

centerra**GOLD**



Centerra Gold Inc.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2004

Dated March 15, 2005

TABLE OF CONTENTS

GENERAL MATTERS	3
HISTORIC GOLD PRICES	3
TECHNICAL INFORMATION	3
FORWARD-LOOKING STATEMENTS	4
NON-GAAP MEASURE.....	4
CORPORATE STRUCTURE AND HISTORY	4
CENTERRA'S BUSINESS	9
CENTERRA'S PROPERTIES	12
DIRECTORS AND OFFICERS	55
AUDIT COMMITTEE	59
DIVIDEND POLICY.....	60
DESCRIPTION OF SHARE CAPITAL.....	60
PRINCIPAL SHAREHOLDERS	61
ESCROWED SECURITIES	63
RISK FACTORS	63
MARKET FOR SECURITIES	69
PROMOTER.....	69
LEGAL PROCEEDINGS	70
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	70
MATERIAL CONTRACTS	70
TRANSFER AGENT AND REGISTRAR.....	71
EXPERTS	71
ADDITIONAL INFORMATION.....	71
GLOSSARY OF GEOLOGICAL AND MINING TERMS	71
METRIC EQUIVALENT TABLE	83

GENERAL MATTERS

Unless otherwise noted or the context otherwise indicates, “Centerra Gold Inc.” refers to Centerra Gold Inc. alone and “Centerra” and the “Company” refer to Centerra Gold Inc. and its direct and indirect subsidiaries. Unless otherwise indicated, information in this Annual Information Form is provided as of December 31, 2004.

All dollar amounts in this Annual Information Form are expressed in United States dollars, except as otherwise indicated. References to “\$”, “US\$” or “dollars” are to United States dollars and references to “C\$” are to Canadian dollars. For Canadian dollars to U.S. dollars, based on the Bank of Canada noon rate, the average exchange rate for 2004 and the exchange rate at December 31, 2004 were one Canadian dollar per \$0.7683 and \$0.8308 United States dollars, respectively. For reporting purposes, Centerra prepares its financial statements in United States dollars and in conformity with accounting principles generally accepted in Canada, or Canadian GAAP.

HISTORIC GOLD PRICES

The price of gold fluctuates and has increased in the last two calendar years. The following table shows the average daily morning gold price fixing on the London Bullion Market from 1990 to the present.

Year	Average Gold Price (\$/oz)
1990	384
1991	362
1992	344
1993	361
1994	385
1995	384
1996	388
1997	331
1998	294
1999	279
2000	279
2001	271
2002	311
2003	363
2004	409

On March 15, 2005, the morning gold price fixing in dollars per ounce on the London Bullion Market was \$442.

TECHNICAL INFORMATION

The disclosure in this Annual Information Form of a scientific or technical nature for Centerra’s Kumtor, Boroo, Gatsuert and REN properties is based on technical reports prepared as of May, 2004 for these properties in accordance with National Instrument 43-101 — Standards of Disclosure for Mineral Projects (“NI 43-101”) of the Canadian Securities Administrators. The technical reports for Kumtor, Boroo and REN were prepared by Strathcona Mineral Services Limited (“Strathcona”) and were written by Graham Farquharson, P. Eng., Henrik Thalenhorst, P. Geo. and Reinhard von Guttenberg, P. Geo, each of whom is independent of Centerra and a “qualified person” for purposes of NI 43-101. In addition, the resource estimate in the REN technical report was prepared by Resource Modeling Incorporated (“RMI”) and supervised by Michael Lechner, Certified Professional Geologist, who is also independent of Centerra and a qualified person. Mr. Lechner is a co-author of the REN technical report. Richard E. Routledge, M. Sc., P. Geol., an employee of Roscoe Postle Associates Inc. (“Roscoe Postle”) and a qualified person who is independent of Centerra prepared the technical report for Gatsuert. The technical reports have been filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com.

The reserve and resource estimates for Kumtor and Boroo as if December 31, 2004 were prepared under the supervision of Robert S. Chapman, M. Sc., P. Geol., Centerra's Vice-President of Exploration, who is a qualified person. The resource estimate for REN as of December 31, 2004 was prepared by Roscoe Postle in collaboration with Robert S. Chapman, who is Centerra's qualified person. The resource estimate for Gatsurt was prepared by Roscoe Postle.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements which reflect Centerra's expectations regarding future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Wherever possible, words such as "plans", "expects" or "does not expect", "budget", "forecasts", "projections", "anticipate" or "does not anticipate", "believe", "intent" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements in this Annual Information Form reflect Centerra's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, Centerra cannot be certain that actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause Centerra's actual results, performance, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, risks relating to gold prices, replacement of reserves, ground movements, political risk, reserve and resource estimates, production estimates, exploration and development activities, competition, operational risks, equipment failure, environmental risks, seismic activity, illegal mining, enforcement of legal rights, decommissioning and reclamation cost estimates, legal compliance costs, future financing, defects in title, personnel and Centerra's corporate structure. See "Risk Factors". Accordingly, prospective investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of March 15, 2005 Centerra assumes no obligation to update or revise them to reflect new events or circumstances.

NON-GAAP MEASURE

Total Cash Cost

This Annual Information Form presents information about total cash cost of production of an ounce of gold for Centerra's operating properties. Except as otherwise noted, total cash cost per ounce is calculated in accordance with The Gold Institute Production Cost Standard. Total cash costs 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 Centerra's ability 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. See Centerra's management's discussion and analysis for the year ended December 31, 2004 filed on SEDAR for a reconciliation of total cash cost to the nearest GAAP measure.

