Plan

Purpose and Participants

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

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

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

Number of RSUs Available For Issuance

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

Administration of the Plan

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

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

Vesting and Redemption

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

Amendment Provisions

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

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

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

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

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

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

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

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

Termination, Retirement and Other Cessation of Employment

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

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

Directors Deferred Share Unit Plan

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

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

Vice Chair Deferred Share Unit Plan

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

Mr. Walter will be granted DSUs and/or RSUs, or a combination thereof, at his election, with an annual value equal to $75,000 in respect of each year (effective as of January 1, 2011), pro rated for any part year of employment. Prior to January 1, 2011 his annual value was equal to $70,000. DSUs and/or RSUs are granted to Mr. Walter quarterly on the last day of each calendar quarter. The number of DSUs and/or RSUs granted quarterly is determined by dividing (a) one quarter of the annual value of DSUs and/or RSUs by (b) the market value of a Share as of the grant date, with "market value" being the volume weighted average trading price of a Share on the last five trading days prior to the grant date. If a dividend is paid on the Shares, Mr. Walter will be allocated additional DSUs and/or RSUs equal in value to any dividend paid on Shares multiplied by the number of DSUs and/or RSUs held by Mr. Walter, divided by the market value of a Share.

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

Directors Share Ownership Guidelines

Centerra has established share ownership guidelines for its non-executive directors of Shares with a value equal to three times their annual retainer (from time to time), to be achieved within a period of five years of becoming a director. Stephen Lang, as President and Chief Executive Officer of Centerra and Bruce Walter, as Vice Chair of Centerra, are not remunerated for their respective service on the Board and, as a result, are not subject to the minimum ownership requirement that applies to non-executive directors of Centerra, but are subject to the minimum ownership requirements that apply to executives of Centerra. Since the value of DSUs and RSUs are tied directly to Centerra's share price, DSUs and RSUs count toward the achievement of these ownership guidelines. As of December 31, 2011, Ian Austin, Patrick James, Sheryl Pressler, Terry Rogers and Anthony Webb have met share ownership expectations. Raphael Girard, Karybek Ibraev, John Lill, Amangeldy Muraliev and Niyazbek Aldashev are still within five years from their date of appointment as a director.

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

The following sets out share-based awards (DSUs and RSUs) for the Corporation's directors as of December 31, 2011. Directors of Centerra do not have any option-based awards or any non-equity incentive plan compensation. There are no vested share-based awards which have not paid out or been distributed as of December 31, 2011.

	Share-based Awards(2)			
Name(1)	Number of Shares or Units of Shares that have not vested (DSUs)	Market or Payout value of share-based awards that have not vested(3) $	Number of Shares or Units of Shares that have vested (RSUs)	Market or Payout value of vested share-based awards (RSUs) not paid out or distributed(4) $
Niyazbek Aldashev	Nil	Nil	2,509	45,162
Ian Austin	55,389	997,002	5,136	92,448
Raphael Girard	959	17,262	5,136	92,448
Karybek Ibraev	1,004	18,072	5,136	92,448
Patrick James	157,015	2,826,270	10,153	182,754
John Lill	3,622	65,196	5,136	92,448
Amangeldy Muraliev	903	16,254	5,136	92,448
Sheryl Pressler	28,365	510,570	1,267	22,806
Terry Rogers	28,394	511,092	633	11,394
Bruce Walter(5)	23,908	430,344	4,280	77,040
Anthony Webb	54,958	989,244	5,136	92,448

(1) Compensation disclosure for Stephen Lang who is an NEO and a director in the year, can be found in the "Summary Compensation Table" on page 30.

(2) Share-based awards for director compensation can be either in the form of DSUs or RSUs. See pages 39-40 for descriptions of each plan. DSUs do not vest until they are redeemed in accordance with their terms. RSUs vest immediately upon their grant by the Corporation but are not paid out or distributed until the director elects a redemption date, which date can be during the time when he or she continues to act as a director of Centerra. In contrast, DSUs cannot be redeemed until the director no longer holds a position with Centerra or its subsidiaries.

