



NEWS RELEASE

(All figures are in United States dollars)

Centerra Gold Reports Third Quarter Earnings of US\$9 Million Production and Costs Better Than Forecast

Toronto, Canada, November 1, 2005: Centerra Gold Inc. (TSX: CG) today reported net earnings for the third quarter ended September 30, 2005 of \$9 million or \$0.12 per common share. Cash generated from operations, net of working capital changes and other operating items, was \$17 million. Gold production and the average cash cost were better than forecast at 193,896 ounces and \$245 per ounce, respectively. In the third quarter of 2004, Centerra reported net earnings of \$29 million (\$0.40 per common share) and cash from operations of \$29 million. Gold production was 235,578 ounces at an average cash cost of \$174 per ounce.

Results in 2005 benefited from higher spot and realized prices for gold. These were offset by lower year-over-year ore grades at the Kumtor mine, higher market prices for consumable items and increased expenses related to Centerra advancing its growth strategy. During the quarter, the Company invested over \$9 million in exploration, business development and the Gatsuurt feasibility study.

Third Quarter Highlights

- Gold production of 193,896 ounces and average cash cost of \$245 per ounce were better than forecast
- The Boroo mine recorded another good operating quarter
- Cash on hand increased to \$212 million; Centerra continues to be debt-free
- Further drilling at the northern and southern portions of the Kumtor pit extended previously-identified, thick mineralized zones. The results support Centerra's exploration strategy to significantly expand the Kumtor mine life
- In the Kyrgyz Republic, the President and Prime Minister assumed office and began forming the new government
- Mr. Almazbek Djakypov, President of Kyrgyzaltyn JSC, was appointed to the Board of Directors

Commentary

“We delivered another good quarter of earnings, cash flow and exploration results,” said Len Homeniuk, President and CEO. “Both production volume and costs were better than forecast as we continued to partially offset the effects of higher input costs at the operations. Our commitment to growth was underscored with the investment of over \$9 million in various initiatives. The return on this investment is already being realized with the excellent drilling results from the Kumtor pit which continued to show the strong potential to substantially increase reserves and extend the mine life.”

“Additionally, we are very pleased that Centerra is now included in the S&P/TSX Composite Index. We are confident that the increased market visibility together with our efforts to grow the Company will result in greater value creation for our shareholders,” concluded Mr. Homeniuk.

Financial Summary – Third Quarter

Total production for the three months ended September 30, 2005 of 193,896 ounces exceeded forecast but was lower than the same period of 2004 by almost 18%. The lower year-over-year production is attributed mainly to lower ore grades at Kumtor. For the current quarter, the ore grades averaged 3.4 grams per tonne (“g/t”) at Kumtor, compared to 4.3 g/t during the same period in 2004.

Using the Gold Institute standard, Centerra’s cash cost per ounce of gold averaged \$245 for the quarter. This compared to \$174 per ounce recorded in the third quarter of 2004. The higher operating cost in 2005 reflects lower ore grades and higher market prices for consumable items.

Gross profit was \$20 million in 2005, compared to \$32 million for the 2004 third quarter.

Net earnings totaled \$9 million or \$0.12 per common share. The Company reported net earnings of \$29 million or \$0.40 per common share in the third quarter of last year.

Cash flow generated from operations amounted to \$17 million. This is down from \$29 million reported in the same period a year ago and resulted from lower production, increased exploration and corporate development activities and a build-up in working capital due to the timing of gold shipments .

Requirements for capital investment were \$8 million of which \$5 million was spent on maintenance and \$3 million on productivity improvement projects. Centerra’s cash position rose to \$212 million at September 30, 2005 from \$153 million at the end of 2004. The Company has no long-term debt and no gold hedge positions.

Centerra became a public company on June 30, 2004. Its predecessor company, Cameco Gold Inc., was a division of Cameco Corporation (Cameco), and held a one-third interest in Kumtor, a 53% interest in Boroo, a 62% interest in REN and a 73% interest in Gatsuurt. Since June 30, 2004, Centerra’s ownership interests consist of a 100% interest in the Kumtor mine, a 95% interest in the

Boroo mine, a 62% interest in the REN deposit and a 100% interest in the Gatsuert property. For, accounting purposes, Centerra's consolidated statements reflect proportional consolidation for the Kumtor mine and full consolidation for the Boroo mine for the first half of 2004 and full consolidation for both operations from July 1, 2004.

Financial Summary – Nine Months

For the first nine months of 2005, net earnings were \$36 million or \$0.50 per share and cash from operations totaled \$79 million. Gold production totaled 620,571 ounces at an average cash cost of \$225 per ounce. For the same nine months of 2004, net earnings were \$36 million or \$0.71 per share and cash from operations was \$64 million. Gold production was 435,505 ounces at a cash cost of \$172 per ounce. Lower ore grades at Kumtor (3.6 g/t versus 4.6 g/t) combined with higher market prices for consumable items negatively impacted the 2005 cash cost. The earnings per share calculation for 2004 reflects the issuance of common shares pursuant to Centerra's initial public offering and the subsequent exercise of the over-allotment option.

Exploration Update

Kyrgyz Republic

In a news release dated October 25, 2005, Centerra issued an update on its drilling activities at the Kumtor pit and nearby Sarytor target. Results from the third-quarter drilling have extended previously-identified mineralized zones and support the Company's exploration strategy to significantly expand the Kumtor mine life.

Complete listings of all the third quarter exploration drill results at the Kumtor pit and Sarytor target are available on the Company's website at www.centerragold.com/properties/exploration_update_october_2005/.

Drilling activities were focused on the Kumtor pit and the nearby Sarytor target area. At the pit, the focus was on delineating the zones in the southern (SB) and northern (NB) portions and testing beyond the ultimate pit design in the central portion and along the northern flank. The highlights from the program are as follows:

A total of 30 diamond drill holes was completed totaling 13,731 metres in the vicinity of the pit. In the southern portion, three drill holes further delineated the **SB Zone** in the southernmost 200 metres of the drill pattern. All of the drill holes intersected the thick mineralized horizon with two of the three holes extending the mineralization for about 130 metres in the up-dip direction on one section and the third hole penetrating the horizon 60 metres further down dip. The drill holes returned down hole intercepts varying from 20 metres to 44 metres thick and average grades in the range of 2.7 g/t gold to 12 g/t gold. The SB Zone remains open at depth and to the south. At the Kumtor pit, true widths for the mineralized zones are typically from 75% to 95% of the stated intercepts.

In the northern portion, the drilling program continued to delineate the well-mineralized horizon in the **NB Zone** with nine drill holes completed over a strike length of 240 metres. In seven of the nine holes, down hole intercepts at the target horizon vary from 10 metres to 44 metres thick with average grades typically in the range of 3 g/t gold to 7 g/t gold. The zone starts at a depth of about 100 metres beyond the currently anticipated ultimate pit design and has now been systematically drill tested for 200 metres to 300 metres in the down-dip direction where it remains open in several areas.

Along the **North end** of the deposit, nine holes were drilled to test for strike and dip extensions to the main mineralized horizons and to in-fill between wider-spaced holes. Three holes, D1001, D1008 and D1013, encountered significant mineralized intervals and essentially confirmed the geological interpretation for this area. These intercepts are encouraging as they indicate that the auriferous alteration system persists into this relatively under-explored area.

Nine additional drill holes in the **central portion** of the pit were spaced over a 500-metre strike length of the target horizons. These holes were drilled to in-fill and undercut the drill pattern in areas previously tested by wider-spaced drilling. Most of these holes returned intercepts that confirmed the existing KS5 resource block model.

The program is ongoing with six drills currently active in the vicinity of the pit.