CORPORATE STRUCTURE AND HISTORY

Name, Incorporation and Offices

Centerra Gold Inc. was incorporated under the *Canada Business Corporations Act* by articles of incorporation dated November 7, 2002 under the name 4122216 Canada Limited. Centerra changed its name on December 13, 2002 to Kumtor Mountain Holdings Corporation and on December 5, 2003 to Centerra Gold Inc. Centerra Gold Inc.'s head and registered office address is 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1. Centerra's website is www.centerragold.com and Centerra's telephone number is (416) 204-1953.

History

Centerra is the successor to substantially all of the gold business previously carried on by Cameco Gold Inc. ("Cameco Gold"), which is a wholly-owned subsidiary of Cameco Corporation ("Cameco").

Kumtor Mine

Centerra's business originated in 1992 when Cameco, while pursuing uranium prospects in the Kyrgyz Republic, was presented with an opportunity to follow up on the discovery of gold at Kumtor in 1978 and subsequent extensive exploration work by the USSR Ministry of Geology when the Kyrgyz Republic was part of the former Soviet Union. A project development agreement was finalized with the Government of the Kyrgyz Republic in May 1994 under which Cameco, through its wholly-owned subsidiary Kumtor Mountain Corporation ("KMC"), held a one-third interest in KGC. The remaining interest was held by Kyrgyzaltyn JSC ("Kyrgyzaltyn"), a Kyrgyz joint stock company whose shares are 100% owned by the Government of the Kyrgyz Republic.

Project construction began in late 1994 and was financed by Cameco and an international group of banks and lending agencies. The mine achieved commercial production in the second quarter of 1997 after capital expenditures of \$452 million. The Kumtor mine produced approximately 5.0 million ounces of gold during the eight-year period from 1997 to 2004 at a total cash cost of approximately \$181 per ounce. See "Centerra's Properties — Kumtor Mine".

In December 2003, Centerra entered into the Kumtor Restructuring Agreement with Cameco, Cameco Gold and Kyrgyzaltyn, under which Kyrgyzaltyn and Cameco Gold's subsidiary, KMC, agreed to sell to Centerra all of their shares in KGC. This restructuring was completed in June, 2004.

Boroo Mine and Gatsuurt Exploration Property

Centerra's wholly-owned subsidiary AGR Limited ("AGR") owns 95% of Boroo Mongolia Mining Company Limited ("BMMC"), which in turn owns 100% of Boroo Gold Company ("BGC"), the holder of the rights to the Boroo gold deposit in Mongolia. The remaining 5% equity interest in the Boroo project is held by Altai Trading Company Limited ("Altai"), an arm's length Mongolian investment company.

On March 5, 2002, Cameco Gold acquired an initial 52% interest in AGR for \$12 million in cash and the issuance of a \$4.8 million promissory note. The \$4.8 million promissory note was satisfied by Cameco Gold through the indirect transfer of 61% of its interest in the Noyon licences in Mongolia, which includes the Gatsuurt exploration property, to AGR. Cameco Gold acquired an initial interest in Gatsuurt in August 1997 and subsequently acquired 100% of the Noyon licences in October 2001 from Cascadia LLC. Subsequent to the acquisition of its initial interest in AGR, Cameco Gold increased its interest in AGR to 56% by funding \$3 million of further exploration on the Boroo and Noyon properties.

The development of the Boroo mine was financed by Cameco Gold through a \$69 million loan facility provided to AGR through its financing subsidiary, Cameco (Barbados) Inc., now Centerra (Barbados) Inc. ("CBI"), together with a portion of the original equity investment. Centerra acquired the remaining 44% interest of AGR in 2004.

Boroo began commercial production on March 1, 2004 and produced approximately 218,000 ounces of gold in 2004 (excluding approximately 28,000 ounces of gold produced prior to commercial production) at a total cash cost of \$149 per ounce. See "Centerra's Properties — Boroo Mine Property" and "Centerra's Properties - Gatsuurt Exploration Property".

REN Property

In August 1998, Cameco acquired a joint venture interest in the REN property in connection with its acquisition of Uranerz (U.S.A.) Inc. In the fall of 2003, a subsidiary of Cameco transferred its 62% interest in the REN joint venture to Cameco Gold (U.S.) Inc., now Centerra Gold (U.S.) Inc. ("CGUS") for \$35 million. Centerra's partner in this joint venture is a subsidiary of Barrick Gold Corporation ("Barrick"), which operates adjacent mines and ore processing facilities. Centerra is the operator of the REN joint venture. See "Centerra's Properties — REN Exploration Property".

Internal Reorganization

Prior to Centerra's initial public offering in June, 2004, as part of an internal reorganization of Cameco's gold business, in exchange for Centerra's common shares and the assumption by Centerra of liabilities that relate to these assets, Cameco Gold and certain of its affiliates transferred to Centerra substantially all of their gold mining assets, including:

- 100% of Kumtor Operating Company ("KOC"), the operator of the Kumtor mine;

- 56% of AGR, which holds 95% of the Boroo mine and 61% of Centerra Gold Investments Inc. (“CGII”), the owner of the Gatsurt project through its wholly owned subsidiary Centerra Gold Mongolia Limited (“CGM”);
- the remaining 39% of CGII;
- 100% of CGUS, which holds a 62% interest in the REN joint venture; and
- 100% of CBI, which as of December 31, 2004 had outstanding loans receivable of \$61 million to finance the construction of the Kumtor mine and approximately \$69 million to finance the construction of the Boroo mine.