(3) The payout value of DSUs was determined by multiplying the number of DSUs held by a director by the closing price on the TSX of Centerra's Shares on December 30, 2011, which was $18.00.

(4) The value of vested RSUs which are to be paid out or distributed was calculated by multiplying the number of RSUs (all of which are considered vested when granted in accordance with the terms of the RSU Plan) by the closing price on the TSX of Centerra's Shares on December 30, 2011, which was $18.00.

(5) Mr. Walter, as Vice Chair of Centerra, is not considered a non-executive director, and as a result is not remunerated for his service on the Board. Share-based awards reflected on the chart are awards granted to Mr. Walter under the Vice Chair DSU Plan as described on page 41, save and except for 2,980 units which were granted to Mr. Walter under Centerra's DSU Plan (for the short period in 2008 when Mr. Walter was a director of Centerra but not the Vice Chair) and RSUs granted pursuant to Mr. Walter's employment agreement.

DIRECTORS INCENTIVE PLAN AWARDS (VALUE VESTED DURING 2011)

Director incentive plan awards take the form of DSUs and RSUs. While serving as a director, DSUs are not vested and cannot be paid out. DSUs are paid in full to the director no later than December 15 in the calendar year that immediately follows the calendar year of termination of Board service. A director who is a United States citizen or a resident alien in the United States is paid in full on the 30th day following his or her separation from service. In 2011, no DSUs were redeemed or vested.

RSUs can be redeemed and paid on a redemption date to be elected by the director as they immediately vest upon their grant by the Corporation. Pursuant to the terms of the RSU Plan, directors who are United States citizens or a resident alien in the United States are asked annually to select a redemption date in advance of earning their compensation. All other directors may elect a redemption date at any time. In 2011, the following RSUs were redeemed and paid out by Centerra:

Director Name	Redemption Date	RSUs Redeemed (#)	Gross Redemption Amount[1] ($)
Sheryl Pressler	April 10, 2011	1,322	23,108
	July 10, 2011	1,400	23,032
	October 10, 2011	1,119	21,280
Terry Rogers	April 10, 2011	661	11,554
	July 10, 2011	700	11,516
	October 10, 2011	560	10,640

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

REPORT ON CORPORATE GOVERNANCE

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

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

Board Mandate

The Board supervises the conduct of the affairs of the Corporation directly and through its committees. In so doing, the Board endeavors 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 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, 2011 and December 31, 2011, the Board held 11 meetings.

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

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

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

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

Directors are provided an opportunity to meet individually in work sessions with senior management to obtain further insight into the operations of the Corporation and its subsidiaries, and are involved on a regular basis in discussions with management. Each Board committee may engage outside advisors at the expense of the Corporation. Individual directors are also free to consult with members of senior management whenever so required and to engage outside advisors, at the expense of the Corporation, with the authorization of the Nominating and Corporate Governance Committee. To ensure that the Board is able to discharge its responsibilities independently of management, the independent directors have regularly scheduled opportunities to meet separately from management and the non-independent directors following each meeting of the Board. They avail themselves of this opportunity, at their discretion, whenever they deem necessary. In 2011, the independent directors of the Board met 11 times without non-independent directors and management present.

The Board Chair

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, encouraging effective communication between the Board and Chief Executive Officer, including confirming that the Board and senior management understand their respective responsibilities and respect the boundaries between them; and working with the Chief Executive Officer, the Nominating and Corporate Governance Committee (of which the Chair is a member) and the Corporate Secretary to further the creation of a healthy governance culture within Centerra.

As previously discussed, Mr. Patrick James, Centerra's current Chair of the Board, is not standing for re-election and subject to the outcome of the Meeting, the Board intends to appoint Mr. Stephen Lang as the new Chair of the Board, effective as of May 17, 2012. Since Mr. Lang is not independent of the Corporation due to his historical role in the Corporation, the Board will appoint a lead independent director concurrently with Mr. Lang's appointment. The lead independent director would be responsible for facilitating the functioning of the Board independently of management, including chairing sessions of the Board's independent directors, and ensuring that the directors formally have an independent leadership contact. The Board anticipates that prior to the appointment of Mr. Lang as Chair of the Board, it will review and amend the Board mandate to define the mandate and role of the lead independent director.