Resource modeling, and geotechnical and engineering studies are in progress in preparation for an updated estimate of reserves and resources for year-end 2005.

At the **Sarytor** target located immediately to the west of the Southwest Zone and five kilometres from the Kumtor mill, a drilling program is in progress with three drills at the site. During the quarter, 16 drill holes totaling 2,552 metres were completed. The objectives of the program are to determine the limits of the mineralized horizons and to systematically in-fill between existing holes to better assess the size potential and the average grade. The in-fill drill holes typically confirmed the continuity of the mineralization in several areas. Four holes, SR-37, -39, -40 and -47, have in-filled along an 80-metre strike length of a thicker mineralized portion of the zone and have returned down hole intercepts at the target horizon varying from 14 metres to 37 metres thick with average grades in the range of 2 g/t gold to 4 g/t gold . Drill holes testing the flanks of the drill pattern have effectively determined the northern and western limits to the mineralized horizons. At the Sarytor target, true widths for the mineralized zones are typically from 80% to 95% of the stated intercepts.

A National Instrument 43-101 compliant Technical Report on the Kumtor mine was filed on May 14, 2004 and is available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com. The report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site and Sarytor target are the same as, or similar to, those described in the Technical Report.

Mongolia

At Gatsuurt, 24 drill holes were completed at the Main Zone and 19 holes in the vicinity of the Central Zone for a combined total of 6,503 metres.

The drill program at the Gatsuurt Main Zone is ongoing with the objective of in-filling the drill pattern to a 35-metre nominal grid spacing.

At the Gatsuurt Central Zone, drill holes filled in gaps in the drill pattern identified during the latest resource estimate and tested for strike extensions to the mineralized zones. The recent drilling information has been incorporated into an updated geological interpretation and resource modeling is in progress.

Work continued on the Gatsuurt feasibility study as metallurgical testwork continued to give positive results, in line with earlier work.

United States (Nevada)

At REN, 10 drill holes were completed totaling 8,358 metres. The drill program is scheduled to continue through November, 2005.

Other Corporate Developments

Kyrgyz Republic

During the quarter, the Company filed normal-course objections to the tax and customs assessments received during the second quarter. Following arguments presented by Centerra, the tax authorities reversed the previous denial of loss carry-forwards that would have had a negative cash tax effect of \$12 million over a three-year period. The outcome of the other tax audit objections, currently under consideration by the authorities, is not expected to have a material impact on Centerra's financial position

Discussions with the customs authorities regarding Centerra's formal objection notice filed during the third quarter are continuing. The impact of these proceedings, if any, is not determinable at this time.

In its second quarter report, Centerra reported on requests for information from the State Auditing Chamber. In the Chamber's recently-released report there are no issues that are expected to have material consequences for the Company. Centerra has subsequently provided the authorities with further information in response to the report.

Appointment to the Board

On October 31, 2005, Mr. Almazbek Djakypov was appointed to the Company's Board of Directors. He is the President of Kyrgyzaltyn JSC ("Kyrgyzaltyn"), 100% owned by the Government of the Kyrgyz Republic, which owns 16% of Centerra's shares. Mr. Djakypov has previously held various senior positions within the Kyrgyz industrial sector including Vice President and Acting President of Kyrgyzaltyn. He replaces Mr. Ularbek Mateyev, the previous President of Kyrgyzaltyn.

Outlook - 2005

Centerra is forecasting production in the fourth quarter of 2005 to total 177,000 ounces. Production at Kumtor is projected at 110,000 ounces, approximately 10% lower than the third quarter as a result of a lower average ore grade forecast for the fourth quarter. Centerra expects an improvement in the grades going into 2006. The cash costs at Kumtor are consequently expected to reflect the lower production and increase approximately 10% to \$307 per ounce. Production at Boroo is expected to remain relatively unchanged quarter-over-quarter, at 67,000 ounces, while cash costs are expected to improve by almost 5% to \$178 per ounce. Company-wide cash costs are projected at \$258 per ounce.

For the full year, forecasted production is unchanged from the second quarter update at approximately 800,000 ounces. Centerra's beneficial interest in the forecasted production is 783,500 ounces, up almost 30% from 2004 on account of the increased ownership level in both mines and a full year of operations at Boroo. Cash costs for the full year 2005 are expected to increase slightly to \$232 per ounce from the second quarter forecast of \$229 per ounce.

Qualified Person

The new drilling results were reviewed, verified and compiled by Centerra's geological and mining staff under the supervision of Robert S. Chapman, P. Geo., Centerra's Director, Mergers & Acquisitions, who is a Qualified Person for the purpose of National Instrument 43-101 and is the person responsible for the preparation of the technical information in this news release and related exploration results on Centerra's website.

Conference Call

Centerra invites you to join its third-quarter conference call on Tuesday, November 1, 2005 at 4:30 pm. Eastern time. The call is open to all investors and the media. To join the call, please dial (416) 641-6712 or **(1-800) 470-5906** (Canada and U.S.). Alternatively, an audio feed will be available on www.centerragold.com. A recorded version of the call will be available on www.centerragold.com shortly after the call, and via telephone until midnight on Tuesday, November 8, 2005 by calling (416) 626-4100 or (1-800) 558-5253 and using passcode 21265258.

About Centerra

Centerra is a growth-oriented, pure-play gold company focused on acquiring, exploring, developing and operating gold properties primarily in Central Asia, the former Soviet Union and other emerging markets. The two gold mines operated by the Company are expected to produce 800,000 ounces in 2005 at a total cash cost of about \$232 per ounce. This ranks Centerra as a leading North American gold producer and the largest Western-based gold producer in Central Asia and the former Soviet

Union. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is based in Toronto, Canada.

Statements contained in this news release which are not historical facts are forward-looking statements that involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things: volatility and sensitivity to market prices for gold; replacement of reserves; equipment failure; unexpected geological or hydrological conditions; political risks arising from operating in certain developing countries; imprecision in reserve estimates; success of future exploration and development initiatives; competition; operating performance of the facilities; environmental and safety risks including increased regulatory burdens; seismic activity, weather and other natural phenomena; failure to obtain necessary permits and approvals from government authorities; changes in government regulations and policies; including trade laws and policies; ability to maintain and further improve positive labour relations; and other development and operating risks.

Although Centerra believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this report. Centerra disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

For more information:

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Additional information on Centerra is available on the Company's web site at www.centerragold.com and at SEDAR at www.sedar.com.

Management's Discussion and Analysis

The following discussion of the financial condition and results of operations of Centerra Gold Inc. (Centerra or the Company) for the three and nine months ended September 30, 2005 should be read in conjunction with the audited consolidated financial statements and the notes of the Company which are included in the 2004 Annual Report and the Annual Information Form. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and, unless otherwise specified, all figures are in United States dollars. The 2004 Annual Report and the Annual Information Form are available at www.centerragold.com and www.sedar.com.

Toronto, Ontario, Canada, November 1, 2005

Consolidated Financial results

For accounting purposes, Centerra's consolidated results for the three and nine months ended September 30, 2005 reflect fully consolidated interests in the Kumtor and Boroo mines, a 62% interest in REN and a fully consolidated interest in Gatsuurt.