In connection with the internal reorganization, all of the employees of Cameco Gold primarily involved in the operation of the gold business became Centerra’s employees and Centerra assumed the employment related liabilities of these employees.

Kumtor Restructuring

The Kumtor restructuring was completed on June 22, 2004, prior to Centerra’s initial public offering. Prior to the Kumtor restructuring, Cameco Gold held a one-third interest in Kumtor Gold Company (“KGC”) through its wholly-owned subsidiary KMC. Kyrgyzaltyn, a Kyrgyz joint stock company whose shares are 100% owned by the Government of the Kyrgyz Republic, held the remaining two-thirds interest. Cameco and Kyrgyzaltyn began discussions about restructuring their respective interests in the Kumtor mine in early 2002. Negotiations between the parties continued through the autumn of 2003 and culminated in the execution of the Kumtor Restructuring Agreement between Cameco, Cameco Gold, Centerra and Kyrgyzaltyn in December 2003. The Government of the Kyrgyz Republic issued a decree on December 31, 2003 authorizing the Kumtor restructuring.

Pursuant to the Kumtor Restructuring Agreement, Kyrgyzaltyn and Cameco Gold sold Centerra all of their shares in KGC. As consideration for Kyrgyzaltyn’s two-thirds interest in KGC, Centerra:

- issued to Kyrgyzaltyn a 33% common share interest in Centerra Gold Inc. (after giving effect to the Kumtor restructuring but not the exchange of subordinated loans by International Finance Corporation (“IFC”) and European Bank for Reconstruction and Development (“EBRD”) or Centerra’s acquisition of the minority interest in AGR);
- assigned to Kyrgyzaltyn a \$4 million debt owed by the Government of the Kyrgyz Republic to Centerra’s wholly-owned subsidiary CBI; and
- paid Kyrgyzaltyn \$11 million in cash (which was provided to Centerra by Cameco Gold by way of equity subscription as part of the internal reorganization of its gold business).

In connection with the Kumtor Restructuring Agreement, Centerra entered into a number of agreements with the Government of the Kyrgyz Republic relating to the operation of the Kumtor mine. The material terms of these agreements are described in “Centerra’s Properties — Kumtor Mine”. Centerra also entered into a shareholders agreement with Cameco Gold, KMC and Kyrgyzaltyn, which is described in “Principal Shareholders” below. Each of these agreements became effective simultaneously with the closing of the Kumtor restructuring.

Exchange by IFC and EBRD

Each of IFC and EBRD made subordinated loans to KGC in the amount of \$10 million, the proceeds of which were used in the construction of the Kumtor mine. The repayment of these loans was scheduled to begin in December 2005, but IFC and EBRD had the right to delay the final repayment of the loans until 2015. The calculation of interest payments due under the loans was dependent on the performance of the Kumtor mine.

Centerra entered into agreements with each of IFC and EBRD (the “Agency Exchange Agreements”) pursuant to which, in exchange for their assigning to Centerra the benefit of the subordinated loans, Centerra issued to each of IFC and EBRD 1,530,606 common shares and C\$9.5 million. The exchange was conditional completed concurrently with the completion of Centerra’s initial public offering.

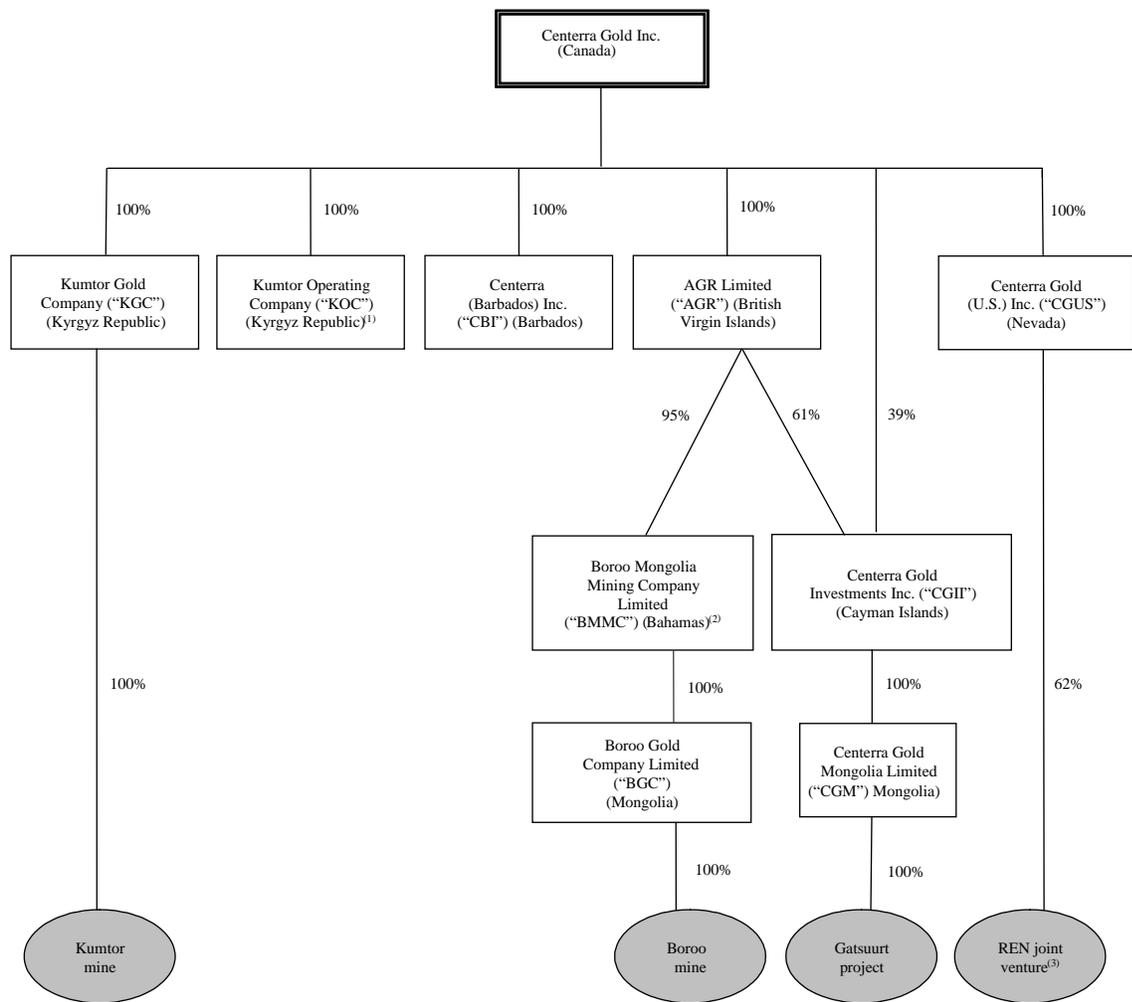
In connection with this exchange, Centerra agreed with each of IFC and EBRD that, as long as each holds more than 10% of the number of Centerra's shares issued to it in connection with the exchange, Centerra will: (i) maintain a sustainable development policy; (ii) allow representatives of IFC and EBRD to visit Centerra's Kumtor and Boroo operations once each year, (iii) perform an environmental assessment in connection with all proposed new projects and developments in accordance with the applicable World Bank policy in effect as of the date of the Agency Exchange Agreements and operate such new projects and developments in accordance with mine and operating plans that seek to limit the environmental impact of the operations and protect human health and safety in accordance with good international mining practices and applicable laws and World Bank guidelines in effect as of the date of the Agency Exchange Agreements; and (iv) conduct Centerra's Kumtor operations in accordance with good international mining practices, including the most stringent of (a) the standards applicable to the Kumtor mine under the Environmental Management Action Plan ("EMAP") and (b) the environmental laws of the Kyrgyz Republic, Canada and Saskatchewan in effect from time to time.