Overseeing the President and Chief Executive Officer

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

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

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

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

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

Position Descriptions of Board Chair and President and Chief Executive Officer

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

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

Strategic Planning

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

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

Composition of the Board

The names of Centerra's proposed directors, together with their age, municipality and country of residence, year first elected as a director, principal occupation, other principal directorships and committee memberships are set out under "Business to be Transacted at the Meeting — Election of Directors". Also indicated for each proposed director is the number of Shares beneficially owned, directly or indirectly, by the proposed director or over which the proposed director exercised control or direction, directly or indirectly, on March 27, 2012 and, as of the same date, the number of DSUs/RSUs credited to the account of the proposed director.

Independence of Board Members

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

To ensure that the Board is able to discharge its responsibilities independently of management, the independent directors have regularly scheduled opportunities to meet separately from management and the non-independent directors following each meeting of the Board. They avail themselves of this opportunity, at their discretion, whenever they deem necessary. In 2011, the independent directors met 11 times separately from management and the non-independent directors.

Skills Matrix

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

Skill/Experience	Number of Directors with such Skill/Experience
Board Experience Prior experience as a board member for a major organization (other than Centerra).	10
International Experience Prior or current experience working in a major organization that has business in one or more international jurisdictions.	10
Mining, Exploration and Operations Experience with a leading mining or resource company with reserves, exploration and operations expertise.	7
Operations Experience as a senior operational officer of a publicly listed company or major organization or production or exploration experience with a leading mining or resource company.	4
Human Resources Prior or current experience in executive compensation and the oversight of succession planning, talent planning, and retention programs.	9
Financial Literacy Senior financial officer of a publicly listed company or major organization or experience in financial accounting and reporting and corporate finance (familiarity with internal financial controls, Canadian or US GAAP and/or IFRS).	7
Corporate Responsibility and Sustainable Development Understanding and experience with corporate responsibility practices and the constituents involved in sustainable development policies.	7

Skill/Experience	Number of Directors with such Skill/Experience
Legal Experience as a lawyer either in private practice or in-house with a publicly listed company or major organization.	2
Managing/Leading Growth Experience driving strategic direction and leading growth of an organization.	9
Investment Banking/Mergers & Acquisitions Experience in investment banking, finance or in major mergers and acquisitions.	7
Government Relations Experience in, or a good understanding of, the workings of governments and public policy domestically and internationally.	6
Business Judgment Track record of leveraging own experience and wisdom in making sound strategic and operational business decisions, demonstrates business acumen and a mindset for risk oversight.	9
Industry Knowledge Knowledge of the mining industry, market and business imperatives, international regulatory environment and stakeholder management.	9
Senior Officer Experience working as a senior officer (CEO/CFO/COO) of a publicly listed company or major organization.	9

Overseeing and Managing Risk

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

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

Committees of the Board of Directors

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

Audit Committee

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

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

As of December 31, 2011, the members of the Audit Committee were Messrs. Austin (Chair), Aldashev, James and Ms. Pressler. The Board has determined that all of the Audit Committee members are independent and are, or will be within a reasonable time period, financially literate as required by applicable securities legislation. Between January 1, 2011 and December 31, 2011, the Audit Committee met 5 times.

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

Nominating and Corporate Governance Committee

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

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

As of December 31, 2011, the members of the Nominating and Corporate Governance Committee were Ms. Pressler (Chair), Messrs. Girard, James, Muraliev and Webb. Each of these directors is independent other than Mr. Muraliev. The Board is of the opinion that the Nominating and Corporate Governance Committee remains capable of acting objectively despite not being fully comprised of independent members since the majority of the members are independent. Between January 1, 2011 and December 31, 2011, the Nominating and Corporate Governance Committee met 5 times.