Highlights – Centerra

	Three months ended September 30		Nine months ended September 30	
	2005	2004	2005	2004
Financial Highlights				
Revenue - \$ millions	76.5	86.7	263.5	159.3
Gross profit - \$ millions ⁽¹⁾	19.7	31.6	72.6	58.1
Net earnings - \$ millions	8.9	28.7	36.1	35.8
Cash flow from operations - \$ millions	17.2	29.2	78.6	63.5
Sales volume – ounces ⁽²⁾	178,422	217,593	623,624	414,754
Ounces poured ⁽²⁾	193,896	235,578	620,571	435,505
Average realized price - \$/oz ⁽³⁾	429	398	423	380
Gold spot market price - \$/oz - average for period	440	401	431	401
Total cash cost - \$/oz ⁽⁴⁾	245	174	225	172
Earnings per common share - \$ - basic and diluted	0.12	0.40	0.50	0.71
Weighted average shares outstanding – basic - (thousands)	72,080	71,509	72,080	50,072

(1) Gross profit is defined as total revenues less cost of sales and depreciation, depletion and reclamation.

(2) Comprising one-third of Kumtor to June 22, 2004 and 100% thereafter, and 100% of Boroo from March 1, 2004.

(3) Net of the effect of gold hedges, closed in 2004.

(4) Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP measure – Total cash cost”.

Gold production and revenue

Revenue in the third quarter was \$76.5 million down from \$86.7 million in the same quarter last year. Production decreased to 193,896 from 235,578 ounces reported in the third quarter of 2004 mainly as a result of lower ore grades at Kumtor.

Centerra realized an average gold price of \$429 per ounce for the third quarter (including the amortization of \$1.1 million of deferred hedges), a significant increase over the \$398 per ounce realized in the same quarter in 2004. This increase was due to higher spot gold prices that averaged \$440 per ounce, compared to \$401 per ounce in the prior year quarter.

Centerra's gold production is unhedged. The impact of prior closures of the hedge position is discussed below under "Gold hedging and off-balance sheet obligations".

Cost of sales

Cost of sales increased to \$43.1 million in the quarter from \$37.1 million in the same period of 2004 from higher stripping costs at Kumtor due to lower grades, increased mine and mill throughput at Boroo and the higher cost of consumables. On a unit basis, the total cash cost per ounce was \$245 up from \$174 in 2004, mostly due to lower gold production at Kumtor reflecting lower grade ore fed to the mill.

Depreciation, depletion and reclamation

Depreciation, depletion and reclamation decreased to \$13.7 million from \$18.0 million in the prior year quarter mainly due to the lower production at Kumtor. On a per unit basis, depreciation and amortization for the third quarter of 2005 was \$77 per ounce sold compared to \$83 per ounce in 2004.

Exploration

Exploration costs increased to \$6.8 million from \$3.8 million in the prior year period reflecting the enhanced drilling program in support of the Company's growth objective to increase reserves at and around its existing mines.

Interest and other

Interest and other expenses resulted in a net recovery of \$3.5 million in the quarter reflecting interest earned of \$1.4 million on the company's cash position in addition to a net foreign exchange gain on the Canadian dollar of \$2.1 million. The comparable amount in 2004 was a net recovery of \$5.7 million representing a \$5.0 million foreign exchange gain on Centerra's Canadian cash balance. The Company has no outstanding interest-bearing debt.

Administration

Administration and business development costs for the third quarter were \$6.1 million compared to \$4.4 million in the same period last year. The 2005 third quarter includes business development and feasibility study costs of \$2.7 million.

Net earnings

Net earnings for the third quarter of 2005 were \$8.9 million or \$0.12 per share compared to \$28.7 million or \$0.40 per share for the same period in 2004. This decrease reflects lower production levels at Kumtor and an increase in administration and operating costs, including consumables and higher exploration costs.

Liquidity and capital resources

Cash flow from operations was \$17.2 million for the quarter compared to \$29.2 million for the prior year third quarter. The decrease was mainly due to the lower production levels, increased exploration and corporate development activities and an increase in working capital due to the timing of gold shipments.

Cash used in investing activities in the third quarter of 2005 was \$8.4 million for capital spending, compared to a total of \$3.6 million in the same quarter of 2004. In the third quarter of 2005, \$5.3 million was spent on maintenance projects while \$3.1 million was spent on growth projects.

Cash on hand was \$212 million at the end of the quarter, of which \$53.3 million was held in Canadian funds for anticipated Canadian dollar expenditures.

Centerra has sufficient cash resources to carry out its business plan for the balance of 2005 and 2006.

Year-to-date Results

Revenue for the first nine months of 2005 grew to \$263.5 million from \$159.3 million in the same period in 2004. Average realized prices in the same nine month periods were \$423 per ounce in 2005 compared to \$380 per ounce in 2004. Year over year net earnings remained relatively unchanged for the first nine months of 2005 at \$36.1 million (\$0.50 per share) compared to \$35.8 million (\$0.71 per share) in the same period of 2004 as lower production, and higher costs offset higher realized prices in 2005.

Cash flow from operations for the first nine months of 2005 grew to \$78.6 million from \$63.5 million in the comparable period of 2004, primarily reflecting the impact of higher gold spot prices in 2005.

Share capital

As of September 30, 2005, Centerra had 72,079,605 shares outstanding and 200,183 share options outstanding under its stock based incentive plans.

Contractual obligations

There have been no significant changes from the contractual obligations identified in the MD&A included in the 2004 Annual Report.

Gold hedging and off-balance sheet obligations

The deferred charges, net of deferred revenue, related to the closing of the gold hedges in 2004, will be recognized in future periods. During the third quarter of 2005, \$1.1 million of these deferred charges were recorded in the income statement.

<i>\$ millions</i>	Total
Balance as at December 31, 2004	8.2
Amortized year-to-date in 2005	(4.3)
Balance as at September 30, 2005	3.9

At September 30, 2005, deferred charges on the balance sheet totaled \$3.9 million and are expected to be amortized as follows:

Recognition of Deferred Charges (net of deferred revenue)

<i>\$ millions</i>	Q1	Q2	Q3	Q4	Total
2005				1.1	1.1
2006	1.9	(0.6)	0.4	0.6	2.3
2007	0.5	--	--	--	0.5
Total					3.9

Market Update

The spot market gold price closed the quarter at its high for the period of \$473 per ounce. For the three months ended September 30, 2005, the price averaged \$440 per ounce of gold.

Mine Operations

Operating and financial results of the Kumtor and Boroo mines are shown on a 100% basis. With the completion of the Kumtor restructuring and the acquisition of the AGR minority interest in the second quarter of 2004, Centerra owns 100% of Kumtor and 95% of Boroo.

Kumtor – 100% basis

The Kumtor open pit mine, located in the Kyrgyz Republic, is the largest gold mine in Central Asia operated by a Western-based producer. It has been operating since 1997 and produced over five million ounces. During the quarter, Kumtor experienced one lost-time injury involving a company employee. There were no environmental exceedances during the period.

Kumtor Operating Results	Three months ended September 30		Nine months ended September 30	
	2005	2004	2005	2004
Sales volume – ounces	110,668	148,706	410,753	496,142
Revenue - \$ millions	46.7	58.5	173.1	183.6
Average realized price - \$/oz ⁽³⁾	422	393	421	370
Tonnes mined - 000s	20,803	21,111	61,445	63,237
Tonnes ore mined – 000s	1,712	829	4,245	1,974
Tonnes milled - 000s	1,388	1,446	4,224	4,271
Average mill head grade - g/t ⁽¹⁾	3.35	4.27	3.58	4.55
Recovery - %	82.0	83.0	82.1	82.6
Ounces recovered	122,763	164,609	399,129	515,641
Ounces poured ⁽⁴⁾	123,162	166,805	402,514	518,627
Total cash costs - \$/oz ⁽²⁾	277	191	254	183
Capital expenditures - \$ millions	4.9	1.0	10.6	2.0

⁽¹⁾ g/t means grams per tonne.

⁽²⁾ Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP measure – Total cash cost”.