Acquisition of AGR Minority

Centerra currently owns a 100% equity interest in AGR, an unlisted public company incorporated in the British Virgin Islands in 1996 for the purpose of mineral exploration in Africa and Central Asia. AGR indirectly owns 95% of BGC, which holds the rights to the Boroo gold deposit in Mongolia. AGR also owns a 61% interest in the Noyon licences, which include the Gatsuurt property. Centerra acquired its final 44% interest in AGR pursuant to a May 14, 2004 offer. Centerra's offer was made to all of the other shareholders of AGR and provided for the issuance of one of Centerra's common shares in exchange for every 43.4 AGR shares tendered. Shareholders holding virtually all of the outstanding AGR common shares (including holders of options to acquire AGR common shares) tendered to the offer. Under the corporate law that applies to AGR, Centerra subsequently caused AGR to redeem all of its outstanding common shares, other than the shares Centerra holds, bringing Centerra's interest in AGR to 100%.

Intercorporate Relationships

The following chart illustrates the relationship between Centerra and its principal subsidiaries, together with the jurisdiction of incorporation of each subsidiary and the percentage of voting securities beneficially owned or over which control or direction is exercised.



- (1) Operator of the Kuntor mine.
 (2) Altai holds a 5% interest in BMMC.
 (3) Barrick has a 38% minority interest in the REN joint venture.

CENTERRA'S BUSINESS

Overview

Centerra is a growth-oriented Canadian-based gold company, focused on acquiring, exploring, developing and operating gold properties primarily in Central Asia, the former Soviet Union and other emerging markets. Centerra believes that its experience in successfully acquiring, financing, developing and operating major gold mines in Central Asia and the former Soviet Union provides Centerra with a significant competitive advantage in pursuing opportunities in these regions and other emerging markets. Centerra also evaluates attractive opportunities in other areas that would benefit from its exploration, development and operating expertise. Centerra is the largest Western-based gold producer in Central Asia and the former Soviet Union and a leading North American-based gold producer. Centerra's objective is to continue to build shareholder value and to establish itself as a senior gold producer by maximizing the potential of Centerra's current properties and leveraging Centerra's experience and financial strength to acquire and develop new long-life, low-cost projects.

Centerra currently operates two low-cost producing gold mines: the Kumtor mine in the Kyrgyz Republic, in which it has a 100% interest, and the Boroo mine in Mongolia, in which it has a 95% interest. Centerra also has interests in exploration properties, including a 100% interest in the Gatsuurt property in Mongolia, located 35 kilometres from Boroo, and a 62% interest in the REN property in Nevada for which Centerra is the operator.

In 2004, the Kumtor mine produced 657,000 ounces of gold at a total cash cost of approximately \$202 per ounce and the Boroo mine produced approximately 218,000 ounces of gold (excluding approximately 28,000 ounces of gold produced prior to commercial production) at a total cash cost of approximately \$149 per ounce.

As at December 31, 2004, Centerra's equity interest in the Kumtor and Boroo mines amounted to total proven and probable reserves of 4,362,000 ounces of gold, with a further 3,480,000 ounces of gold in measured and indicated resources and 2,104,000 ounces in inferred resources. Based on initial estimates, Centerra's interest in the Gatsuurt property amounted to 890,000 ounces of gold in indicated resources and 152,000 ounces of gold in inferred resources and, based on drilling through November 2004, Centerra's interest in the REN property amounted to 492,000 ounces of gold in indicated resources and 321,000 ounces of gold in inferred resources. Centerra has made a substantial commitment to exploration activities focused on growing the reserves and resources at all of its properties, including \$15.2 million of exploration expenditures in 2004. Centerra expects to spend \$22 million on exploration in 2005.