Human Resources and Compensation Committee

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

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

As of December 31, 2011, the members of the HRC Committee were Messrs. Webb (Chair), Aldashev, Austin and Rogers, each of whom is independent. Between January 1, 2011 and December 31, 2011, the HRC Committee met 4 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.

As of December 31, 2011, the members of the Safety, Health and Environmental Committee were Messrs. Lill (Chair), Ibraev, Muraliev and Walter. Two of the current directors are independent (Mr. Walter is not independent because he is the Vice Chair of Centerra and Mr. Muraliev is Chairman of the board of directors of Kyrgyzaltyn JSC). Between January 1, 2011 and December 31, 2011, 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.

As of December 31, 2011, the members of the Reserves Committee were Messrs. Rogers (Chair), Girard, Ibraev and Walter. Three of the current directors of the committee are independent (Mr. Walter is not independent). Between January 1, 2011 and December 31, 2011, the Reserves Committee met 2 times.

Corporate Social Responsibility Committee

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

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

As of December 31, 2011, the members of the Corporate Social Responsibility were Messrs. Girard (Chair), Aldashev, Ibraev, Lill and Rogers. All of the current directors of the committee are independent. Between January 1, 2011 and December 31, 2011, the Corporate Social Responsibility Committee met 4 times.

Assessment Process

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

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

Nomination of New Directors and Board Size

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

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

The Board's mandate provides for retirement of directors at age 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 Raphael Girard due to his experience and expertise the areas of government relations and corporate social responsibility.

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

Board Education Opportunities

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

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

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

Succession Planning For Senior Management

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

As previously discussed, Mr. Stephen Lang will be retiring as Centerra's President and Chief Executive Officer, effective as of May 17, 2012. In accordance with the succession plan previously established by the Board, Mr. Ian Atkinson (currently the Corporation's Senior Vice President, Global Exploration) has been promoted to the position of President and Chief Executive Officer and Mr. David Groves has been promoted to the position of Vice President, Global Exploration, both effective as of immediately after the Meeting. Mr. Atkinson has been with Centerra since October, 2005, and has been Senior Vice President, Global Exploration at Centerra since November, 2010. Mr. Groves joined Centerra in August 2011 as Vice President, Exploration.

Attendance at Board and Regular Committee Meetings in 2011

The following table sets out the attendance record of all directors during 2011. In circumstances when the director ceases to be a director or a member of a particular committee during the year or joins the committee during the year, the attendance record is determined only with respect to the number of meetings held during his or her tenure. Effective as of December 5, 2011, Mr. James took a leave of absence from the Board for family medical reasons. His attendance below reflects only meetings held during the time he was an active member of the Board. Mr. James resumed his duties in January 2012.

Name	Membership	Attendance at Meetings
Niyazbek B. Aldashev(1)	Board of Directors	6 of 6
	Audit Committee	2 of 2
	Corporate Social Responsibility Committee	2 of 2
	Human Resources and Compensation Committee	2 of 2
Ian G. Austin	Board of Directors	11 of 11
	Audit Committee	5 of 5
	Human Resources and Compensation Committee	4 of 4
Raphael A. Girard(2)	Board of Directors	11 of 11
	Corporate Social Responsibility Committee	4 of 4
	Nominating and Corporate Governance Committee	5 of 5
	Reserves Committee	1 of 1
Karybek U. Ibraev(3)	Board of Directors	11 of 11
	Corporate Social and Responsibility Committee	4 of 4
	Reserves Committee	2 of 2
	Safety, Health and Environmental Committee	2 of 2
Patrick M. James	Board of Directors	9 of 10
	Audit Committee	4 of 5
	Nominating and Corporate Governance Committee	4 of 5
Stephen A. Lang	Board of Directors	11 of 11
John W. Lill	Board of Directors	11 of 11
	Corporate Social Responsibility	4 of 4
	Safety, Health and Environmental Committee	4 of 4
Amangeldy M. Muraliev	Board of Directors	11 of 11
	Nominating and Corporate Governance Committee	5 of 5
	Safety, Health and Environmental Committee	4 of 4
Sheryl K. Pressler	Board of Directors	11 of 11
	Audit Committee	5 of 5
	Nominating and Corporate Governance Committee	5 of 5
Terry V. Rogers(4)	Board of Directors	11 of 11
	Reserves Committee	2 of 2
	Human Resources and Compensation Committee	4 of 4
	Corporate Social Responsibility	2 of 2
Bruce V. Walter	Board of Directors	11 of 11
	Safety, Health and Environmental Committee	4 of 4
	Reserves Committee	2 of 2
Anthony J. Webb	Board of Directors	11 of 11
	Human Resources and Compensation Committee	4 of 4
	Nominating and Corporate Governance Committee	5 of 5