⁽³⁾ Net of the effect of gold hedges, eliminated in 2004.

⁽⁴⁾ One-third to June 30 2004, 100% thereafter

Revenue

In the third quarter of 2005, revenue decreased to \$46.7 million due to lower ounces sold in the quarter. This was partially offset by an increase in the average realized price to \$422 per ounce from \$393 per ounce in the same period last year. Production was 123,162 poured ounces, 26% lower than the prior year quarter due primarily to ore grades averaging 3.35 g/t compared to 4.27 g/t in 2004.

Revenue for the first nine months of 2005 were below the same period of 2004, reflecting lower production, as a result of lower grades, partially offset by higher realized prices.

The higher average realized price for the three and nine month periods was due to higher gold spot prices and the elimination of gold hedges in 2004.

Cost of sales

The cost of sales for the third quarter and first nine months of 2005 was \$30.4 million and \$106.1 million respectively compared to \$28.4 million in the third quarter of 2004 and \$49.0 million in the first nine months of 2004. The increase is primarily attributable to higher stripping costs due to lower grade, higher cost of consumables and the increased ownership year over year.

Total cash costs per ounce increased to \$277 in the third quarter of 2005 up from \$191 per ounce in the third quarter of 2004. For nine months ended 2005, cash cost per ounce increased to \$254 up from \$183 per ounce for the nine months ended 2004. The increase is primarily a result of a lower average grade fed to the mill and the higher cost of consumables.

Exploration

Exploration expenditures totaled \$4.0 million for the quarter and \$10.6 million year-to-date. The expenditures relate primarily to ongoing drilling in the immediate vicinity of the open pit, and the Sarytor Zones. See also "*Exploration program update*" and the news release of October 25, 2005

Boroo - 100% basis

The Boroo open pit gold mine began commercial production on March 1, 2004. The mine had one loss-time injury, and no environmental exceedances during the third quarter of 2005.

Boroo Operating Results	Three months ended September 30		Nine months ended September 30	
	2005	2004	2005	2004
Sales volume – ounces ⁽¹⁾	67,754	68,887	212,871	150,236
Revenue - \$ millions	29.8	28.2	90.5	57.4
Average realized price - \$/oz ⁽³⁾	440	409	425	382
Tonnes mined – 000s	4,734	3,292	13,877	8,139
Tonnes ore mined – 000s	657	454	1,642	1,108
Tonnes milled – 000s	596	471	1,642	1,098
Average mill head grade (g/t)	4.05	5.25	4.36	4.57
Recovery - %	90.3	93.0	91.7	93.2
Ounces recovered ⁽¹⁾	70,110	74,009	211,227	150,510
Ounces poured ⁽¹⁾	70,734	68,773	218,057	151,426
Total cash cost - \$/oz ⁽²⁾	187	135	171	135
Capital expenditures - \$ millions	3.5	2.7	8.3	5.5

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

(2) Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP measure – Total cash cost”.

(3) Net of the effect of gold hedges, eliminated in 2004.

Revenue

In the third quarter of 2005, revenue increased to \$29.8 million reflecting the higher year-over-year realized gold price. Production was 70,734 poured ounces, up 3% over the prior year quarter mostly due to higher throughput primarily as a result of productivity improvements made in the first quarter of 2005.

Revenue for the first nine months of 2005 was \$90.5 million compared to \$57.4 million in the same period of 2004, reflecting higher realized price per ounce, and increased production, due to higher throughput as the mine achieved commercial production in March 2004.

The third quarter and nine month, year over year, higher average realized price was due to stronger gold spot prices and the elimination of gold hedges in 2004.

Cost of sales

The cost of sales for the third quarter and first nine months of 2005 was \$12.7 million and \$37.2 million respectively, an increase of \$3.7 million from the \$9.0 million in third quarter 2004 and an increase of \$18 million from the \$37.2 million from the first nine months of 2004. The increase is primarily attributable to higher mine and mill throughput, an increase in the cost of consumables and increased ownership, year over year.

Total cash costs per ounce increased to \$187 in the third quarter of 2005, compared to \$135 in the third quarter of 2004, and to \$171 in the first nine months of 2005, compared to \$135 for the first nine months of 2004. The increase was the result of a scheduled rebuild of the mining fleet, higher employee and consumable costs.

Exploration

Exploration expenditures in the third quarter of 2005 in Mongolia totaled \$1.4 million and were incurred mainly at the Gatsuurt property. In the first nine months of 2005, \$4.4 million has been spent in Mongolia, primarily related to \$1.0 million spent in the immediate mine area, \$2.1 million at the Gatsuurt property and \$1.3 million on other exploration targets.

Exploration program update

Kyrgyz Republic

In a news release dated October 25, 2005, Centerra issued an update on its drilling activities at the Kumtor pit and nearby Sarytor target. Results from the third-quarter drilling have extended previously-identified mineralized zones and support the Company's exploration strategy to significantly expand the Kumtor mine life.

Complete listings of all the third quarter exploration drill results at the Kumtor pit and Sarytor target are available on the Company's website at

www.centerragold.com/properties/exploration_update_october_2005/.

Drilling activities were focused on the Kumtor pit and the nearby Sarytor target area. At the pit, the focus was on delineating the zones in the southern (SB) and northern (NB) portions and testing beyond the ultimate pit design in the central portion and along the northern flank. The highlights from the program are as follows:

A total of 30 diamond drill holes was completed totalling 13,731 metres in the vicinity of the pit. In the southern portion, three drill holes further delineated the **SB Zone** in the southernmost 200 metres of the drill pattern. All of the drill holes intersected the thick mineralized horizon with two of the three holes extending the mineralization for about 130 metres in the up-dip direction on one section and the third hole penetrating the horizon 60 metres further down dip. The drill holes returned down hole intercepts varying from 20 metres to 44 metres thick and average grades in the

range of 2.7 g/t gold to 12 g/t gold. The SB Zone remains open at depth and to the south. At the Kumtor pit, true widths for the mineralized zones are typically from 75% to 95% of the stated intercepts.

In the northern portion, the drilling program continued to delineate the well-mineralized horizon in the **NB Zone** with nine drill holes completed over a strike length of 240 metres. In seven of the nine holes, down hole intercepts at the target horizon vary from 10 metres to 44 metres thick with average grades typically in the range of 3 g/t gold to 7 g/t gold. The zone starts at a depth of about 100 metres beyond the currently anticipated ultimate pit design and has now been systematically drill tested for 200 metres to 300 metres in the down-dip direction where it remains open in several areas.

Along the **North end** of the deposit, nine holes were drilled to test for strike and dip extensions to the main mineralized horizons and to in-fill between wider-spaced holes. Three holes, D1001, D1008 and D1013, encountered significant mineralized intervals and essentially confirmed the geological interpretation for this area. These intercepts are encouraging as they indicate that the auriferous alteration system persists into this relatively under-explored area.

Nine additional drill holes in the **central portion** of the pit were spaced over a 500-metre strike length of the target horizons. These holes were drilled to in-fill and undercut the drill pattern in areas previously tested by wider-spaced drilling. Most of these holes returned intercepts that confirmed the existing KS5 resource block model.

The program is ongoing with six drills currently active in the vicinity of the pit.

Resource modeling, and geotechnical and engineering studies are in progress in preparation for an updated estimate of reserves and resources for year-end 2005.