Mineral Reserves and Resources Information

The following table summarizes Centerra's reserves and resources as at December 31, 2004, estimated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 of the Canadian Securities Administrators.

Mineral resources are not mineral reserves and do not have demonstrated economic viability, but do have reasonable prospects for economic extraction. Measured and indicated mineral resources are sufficiently well defined to allow geological and grade continuity to be reasonably assumed and permit the application of technical and economic parameters in assessing the economic viability of the resource. Inferred resources are estimated on limited information not sufficient to verify geological and grade continuity and to allow technical and economic parameters to be applied. Inferred resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves and there is no certainty that mineral resources will be upgraded to mineral reserves through continued exploration.

A gold price of \$375 per ounce was used for all of the reserve estimates. The estimates as at December 31, 2003 used a gold price of \$325 per ounce.

Property	RESERVES(1) (Tonnes and ounces in thousands)										
	PROVEN			PROBABLE			TOTAL PROVEN AND PROBABLE RESERVES				
	Tonnes	Grade (g/t)	Contained Gold (oz)	Tonnes	Grade (g/t)	Contained Gold (oz)	Tonnes	Grade (g/t)	Contained Gold (100%) (oz)	Centerra's Share(2) (oz)	Mining Method(3)
Kumtor	20,087	3.3	2,099	10,902	3.3	1,150	30,989	3.3	3,249	3,249	OP
Boroo.....	830	2.5	68	10,981	3.1	1,104	11,811	3.1	1,172	1,113	OP
Total.....	20,917	3.2	2,167	21,883	3.2	2,254	42,800	3.2	4,421	4,362	

Property	MEASURED AND INDICATED RESOURCES (Tonnes and ounces in thousands)										
	MEASURED			INDICATED			TOTAL MEASURED AND INDICATED RESOURCES				
	Tonnes	Grade (g/t)	Contained Gold (oz)	Tonnes	Grade (g/t)	Contained Gold (oz)	Tonnes	Grade (g/t)	Contained Gold (100%) (oz)	Centerra's Share(2) (oz)	Mining Method(3)
Kumtor(4)(5)	9,395	3.3	997	8,195	3.5	917	17,590	3.4	1,914	1,914	OP & UG
Boroo(6).....				2,595	2.3	194	2,595	2.3	194	184	OP
Gatsuurt(7) ..				8,100	3.4	890	8,100	3.4	890	890	OP
REN(8)				1,873	13.1	791	1,873	13.1	791	492	UG
Total.....	9,395	3.3	997	20,763	4.2	2,792	30,158	3.9	3,789	3,480	

Property	INFERRED RESOURCES (Tonnes and ounces in thousands)				
	Tonnes	Grade (g/t)	Contained Gold (100%) (oz)	Centerra's Share(2) (oz)	Mining Method(3)
	Kumtor(4) (5).....	9,976	4.5	1,448	1,448
Boroo(6)	3,215	1.9	193	183	OP
Gatsuurt(7)	1,533	3.1	152	152	OP
REN(8)	1,261	12.7	516	321	UG
Total.....	15,985	4.5	2,309	2,104	

- (1) The reserves have been estimated based on a gold price of \$375 per ounce.
- (2) Centerra's equity interests are: Kumtor 100%, Gatsuurt 100%, Boroo 95%, and REN 62%.
- (3) "OP" means open pit and "UG" means underground.
- (4) Open pit resources occur beneath the current ultimate pit design using a gold price of \$375 per ounce and are contained within a larger, unengineered pit shell. Underground resources occur below the pit shell and are estimated based on a cut-off grade of 5.0 grams of gold per tonne.
- (5) The open pit resources at Kumtor are estimated based on a cut-off grade of 1.3 grams of gold per tonne.
- (6) The resources at Boroo are estimated based on a variable cut-off grade depending on the type of material and the associated mill recovery. The cut-off grades range from 0.9 grams per tonne to 1.1 grams of gold per tonne.
- (7) The resources at Gatsuurt are estimated based on a cut-off grade of 2.0 grams of gold per tonne.
- (8) The resources at REN are estimated based on a cut-off grade of 8.0 grams of gold per tonne.

Gold Reserves and Resources Reconciliation

The following reconciliation of Centerra's share of gold reserves and resources reflects the changes in gold reserves and resources during 2004. Part of the 2004 additions and deletions at Kumtor and Boroo results from a change in gold price and from mining and milling and additional information provided by mining experience, drilling results analysis and reclassifications.