(1) Mr. Aldashev was elected to the Board on June 23, 2011 at the annual and special shareholders meeting. He was appointed to the Audit Committee, Corporate Social Responsibility Committee and the Human Resources and Compensation Committee as of July 28, 2011.

(2) Mr. Girard was appointed to the Reserves Committee as of July 28, 2011. He was a member of the other committees noted above for the entire 2011.

(3) Mr. Ibraev was appointed to the Safety, Health and Environmental Committee as of July 28, 2011. He was a member of the other committees noted above for the entire 2011.

(4) Mr. Rogers was appointed to the Corporate Social Responsibility Committee as of July 28, 2011. He was a member of the other committees noted above for the entire 2011.

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

Compensation of Directors

The Board believes that compensation for directors should be competitive with the compensation paid to directors of comparable companies. The HRC Committee reviews directors' compensation annually and makes recommendations to the Board. Directors who are employees of the Corporation or any of its affiliates do not receive any compensation for service as directors. Compensation paid to each director during fiscal 2011 is set out under "Compensation of Directors".

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

Codes of Ethics

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

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

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

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

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

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

Disclosure and Insider Trading Policy

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

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

Shareholder/Investor Communications and Feedback

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

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNIFICATION

Centerra's directors and officers are covered under go-forward and run-off directors' and officers' liability insurance policies. The aggregate limit of liability applicable to those insured directors and officers under the policies is US$65 million inclusive of defense costs, for each of the go-forward and the run-off policies. The go-forward policy is a twelve-month policy to be renewed annually, whereas the run-off policy provides coverage for a six-year term for actions by directors and officers that predate June 30, 2009. There is no deductible for officers or directors under these policies. Under the policies, Centerra has reimbursement coverage (up to US$65 million) to the extent that it or a subsidiary has indemnified a director or officer in excess of a deductible of US$150,000 for each loss. The policies provide for a US$250,000 deductible in respect of securities claims. The premium paid by Centerra in 2011 was US$274,028 for the go-forward policy. The premium paid in 2009 for the six year run-off policy was US$412,000. This was a one-time premium.

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

INTERESTS OF DIRECTORS AND OFFICERS IN MATTERS TO BE ACTED UPON

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

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

SHAREHOLDER PROPOSALS FOR NEXT YEAR'S ANNUAL MEETING

The *Canada Business Corporations Act* permits certain eligible shareholders of the Corporation to submit shareholder proposals to the Corporation, which proposals may be included in a management proxy circular relating to an annual meeting of shareholders. The final date by which the Corporation must receive shareholder proposals for the annual meeting of shareholders of the Corporation to be held in 2013 is December 27, 2012.

ADDITIONAL INFORMATION

Financial information for the financial year ended December 31, 2011, is provided in the Corporation's comparative financial statements and management's discussion and analysis ("MD&A") which are included in the Annual Report. Securityholders who wish to be added to the mailing list for the annual and interim financial statements and MD&A should contact the Corporation at 1 University Avenue, Suite 1500, Toronto, Ontario, Canada M5J 2P1, or (416) 204-1953, Attention: Vice President, Investor Relations.