At the **Sarytor** target located immediately to the west of the Southwest Zone and five kilometres from the Kumtor mill, a drilling program is in progress with three drills at the site. During the quarter, 16 drill holes totaling 2,552 metres were completed. The objectives of the program are to determine the limits of the mineralized horizons and to systematically in-fill between existing holes to better assess the size potential and the average grade. The in-fill drill holes typically confirmed the continuity of the mineralization in several areas. Four holes, SR-37, -39, -40 and -47, have in-filled along an 80-metre strike length of a thicker mineralized portion of the zone and have returned down hole intercepts at the target horizon varying from 14 metres to 37 metres thick with average grades in the range of 2 g/t gold to 4 g/t gold. Drill holes testing the flanks of the drill pattern have effectively determined the northern and western limits to the mineralized horizons. At the Sarytor target, true widths for the mineralized zones are typically from 80% to 95% of the stated intercepts.

A National Instrument 43-101 compliant Technical Report on the Kumtor mine was filed on May 14, 2004 and is available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com. The report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site and Sarytor target are the same as, or similar to, those described in the Technical Report.

Mongolia

At Gatsuurt, 24 drill holes were completed at the Main Zone and 19 holes in the vicinity of the Central Zone for a combined total of 6,503 metres.

The drill program at the Gatsuurt Main Zone is ongoing with the objective of in-filling the drill pattern to 35-metre nominal grid spacing.

At the Gatsuurt Central Zone, drill holes filled in gaps in the drill pattern identified during the latest resource estimate and tested for strike extensions to the mineralized zones. The recent drilling information has been incorporated into an updated geological interpretation and resource modeling is in progress.

Work continued on the Gatsuurt feasibility study as metallurgical testwork continued to give positive results, in line with earlier work.

United States (Nevada)

At REN, 10 drill holes were completed totaling 8,358 metres. The drill program is scheduled to continue through November, 2005.

Other Financial Information

Related party transactions

Cameco Corporation

Centerra and its subsidiaries maintain inter-company advances to and from Cameco Corporation (“Cameco”) and several of its subsidiaries to fund operations. These advances, which are non-interest bearing and payable on demand, will be repaid in the ordinary course of business.

Effective April 1, 2004, Centerra entered into an administrative services agreement with Cameco whereby Cameco has agreed to provide services and expertise to Centerra in return for reimbursement of all of its direct and indirect costs relating to these services.

As a result of the above items, the balance owing to Cameco at September 30, 2005 was \$1.1 million with \$0.2 million of services provided by Cameco during the third quarter of 2005 (\$0.6 million year-to-date).

In addition, the Company paid approximately \$109,000 Cdn in the third quarter of 2005 (approximately \$320,000 Cdn for the nine months ended September 30, 2005) to Ms. Marina Stephens, a lawyer and the spouse of President and Chief Executive Officer, Mr. Homeniuk. Ms. Stephens provides certain designated legal and business advisory services related to international operations.

Kyrgyzaltyn and the Government of the Kyrgyz Republic

The table below summarizes 100% of the management fees, royalties and concession payments paid by the Kumtor Gold Company (“KGC”) to Kyrgyzaltyn JSC (“Kyrgyzaltyn”) or the Government of the Kyrgyz Republic and the amounts paid by Kyrgyzaltyn to KGC according to the terms of the Gold and Silver Sales Agreement between Kumtor Operating Company, Kyrgyzaltyn and the Government of the Kyrgyz Republic. For periods prior to the restructuring, the Centerra financial statements reflect one-third of the charges.

<i>\$ thousands</i>	Three months ended September 30		Nine months ended September 30	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Related Parties in the Kyrgyz Republic				
Management fees to Kyrgyzaltyn	166	223	616	744
Concession payments to Kyrgyz Republic	443	595	1,643	1,985
Total	609	818	2,259	2,729
Gross gold and silver sales to Kyrgyzaltyn	48,459	59,977	177,815	198,808
Deduct: refinery and financing charges	(614)	(646)	(2,053)	(2,037)
Net sales revenue received from Kyrgyzaltyn	47,845	59,331	175,762	196,771

Non-GAAP measure

Total cash cost

This MD&A presents information about total cash cost of production of an ounce of gold for the operating properties of Centerra. Except as otherwise noted, total cash cost per ounce is calculated by dividing total cash costs, as determined using the industry standard published by the Gold Institute, by gold ounces produced for the relevant period.

Total cash costs, as defined in the Gold Institute standard, include mine operating costs such as mining, processing, administration, royalties and production taxes, but exclude amortization, reclamation costs, financing costs and capital, development and exploration.

Total cash cost per ounce has been included because certain investors use this information to assess performance and also to determine the ability of Centerra to generate cash flow for use in investing and other activities. The inclusion of total cash cost per ounce enables investors to better understand year-on-year changes in production costs, which in turn affect profitability and cash flow.

Total cash cost per ounce is reconciled as follows:

\$ millions, unless otherwise specified	Third Quarter 2005		
	Kyrgyz Republic (Kumtor)	Mongolia (Boroo)	Total
Cost of sales, as reported	30.4	12.7	43.1
Adjust for:			
Refining fees	0.6	-	0.6
By-product credits	(0.6)	(0.1)	(0.7)
Non-operating costs	(2.0)	-	(2.0)
Inventory movement	5.7	0.7	6.4
Total cash cost – 100%	34.1	13.3	47.4
Ounces poured – 100% (000's)	123.2	70.7	193.9
Total cash cost per ounce	276.8	187.4	244.5

\$ millions, unless otherwise specified	Third Quarter 2004		
	Kyrgyz Republic (Kumtor)	Mongolia (Boroo)	Total
Cost of sales, as reported	28.4	8.7	37.1
Adjust for:			
Refining fees	0.6	-	0.6
By-product credits	(0.3)	-	(0.3)
Non-operating costs	(0.6)	(0.3)	(0.9)
Inventory movement	3.7	0.9	4.6
Total cash cost – 100%	31.8	9.3	41.1
Ounces poured – 100% (000's)	166.8	68.8	235.6
Total cash cost per ounce	190.6	135.0	174.4

\$ millions, unless otherwise specified	Nine Months 2005		
	Kyrgyz Republic (Kumtor)	Mongolia (Boroo)	Total
Cost of sales, as reported	106.1	37.2	143.3
Adjust for:			
Refining fees	2.0	-	2.0
By-product credits	(1.7)	(0.3)	(2.0)
Non-operating costs	(2.8)	0.8	(2.0)
Inventory movement	(1.4)	(0.3)	(1.7)
Total cash cost – 100%	102.2	37.4	139.6
Ounces poured – 100% (000's)	402.5	218.1	620.6
Total cash cost per ounce	254.1	171.2	225.0

\$ millions, unless otherwise specified	Nine Months 2004		
	Kyrgyz Republic (Kumtor)	Mongolia (Boroo)	Total
Cost of sales, as reported	49.0	18.9	68.2
Adjust for:			
Refining fees	1.0	-	1.0
By-product credits	(0.5)	-	(0.5)
Non-operating costs	(0.6)	(0.6)	(1.5)
Inventory movement	3.8	2.1	5.9
Pre-acquisition operating costs ⁽¹⁾	42.1	-	42.1
Total cash cost – 100%	94.8	20.4	115.2
Ounces poured – 100% (000's)	518.6	151.4	670.0
Total cash cost per ounce	182.8	135.0	171.9

(1) Total cash cost per ounce is calculated on a 100% basis. The adjustment above is needed to increase the pre-acquisition cost of sales (to June 30, 2004), which is recorded at Centerra's share of 33.3%, to the full 100% value.