**Reconciliation of Gold Reserves and Resources on a 100% Project Basis
(in thousands of ounces)**

	<u>December 31 2003⁽¹⁾</u>	<u>2004 Throughput⁽²⁾</u>	<u>2004 Addition (Deletion)⁽³⁾</u>	<u>December 31 2004</u>	<u>Centerra's Share December 31 2004⁽⁴⁾</u>
Reserves - Proven					
Kumtor.....	2,330	801	570	2,099	2,099
Boroo	<u>4</u>	<u>4</u>	<u>68</u>	<u>68</u>	<u>65</u>
Total Proven Reserves.....	<u>2,334</u>	<u>805</u>	<u>638</u>	<u>2,167</u>	<u>2,164</u>
Reserves - Probable					
Kumtor.....	924	0	226	1,150	1,150
Boroo	<u>1,154</u>	265	215	1,104	1,048
Total Probable Reserves.....	<u>2,078</u>	<u>265</u>	<u>441</u>	<u>2,254</u>	<u>2,198</u>
Total Reserves.....	<u>4,412</u>	<u>1,070</u>	<u>1,079</u>	<u>4,421</u>	<u>4,362</u>
Resources - Measured					
Kumtor.....	<u>880</u>	<u>0</u>	<u>117</u>	<u>997</u>	<u>997</u>
Total Measured Resources	<u>880</u>	<u>0</u>	<u>117</u>	<u>997</u>	<u>997</u>
Resources - Indicated					
Kumtor.....	982	0	(65)	917	917
Boroo	228	0	(34)	194	184
Gatsuurt	536	0	354	890	890
REN	<u>0</u>	<u>0</u>	<u>791</u>	<u>791</u>	<u>492</u>
Total Indicated Resources.....	<u>1,746</u>	<u>0</u>	<u>1,046</u>	<u>2,792</u>	<u>2,483</u>
Total Measured & Indicated Resources.....	<u>2,626</u>	<u>0</u>	<u>1,163</u>	<u>3,789</u>	<u>3,480</u>
Resources - Inferred					
Kumtor.....	679	0	769	1,448	1,448
Boroo	83	0	110	193	183
Gatsuurt	77	0	75	152	152
REN	<u>900</u>	<u>0</u>	<u>(384)</u>	<u>516</u>	<u>321</u>
Total Inferred Resources	<u>1,739</u>	<u>0</u>	<u>570</u>	<u>2,309</u>	<u>2,104</u>

Centerra reports reserves and resources separately. The amount of reported resources does not include those amounts identified as reserves.

- (1) Reserves and resources as reported in Centerra's prospectus which incorporates an updated resources estimate for Kumtor completed during early 2004.
- (2) Corresponds to millfeed. This discrepancy between the 2004 millfeed and 2004 ounces of gold produced is due to gold recovery in the mill.
- (3) Changes in reserves or resources, as applicable, includes an increase in the gold price, changes in pit designs, reconciliation between the mill and the resource model, changes to operating costs, results of information provided by drilling, and subsequent reclassification of reserves or resources, as applicable.
- (4) Centerra equity interests as at December 31, 2004, were: Kumtor 100%, Gatsuurt 100%, Boroo 95% and REN 62%.

CENTERRA'S PROPERTIES

Kumtor Mine

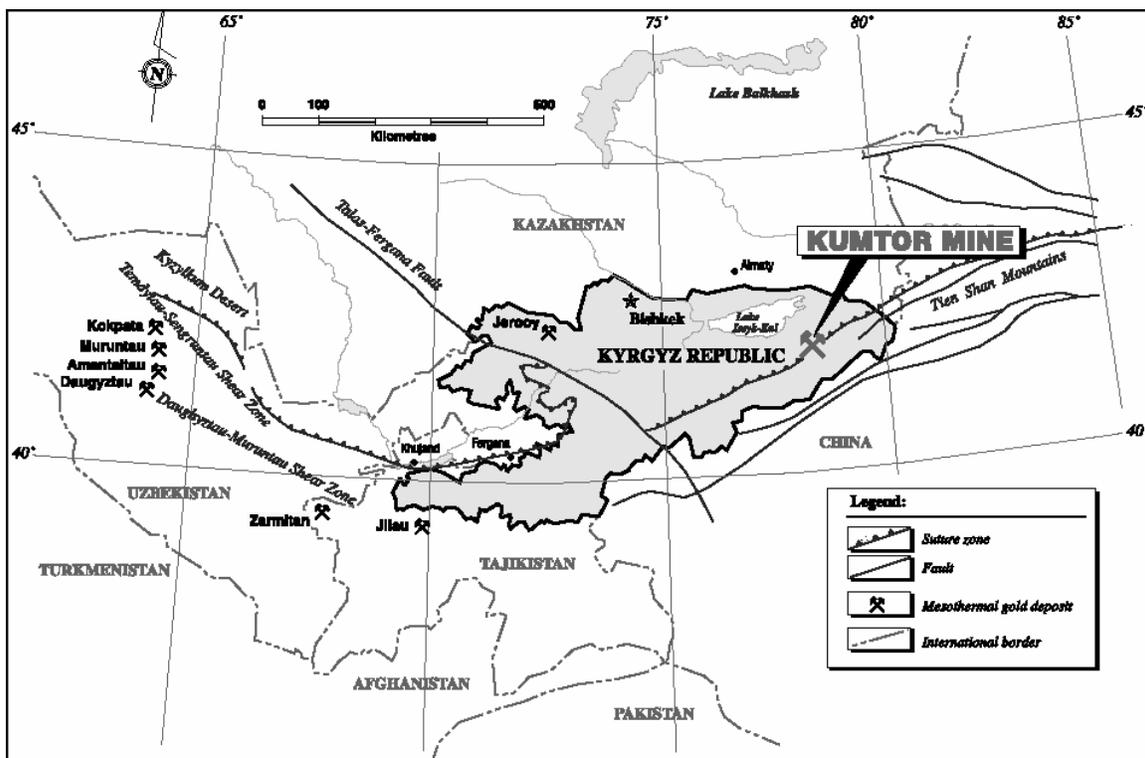
The Kumtor open pit gold mine, located in the Kyrgyz Republic, is the largest gold mine in Central Asia operated by a Western-based producer. It has been in operation since 1997. During the eight-year period from 1997 to 2004, the Kumtor mine produced 5.0 million ounces of gold at a total cash cost of approximately \$181 per ounce.