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

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

DIRECTORS' APPROVAL

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

By Order of the Board of Directors

(Signed)
Frank H. Herbert
Corporate Secretary

Toronto, Ontario, Canada
March 27, 2012

APPENDIX A

CENTERRA GOLD INC.

BOARD MANDATE

1. GENERAL

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

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

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

2. THE BOARD'S RESPONSIBILITIES

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

3. DIRECTORS' RESPONSIBILITIES

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

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

4. BOARD COMPOSITION

(a) Board Membership Criteria

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

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

(b) Director Independence

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

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

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

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

(c) Board Size

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

(d) Retirement

Directors may serve on the Board until the annual meeting of the Corporation next following their 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 Nominating and Corporate Governance Committee is responsible for maintaining a Board succession plan that is responsive to the Corporation's needs and the interests of its shareholders.

(g) Service on Other Boards

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

5. BOARD DUTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) communications policy of the Corporation;

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

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

7. CHAIR

(a) Appointment

The Board will in each year elect from among its members a Chair who is independent.

(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, encouraging effective communication between the Board and the Chief Executive Officer;
- consistent with encouraging effective communication between the Board and the Chief Executive Officer, confirm that the Board and senior management understand their respective responsibilities and respect the boundary between them;
- chair Board meetings, including requiring appropriate briefing materials to be delivered in a timely fashion, stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decisions is reached and accurately recorded;
- confirm proper and timely documentary filings and fulfillment of disclosure requirements to statutory authorities under applicable legislation, including working with the Corporation's external counsel and other outside advisors when necessary;

- confirm that the Board and its committees have the necessary resources to carry out their responsibilities, in particular, timely and relevant information;
- work with the Chief Executive Officer, the chair of the Nominating and Corporate Governance Committee and the Corporate Secretary to further the creation of a healthy governance culture within the Corporation;
- at the request of the Chief Executive Officer, represent the Corporation to shareholders and external stakeholders, including local community groups, aboriginals, government, and non-governmental organizations; and
- perform additional duties requested by the Board.

8. 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, Corporate Social Responsibility Committee and the Reserves Committee.

(b) Chair

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

(c) Charters

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

Audit Committee

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

Nominating and Corporate Governance Committee

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

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is responsible for supporting the Board in making recommendations in regard to its oversight responsibilities and to review and, at its discretion, approve certain recommendations proposed by management. The Human Resources and Compensation Committee reviews and recommends to the Board the selection and appointment of officers of the Corporation; the compensation philosophy, competitive positioning and competitive objectives in the market all of which drive the design of components and administration; the compensation and employment agreement of the President and Chief Executive Officer as recommended by the Chairman of the Board and by the Human Resources and Compensation Committee; grants of stock options to eligible participants; succession planning pertaining to all executive officers, based on recommendations of the chair of the Board and the President and Chief Executive Officer; and any additional matters delegated to the Human Resources and Compensation Committee by the Board. The Human Resources and Compensation Committee oversees and approves the compensation and employment agreements of the direct reports to the President and Chief Executive Officer as reviewed and recommended by the Chairman of the Board; the objectives and design of the compensation program of the company consistent with the compensation philosophy, competitive positioning and competitive objectives approved by the Board (these objectives and designs, along with their components and descriptions/

plans, will satisfy the goal of providing sufficient competitive compensation to attract, retain and motivate senior management to maximize shareholder value); major human resources policies recommended by the President and Chief Executive Officer; management's recommendation on annual merit increases consistent with the budget approved by the Board; special recognition payments under the CEO Awards Program which are recommended to be $50,000 or greater; and the administration of all equity-based compensation plans, subject to reporting to the Board.

Safety, Health and Environmental Committee

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

Reserves Committee

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

Corporate Social Responsibility

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

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, or at the election of the Board or committee, as the case may be, the Board or a committee may appoint any other person to act as secretary.

(k) Minutes of Meetings

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

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

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, Canada M5J 2P1

centerra GOLD