Quarterly Results – Last Eight Quarters

<i>All financial data in \$ millions, except per share data</i>	2005			2004				2003
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	77	95	92	88	86	47	26	29
Net earnings	9	15	12	15	29	(1)	8	7
- per share (basic & diluted)	0.12	0.21	0.17	.21	.40	(0.02)	0.20	0.18

Outlook for 2005

Centerra is forecasting production in the fourth quarter of 2005 to total 177,000 ounces. Production at Kumtor is projected at 110,000 ounces, approximately 10% lower than the third quarter as a result of a lower average ore grade forecast for the fourth quarter. Centerra expects an improvement in the grades going into 2006. The cash costs at Kumtor are consequently expected to reflect the lower production and increase approximately 10% to \$307 per ounce. Production at Boroo is expected to remain relatively unchanged quarter-over-quarter, at 67,000 ounces, while cash costs are expected to improve by almost 5% to \$178 per ounce. Company-wide cash costs are projected at \$258 per ounce.

For the full year, forecasted production is unchanged from the second quarter update at approximately 800,000 ounces. Centerra's beneficial interest in the forecasted production is 783,500 ounces, up almost 30% from 2004 on account of the increased ownership level in both mines and a full year of operations at Boroo. Cash costs for the full year 2005 are expected to increase slightly to \$232 per ounce from the second quarter forecast of \$229 per ounce.

Other Corporate Developments

Kyrgyz Republic

During the quarter, the Company filed normal-course objections to the tax and customs assessments received during the second quarter. Following arguments presented by Centerra, the tax authorities reversed the previous denial of loss carry-forwards that would have had a negative cash tax effect of \$12 million over a three-year period. The outcome of the other tax audit objections, currently under consideration by the authorities, is not expected to have a material impact on Centerra's financial position.

Discussions with the customs authorities regarding Centerra's formal objection notice filed during the third quarter are continuing. The impact of these proceedings, if any, is not determinable at this time.

In its second quarter report, Centerra reported on requests for information from the State Auditing Chamber. In the Chamber's recently-released report there are no issues that are expected to have material consequences for the company.

Appointment to the Board

Effective October 31, 2005, Mr. Almazbek Djakypov was appointed to the Company's Board of Directors. He is the President of Kyrgyzaltyn JSC, which owns 16% of Centerra's shares. Mr. Djakypov has previously held various senior positions in the Kyrgyz government including Vice President and Acting President of Kyrgyzaltyn. He replaces Mr. Ularbek Mateyev, the previous President of Kyrgyzaltyn.

Year 2005 Production and Unit Cost Forecast

Based on current operations and the Company's performance for the first nine months of 2005, total production for the year is forecast to be approximately 800,000 ounces, a decline of 12% from 2004 as a result of lower grades at the Kumtor mine. Centerra's beneficial production however, is expected to increase to 783,500 ounces from 610,287 in 2004 on account of the increased ownership level in both mines and a full year of operations at Boroo.

The mill head grade at Kumtor is expected to average 3.4 g/t in 2005 compared to 4.4 g/t in 2004. Accordingly, production from the mine is expected to total 512,000 ounces at an average cash cost of \$265 per ounce.

At Boroo, production is expected to total approximately 285,000 ounces reflecting a higher throughput level. The mill head grade at Boroo is expected to average 4.2 g/t compared to 4.5 g/t in 2004. Total cash cost is forecast to be \$173 per ounce.

2005 Production and Unit Cost:

Centerra's actual and forecast production and unit costs are as follows:

Production	2005					2004
	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Forecast	Year Forecast	Year Actual
<i>Ounces except where noted</i>						
Kumtor production (100% Centerra share)	141,558	137,794	123,162	110,091	512,605	657,329
Boroo production	71,892	75,431	70,734	67,407	285,464	245,701
Centerra's 95% share of Boroo's production	68,297	71,659	67,197	64,037	271,190	187,506
Centerra's share of total production	209,855	209,453	190,359	174,128	783,795	610,287

Total cash cost	2005					2004
	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Forecast	Year Forecast	Year Actual
<i>\$ per ounce</i>						
Kumtor	235	253	277	307	265	202
Boroo	165	162	187	178	173	149
Consolidated	211	221	245	258	232	189

Exploration

One of Centerra's foremost priorities in 2005 is to continue to add to its reserves and resources base through its exploration program. Accordingly, the Company has forecast \$24 million of spending on its program for the year, an approximately 60% increase over the amount invested in 2004.

Activities at Kumtor, Boroo, Gatsuurt and REN are planned as follows:

Kyrgyz Republic

- Drilling programs will continue in the vicinity of the main Kumtor pit and at the Southwest Zone with a focus on in-fill drilling in the SB Zone, and testing for strike and down-dip extensions to the mineralized horizons in the northern portion of the pit. In-fill drilling will continue at the Sarytor target.

Mongolia

- At the Gatsuurt deposit, a feasibility study and metallurgical test work are in progress to further assess the Central Zone deposit. An in-fill drilling program is continuing at the Main Zone, and will be completed by late October. The Main Zone is located 400 metres to the southwest of the Central Zone.
- Exploration programs will continue to evaluate Centerra's significant land position.

United States (Nevada)

On the REN project, drilling programs will focus on testing other geological and geophysical target areas on the property.

Administration

Annual administration expenses are expected to amount to approximately \$22 million. The forecast includes estimated costs associated with business development, the feasibility study at the Gatsurt deposit and the implementation costs of regulatory standards.

Corporate income taxes

Corporate income taxes in the Kyrgyz Republic are calculated and provisioned at 20% of taxable income. Boroo is in its second year of a three-year income tax holiday.

Capital expenditures

The capital requirement in 2005 is forecast at \$32 million including \$13 million of maintenance capital.

Caution regarding forward-looking statements

Statements contained in this news release which are not historical facts are forward-looking statements that involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things: volatility and sensitivity to market prices for gold; replacement of reserves; equipment failure; unexpected geological or hydrological conditions; political risks arising from operating in certain developing countries; imprecision in reserve estimates; success of future exploration and development initiatives; competition; operating performance of the facilities; environmental and safety risks including increased regulatory burdens; seismic activity, weather and other natural phenomena; failure to obtain necessary permits and approvals from government authorities; changes in government regulations and policies; including trade laws and policies; ability to maintain and further improve positive labour relations; and other development and operating risks.

Although Centerra believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this report. Centerra disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

- end -

Centerra Gold Inc.

Consolidated Financial Statements

For the Nine Months Ended September 30, 2005

(Unaudited)

(\$US)

Centerra Gold Inc.
Consolidated Balance Sheets
(Unaudited)
(In Thousands of US\$)

	As at	
	Sept 30/05	Dec 31/04
Assets		
Current assets		
Cash	\$ 212,296	\$ 152,591
Accounts receivable	4,308	2,596
Inventories	19,353	22,161
Supplies and prepaid expenses	57,822	47,578
	<u>293,779</u>	<u>224,926</u>
Property, plant and equipment	239,900	267,557
Goodwill (note 4)	155,520	155,520
Long-term receivables, investments and other	8,423	12,456
	<u>403,843</u>	<u>435,533</u>
Total assets	<u>\$ 697,622</u>	<u>\$ 660,459</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 26,550	\$ 32,023
Provision for reclamation	19,797	18,868
Future income taxes	9,308	5,407
	<u>55,655</u>	<u>56,298</u>
Minority interest	3,974	2,410
Shareholders' equity		
Share capital (note 2)	522,383	522,383
Contributed surplus	29,674	29,503
Retained earnings	85,936	49,865
	<u>637,993</u>	<u>601,751</u>
Total liabilities and shareholders' equity	<u>\$ 697,622</u>	<u>\$ 660,459</u>

Contingencies (note 7)

See accompanying notes to the consolidated financial statements.