Doing Business in the Kyrgyz Republic

Overview

The Kyrgyz Republic is a landlocked and mountainous country located in the middle of the Asian continent. It borders Kazakhstan in the north, the People's Republic of China in the east, Tajikistan in the south and Uzbekistan in the west. It is the smallest of the Central Asian nations and has a population of approximately five million people. The Kyrgyz economy is predominantly agricultural, with two thirds of the country's population living in rural areas. The Kyrgyz Republic is a secular state and freedom of religion is protected in its constitution. Approximately 75% of the population are Muslim and 20% are Russian Orthodox. The country contains deposits of gold and rare earth metals as well as locally exploitable coal, oil and natural gas.

Kyrgyz Republic and Surrounding Area



Government and Political Factors

The Kyrgyz Republic is a former constituent republic of the Soviet Union. The country declared its independence from the Soviet Union in 1991 and became a member of the Commonwealth of Independent States (the "CIS"). Under the leadership of its current President Askar Akaev, first elected in 1990, the Kyrgyz Republic has overall been a politically-stable constitutional democracy. Since independence, the nation has undertaken substantial economic and political reforms, such as introducing an improved regulatory system and land reforms, and undergone a transition to a market-oriented economy. The Government and international financial institutions have also engaged in a comprehensive medium-term poverty reduction and economic growth strategy.

In February, 2005 the current 105 member two-chamber parliament ceased to exist and was replaced by a one chamber parliament approximately half its current size. The new one-chamber parliament has broader constitutional powers, with certain powers being relinquished to it by the President. These changes were made pursuant to constitutional referendums which were conducted in 2003. The President was elected for a five-year term, with the next presidential election currently set for October 2005.

The Kyrgyz Republic has generally not experienced the ethnic, civil or military unrest that has befallen other former Soviet states, with the exception of very few localized, politically-motivated conflicts and small-scale terrorist activity in the southern Batken region of the country during 1999 and 2000. The Batken region is over 600 kilometres from the Kumtor mine site and these conflicts have had no impact on Kumtor's operations. Since 2001, the Kyrgyz Republic has permitted troops from the United States and other western countries to be stationed in the country. In 2002, construction of a large U.S. airbase began outside the nation's capital of Bishkek, which is now complete. The presence, in the past few years, of international military coalition forces and the recent addition of a Russian military base in Kyrgyz territory have brought increased stability to the country.

The country's legal system, both legislative and judicial, has been substantially reformed since 1991. However, the legal system has not matured to the level of developed economies. These factors make it prudent for foreign investors to seek additional protection through contractual agreements with the Government in order to stabilize the investment environment and provide for an independent forum for conflict resolution.

Economic Factors, Exchange Controls and Regulation of Business

The national currency of the Kyrgyz Republic, the Som, is freely convertible into U.S. dollars within the Kyrgyz Republic at a floating exchange rate and has remained relatively stable over the last four years. The Kyrgyz economy, although still recovering from the post-Soviet collapse and substantially lagging in foreign investment when compared with its oil-rich neighbors Kazakhstan and Uzbekistan, is exhibiting positive economic signs, with an inflation rate of 2.8% in 2004 and gross domestic product ("GDP") growth of 7.1% in the same year. In addition, the Kyrgyz Republic was the first former CIS state to be accepted as a member of the World Trade Organization and one of the first to receive financial support from the International Monetary Fund ("IMF"). Further restructuring of domestic industry and success in attracting foreign investment are seen as keys to future growth. The IMF has forecast real GDP growth of 5% for 2005.

The Kumtor mine plays a particularly important role in the economic and political life of the Kyrgyz Republic. It is the largest private sector employer of Kyrgyz citizens and is the largest foreign investment in the country. For 2004, its production represented approximately 7.1% of the country's GDP (7.6% in 2003), 40.9% of export earnings (45.2% in 2003) and 43.5% of total industrial production (45.1% in 2003). The importance of Kumtor to the Kyrgyz economy has meant it has a very high profile within the country.

Accordingly, the Kumtor mine has, since inception, been at the centre of political and public attention in the Kyrgyz Republic. Despite occasionally drawing criticism from the opposition members of parliament, the Kumtor mine's seven year history of uninterrupted operations demonstrates the commitment of the Government of the Kyrgyz Republic to work with foreign investors.

Relevant Kyrgyz Law and the Investment Agreement with the Government of the Kyrgyz Republic

Prior to the Kumtor restructuring, the operations of the Kumtor mine and its property holdings were governed by a Master Agreement entered into in 1992 between Cameco, the Government of the Kyrgyz Republic and Kyrgyzaltyn (the "Master Agreement") and related agreements. These agreements established the applicable rules and regulations with respect to the exploitation of the Kumtor property, including the tenure of mineral and surface rights, operating obligations, applicable taxes, employment of Kyrgyz citizens and the import and export of funds, materials and gold produced from the Kumtor mine. Other laws and regulations of general application in the Kyrgyz Republic also apply to the operation of the Kumtor mine, except to the extent they conflict with these agreements.

As part of the Kumtor restructuring, Centerra Gold Inc., Cameco, Kyrgyzaltyn and the Government of the Kyrgyz Republic entered into an agreement pursuant to which, effective simultaneously with the completion of the Kumtor restructuring, the Master Agreement was replaced by an Investment Agreement (the "Investment Agreement") between Centerra Gold Inc., KGC and the Government of the Kyrgyz Republic. This new Investment Agreement and related agreements set out the terms and conditions applicable to Centerra's ongoing operation and development of the Kumtor mine and have continued the regime established by the

Master Agreement. The Investment Agreement has a term lasting until the earlier of 2043 or when the Kumtor deposits are exhausted and mining is completed.