Centerra Gold Inc.**Consolidated Statements of Earnings and Retained Earnings (Deficit)**

(Unaudited)

(In Thousands of US\$)

	Three Months Ended		Nine Months Ended	
	Sept 30/05	Sept 30/04	Sept 30/05	Sept 30/04
Revenue from				
Gold sales	\$ 76,529	\$ 86,675	\$ 263,539	\$ 157,690
Management fees	-	-	-	1,642
	<u>\$ 76,529</u>	<u>\$ 86,675</u>	<u>\$ 263,539</u>	<u>\$ 159,332</u>
Expenses				
Cost of sales	43,136	37,067	143,359	67,859
Depreciation, depletion and reclamation	13,701	17,998	47,558	33,345
Exploration	6,793	3,753	18,387	7,620
Interest and other	(3,519)	(5,691)	(3,699)	(5,797)
Administration (note 5)	6,135	4,414	15,045	6,690
	<u>66,246</u>	<u>57,541</u>	<u>220,650</u>	<u>109,717</u>
Earnings from operations	10,283	29,134	42,889	49,615
Other expense	-	(317)	-	8,541
Earnings before income taxes and minority interest	10,283	29,451	42,889	41,074
Income tax expense	1,169	147	5,254	693
Minority interest	161	580	1,564	4,607
Net earnings	8,953	28,724	36,071	35,774
Retained earnings (deficit), beginning of period	76,983	6,280	49,865	(770)
Retained earnings, end of period	<u>\$ 85,936</u>	<u>\$ 35,004</u>	<u>\$ 85,936</u>	<u>\$ 35,004</u>
Basic and diluted earnings per common share [note 3]	<u>\$ 0.12</u>	<u>\$ 0.40</u>	<u>\$ 0.50</u>	<u>\$ 0.71</u>

See accompanying notes to the consolidated financial statements.

Centerra Gold Inc.
Consolidated Statements of Cash Flows

(Unaudited)

(In Thousands of US\$)

	Three Months Ended		Nine Months Ended	
	Sept 30/05	Sept 30/04	Sept 30/05	Sept 30/04
Operating activities				
Net earnings	\$8,953	\$28,724	\$36,071	\$35,774
Items not requiring (providing) cash:				
Depreciation, depletion and reclamation	13,701	17,998	47,558	33,345
Deferred charges recognized	1,131	50	4,314	7,157
Loss on settlement of debt	-	(317)	-	9,084
Future income tax expense	933	693	3,902	693
Minority interest	161	580	1,564	4,607
Other operating items	(7,634)	(18,490)	(14,823)	(27,137)
Cash provided by operations	17,245	29,238	78,586	63,523
Investing activities				
Acquisition of net business assets, net of cash acquired	-	-	-	(2,697)
Additions to property, plant and equipment	(8,456)	(3,599)	(18,881)	(7,491)
Net commissioning recoveries	-	-	-	4,223
Redemption of shares, Cameco Ireland	-	-	-	22,900
Cash provided by (used in) investing	(8,456)	(3,599)	(18,881)	16,935
Financing activities				
Proceeds of share issue	-	20,329	-	84,746
Repayment of long-term debt	-	-	-	(41,509)
Advances from (to) parent company	-	(312)	-	(2,920)
Cash provided by (used in) financing	-	20,017	-	40,317
Increase in cash during the period	8,789	45,656	59,705	120,775
Cash at beginning of the period	203,507	85,220	152,591	10,101
Cash at end of the period	\$ 212,296	\$ 130,876	\$ 212,296	\$ 130,876

Centerra Gold Inc.
Notes to Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation

The consolidated financial statements of Centerra Gold Inc. (“Centerra”) have been prepared by management in accordance with Canadian generally accepted accounting principles and follow the same accounting principles and methods of application as the most recent annual consolidated financial statements. The financial statements should be read in conjunction with Centerra's annual consolidated financial statements included in the 2004 annual report.

Centerra became a public company on June 30, 2004. Its predecessor company, Cameco Gold Inc., was a division of Cameco Corporation (“Cameco”), which held a one-third interest in Kumtor, a 53% interest in Boroo, a 62% interest in REN and a 73% interest in Gatsuurt.

The restructuring of Centerra resulted in the issue of common shares from the following events: 38,149,071 shares issued from the transfer of gold interests by Cameco Gold, 18,789,717 shares issued from the acquisition of the remaining 2/3 interest in Kumtor, 5,204,605 shares issued from the acquisition of an additional 42% in Boroo, 3,061,212 shares issued from the exchange of Kumtor’s subordinated debt and 6,875,000 shares issued from an initial public offering, including the exercise of an over-allotment by the underwriters.

Since June 30, 2004, Centerra’s ownership interests consist of a 100% interest in the Kumtor mine, a 95% interest in the Boroo mine, a 62% interest in the REN deposit and a 100% interest in the Gatsuurt property. For accounting purposes, Centerra’s consolidated statements reflect proportional consolidation of the Kumtor mine for the first half of 2004 and full consolidation from that point forward, while Boroo reflect full consolidation for the current and comparative periods.

2. Share Capital

Centerra is authorised to issue an unlimited number of common shares, class A non-voting shares and preference shares with no par value. At September 30, 2005, only common shares had been issued as follows:

Number Issued	2005 <small>(Number of Shares)</small>	2005 <small>(Thousands of \$US)</small>
Beginning and end of period	72,079,605	\$ 522,383

At the start of the year, a total of 107,527 stock options with a strike price of Cdn \$15.50 per share, 61,051 performance share units and 17,291 deferred share units were outstanding.

In February 2005, Centerra granted an additional 92,656 stock options at a strike price of Cdn \$20.12 per share. The compensation expense associated with this stock option series

Centerra Gold Inc.
Notes to Consolidated Financial Statements
(Unaudited)

was calculated using the Black-Scholes valuation model, assuming a 6-year term, 34% volatility and a risk-free rate of return of 3.49%, and is being charged against net income over its vesting period.

Performance share and deferred share units outstanding as at September 30, 2005 were 132,815 and 28,814 respectively.

3. Earnings Per Share Amounts

Basic and diluted earnings per share is determined by dividing net earnings by the basic and diluted weighted-average number of common shares outstanding respectively during the quarter and year.

	Three Months Ended		Nine Months Ended	
	<u>Sep 30/05</u>	<u>Sep 30/04</u>	<u>Sep 30/05</u>	<u>Sep 30/04</u>
	(Thousands)		(Thousands)	
Basic weighted average number of common shares outstanding	72,080	71,509	72,080	50,072
Diluted weighted average number of common shares outstanding	72,109	71,509	72,103	50,072
Basic and diluted earnings per common share	\$0.12	\$0.40	\$0.50	\$0.71

4. Goodwill

In accordance with Canadian accounting standards section 3062, “Goodwill and Other Intangible Assets”, the Company tests goodwill for possible impairment on an annual basis and at any other time if an event occurs or circumstances change that would more likely than not reduce fair value of a reporting unit below its carrying amount. During the third quarter of 2005, the company completed its goodwill impairment test for all reporting units. The results of this test have indicated that there is no impairment.

5. Administration Costs

Administration costs for the quarter and year-to-date include business development and feasibility costs in the following amounts:

	Three months ended		Nine months ended	
	<u>Sept 30/05</u>	<u>Sept 30/04</u>	<u>Sept 30/05</u>	<u>Sept 30/04</u>
Corporate administration costs	3,446	3,504	12,019	4,033
Business development and feasibility costs	2,689	-	3,026	-
	6,135	3,504	15,045	4,033

Centerra Gold Inc.
Notes to Consolidated Financial Statements
(Unaudited)

6. Related Party Transactions

Cameco Corporation

Centerra and its subsidiaries maintain inter-company advances to and from Cameco and several of its subsidiaries to fund operations. These advances, which are non-interest bearing and payable on demand, will be repaid in the ordinary course of business.

Effective April 1, 2004 Centerra entered into an administrative services agreement with Cameco whereby Cameco has agreed to provide services and expertise to Centerra in return for reimbursement for all its direct and indirect costs relating to those services.

As a result of the above items, the balance owing to Cameco at September 30, 2005 was \$1.1 million and \$195,000 of services were provided by Cameco under the services agreement during the third quarter.

Other

In addition, the Company paid approximately \$109,000 Cdn in the third quarter of 2005 (approximately \$320,000 Cdn for the nine months ended September 30, 2005) to Ms Marina Stephens, a lawyer and the spouse of President and Chief Executive Officer, Mr Homeniuk. Ms Stephens provides certain designated legal and business advisory services related to international operations.

Kyrgyzaltyn and the Government of the Kyrgyz Republic

The table below summarizes 100% of the management fees, royalties and concession payments paid by Kumtor to Kyrgyzaltyn or the Government of the Kyrgyz Republic and the amounts paid by Kyrgyzaltyn to Kumtor according to the terms of a Gold and Silver Sales Agreement between Kumtor Operating Company ("KOC"), Kyrgyzaltyn and the Government of the Kyrgyz Republic. For periods prior to the restructuring, the Centerra financial statements reflect one-third of these charges in accordance with the accounting described in note 1.

	Three Months Ended		Nine Months Ended	
	Sep 30/05	Sep 30/04	Sep 30/05	Sep 30/04
Management fees to Kyrgyzaltyn	\$ 166	\$ 223	\$ 616	\$ 744
Concession payments to the Kyrgyz Republic	443	595	1,643	1,985
	\$ 609	\$ 818	\$ 2,259	\$ 2,729
Gross gold and silver sales to Kyrgyzaltyn	\$ 48,459	\$ 59,977	\$ 177,815	\$ 198,808
Deduct: refinery and financing charges	(614)	(646)	(2,053)	(2,037)
Net sales revenue received from Kyrgyzaltyn	\$ 47,845	\$ 59,331	\$ 175,762	\$ 196,771

Centerra Gold Inc.
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7. Contingencies

a) During the quarter, the Company filed normal-course objections to the tax and customs assessments received during the second quarter.

Following arguments presented by Centerra, the tax authorities reversed the previous denial of loss carry-forwards that would have had a negative cash tax effect of \$12 million over a three-year period. The outcome of the other tax audit objections, currently under consideration by the tax authorities, is not expected to have a material impact on Centerra's financial position

Discussions with the customs authorities regarding Centerra's formal objection notice filed during the third quarter are continuing. The impact of these proceedings, if any, is not determinable at this time.

b) In its second quarter disclosure Centerra reported on requests for information from the State Auditing Chamber. In the Chamber's recently-released report there are no issues that are expected to have material consequences for the Company. Centerra has subsequently provided the authorities with further information in response to the report.

8. Segmented Information

Centerra has three reportable segments. The Kyrgyz Republic segment involves the operations of the Kumtor Gold Project and local exploration activities, and the Mongolian segment involves the operations of the Boroo Gold Project and local exploration activities. The North American segment involves the head office located in Toronto, loans to each of the mine operations, as well as exploration activities on North American projects.

Geographic Segmentation of Revenue

All production from the Kumtor Gold Project was sold to the Kyrgyzaltyn refinery in the Kyrgyz Republic while production from the Boroo Gold Project was sold to a refinery that is located in Ontario, Canada.

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Three months ended September 30, 2005

(\$ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	\$ 46.7	\$ 29.8	\$ -	\$ 76.5
Expenses				
Cost of sales	30.4	12.7	-	43.1
Depreciation, depletion and reclamation	7.9	5.7	0.1	13.7
Exploration	4.0	1.4	1.4	6.8
Interest and other	0.6	0.2	(4.3)	(3.5)
Administration	0.5	1.2	4.4	6.1
Earnings (loss) before income taxes and minority interest	3.3	8.6	(1.6)	10.3
Income tax expense	1.1	-	0.1	1.2
Minority interest	-	0.2	-	0.2
Net earnings (loss)	\$ 2.2	\$ 8.4	\$ (1.7)	\$ 8.9
Total assets (excluding PP&E and goodwill)	120.1	35.7	146.3	302.1
PP&E	145.8	92.4	1.8	240.0
Goodwill	129.7	25.8	-	155.5
Capital expenditures for the quarter	\$ 4.9	\$ 3.5	\$ -	\$ 8.4

Three months ended September 30, 2004

(\$ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	\$ 58.5	\$ 28.2	\$ -	\$ 86.7
Expenses				
Cost of sales	28.4	8.7	-	37.1
Depreciation, depletion and reclamation	11.1	6.9	-	18.0
Exploration	1.8	1.3	0.7	3.8
Interest and other	2.2	1.0	(9.2)	(6.0)
Administration	1.1	1.3	2.0	4.4
Earnings before income taxes and minority interest	13.9	9.0	6.5	29.4
Income tax expense	0.1	-	-	0.1
Minority interest	-	0.6	-	0.6
Net earnings	\$ 13.8	\$ 8.4	\$ 6.5	\$ 28.7
Total assets (excluding PP&E and goodwill)	112.0	28.1	61.1	201.2
PP&E	159.6	112.3	1.4	273.3
Goodwill	129.7	25.8	-	155.5
Capital expenditures for the quarter	\$ 1.0	\$ 2.6	\$ -	\$ 3.6

Centerra Gold Inc.
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Nine months ended September 30, 2005

(\$ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	\$ 173.1	\$ 90.4	\$ -	\$ 263.5
Expenses				
Cost of sales	106.1	37.2	-	143.3
Depreciation, depletion and reclamation	28.9	18.3	0.4	47.6
Exploration	10.6	4.4	3.4	18.4
Interest and other	3.4	0.2	(7.3)	(3.7)
Administration	2.1	2.4	10.5	15.0
Earnings (loss) before income taxes and minority interest	22.0	27.9	(7.0)	42.9
Income tax expense	4.9	-	0.3	5.2
Minority interest	-	1.6	-	1.6
Net earnings (loss)	\$ 17.1	\$ 26.3	\$ (7.3)	\$ 36.1
Total assets (excluding PP&E and goodwill)	120.1	35.7	146.3	302.1
PP&E	145.8	92.4	1.8	240.0
Goodwill	129.7	25.8	-	155.5
Capital expenditures for the period	\$ 10.6	\$ 8.3	\$ -	\$ 18.9

Nine months ended September 30, 2004

(\$ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	\$ 101.9	\$ 57.4	\$ -	\$ 159.3
Expenses				
Cost of sales	49.0	18.9	-	67.9
Depreciation, depletion and reclamation	18.1	15.2	-	33.3
Exploration	2.4	1.9	3.3	7.6
Interest and other	5.2	2.8	(5.3)	2.7
Administration	1.2	2.0	3.5	6.7
Earnings before income taxes and minority interest	26.0	16.6	(1.5)	41.1
Income tax expense	0.7	-	-	0.7
Minority interest	-	4.6	-	4.6
Net earnings	\$ 25.3	\$ 12.0	\$ (1.5)	\$ 35.8
Total assets (excluding PP&E and goodwill)	112.0	28.1	61.1	201.2
PP&E	159.6	112.3	1.4	273.3
Goodwill	129.7	25.8	-	155.5
Capital expenditures for the period	\$ 2.0	\$ 5.5	\$ -	\$ 7.5

Centerra Gold Inc.
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9. Comparative Information

Certain prior year balances have been reclassified to conform with the current year presentation.