The laws of the Kyrgyz Republic that are most relevant to Centerra's operations are the law of March 27, 2003, "*On Investments in the Kyrgyz Republic*" (the "Investment Law") and the law of March 6, 1992, "*Law on Concessions and Foreign Concession Enterprises in the Kyrgyz Republic*" (the "Concessions Law").

The Investment Law establishes the basic principles of the Kyrgyz Republic's policy toward foreign investment as well as investor protections. It provides that foreign investors are entitled to freely use, possess and dispose of their investments and to freely export or repatriate the proceeds of these investments. The Investment Law prohibits all types of discrimination toward foreign investors or investments, including that based on country of origin. Investors are guaranteed freedom from interference by governmental bodies with their economic activities, free conduct of monetary operations, the right to hire both Kyrgyz citizens and expatriates and the ability to submit resolution of disputes to international arbitration.

The Investment Law states that expropriation of investments must be conducted in accordance with Kyrgyz law and, where effected, must be in the public interest. Expropriation must not be discriminatory and must be accompanied by timely, proper and real compensation of losses, including lost profit. The amount of such compensation is to be determined in accordance with the fair market value of the expropriated investment, together with interest from the date of expropriation. Investors who suffer losses as a result of war or other armed conflict, upheaval or other similar circumstances will be granted the same legal status and terms of operation as Kyrgyz nationals.

Under Kyrgyz law, mining rights may be granted either by way of exploration or mining licences, both of which are issued by the State Agency on Geology and Mineral Resources, or by a concession from the Government of the Kyrgyz Republic. Although concessions are typically much more difficult, expensive and time-consuming to obtain, they provide investors with greater protection. While a licence may be terminated without the licensee's consent in certain circumstances, including a breach of the law, a concession may only be terminated in accordance with the terms and conditions of the agreement pursuant to which it is granted.

The Concessions Law establishes the procedure by which the Government of the Kyrgyz Republic may grant concessions to foreign investors and provides for the status and rights of such investors. The most important step is the execution of an agreement between the Government of the Kyrgyz Republic and the relevant investor, in which the Government of the Kyrgyz Republic gives permission to possess and use the property granted under the concession and to gain proceeds from such concession.

The Investment Agreement builds on these principles and preserves the benefit of the provisions of the Investment Law, Concessions Law and certain other Kyrgyz laws and regulations, all as they existed at the time of the Kumtor restructuring. The Investment Agreement also specifies that Centerra will be subject to only those Kyrgyz tax laws and regulations that existed as of December 31, 2003 as described below. This includes a profit tax of 20%, a withholding tax on dividends and interest of 10% and an emergency fund tax of 1.5% of the value of products sold.

Pursuant to the Investment Agreement, Centerra has the right to elect whether to be subject to any change in tax laws or regulations that modifies the amount or timing of tax or the manner in which tax liability is determined or calculated (whether or not the tax change increases or decreases Centerra's liability) or instead remain subject to the tax in effect prior to the change for a term of 10 years from the date of the change. However, if a change in tax laws eliminates any specified tax in its entirety (as opposed to merely reducing a specified tax), Centerra will remain subject to that tax as it existed prior to its elimination. If Centerra elects to be subject to a tax law change that imposes an additional burden equivalent to that imposed by the eliminated tax, then it will cease to be subject to the eliminated tax. Centerra will also continue to benefit from an exemption from certain value-added taxes, as provided by the Concessions Law.

In addition to the guarantees against expropriation, together with any other such guarantees that might otherwise apply under Kyrgyz law, the Investment Agreement provides Centerra with specific protection against and remedies in the event of expropriation by the Government of the Kyrgyz Republic. Centerra's rights to national treatment and non-discrimination have also been specifically continued. In particular, Centerra has the right to elect not to be subject to any change in investment-related laws and certain other Kyrgyz laws and regulations (other than with respect to taxes, as described above). Instead, Centerra has the right to remain subject to such laws in effect prior to such change, for a term of 10 years from the date of the change.

In addition, the Investment Agreement provides that Centerra is entitled to all necessary permits and approvals relating to the Kumtor mine, including with respect to environmental matters and hiring of foreign nationals.

Pursuant to the Investment Agreement, the Government of the Kyrgyz Republic has agreed not to suspend any of Centerra's operations except in accordance with an arbitration award or as required in order to protect human health or safety or imminent material harm to the environment. Centerra is guaranteed access to the Kumtor site as well as uninterrupted electricity and other infrastructure. The Government has agreed to provide the required police, security and other civil services in accordance with Kyrgyz law in order to maintain public order and security for the Kumtor operations.

Centerra has the right to import any capital equipment and operating supplies, subject to import duties and administrative charges, but free of other charges and without unreasonable formalities that might hinder or delay such imports. Centerra also has the right to export any of its products, including processed or unprocessed minerals of any type, free of export duty and other charges and without unreasonable formalities, subject to the provisions of the Gold and Silver Sale Agreement described under “— Mining Operations — Gold Sales” below.

Centerra is specifically provided the right to freely convert between foreign and Kyrgyz currency, to transfer foreign currency in and out of the Kyrgyz Republic, to maintain foreign currency accounts and to be exempted from future exchange or like controls to which domestic investors may be subject. The Investment Agreement will continue for the benefit of anyone who becomes Centerra's legal successor, including Centerra's merger with another company or any successor to Centerra's interest in KGC.

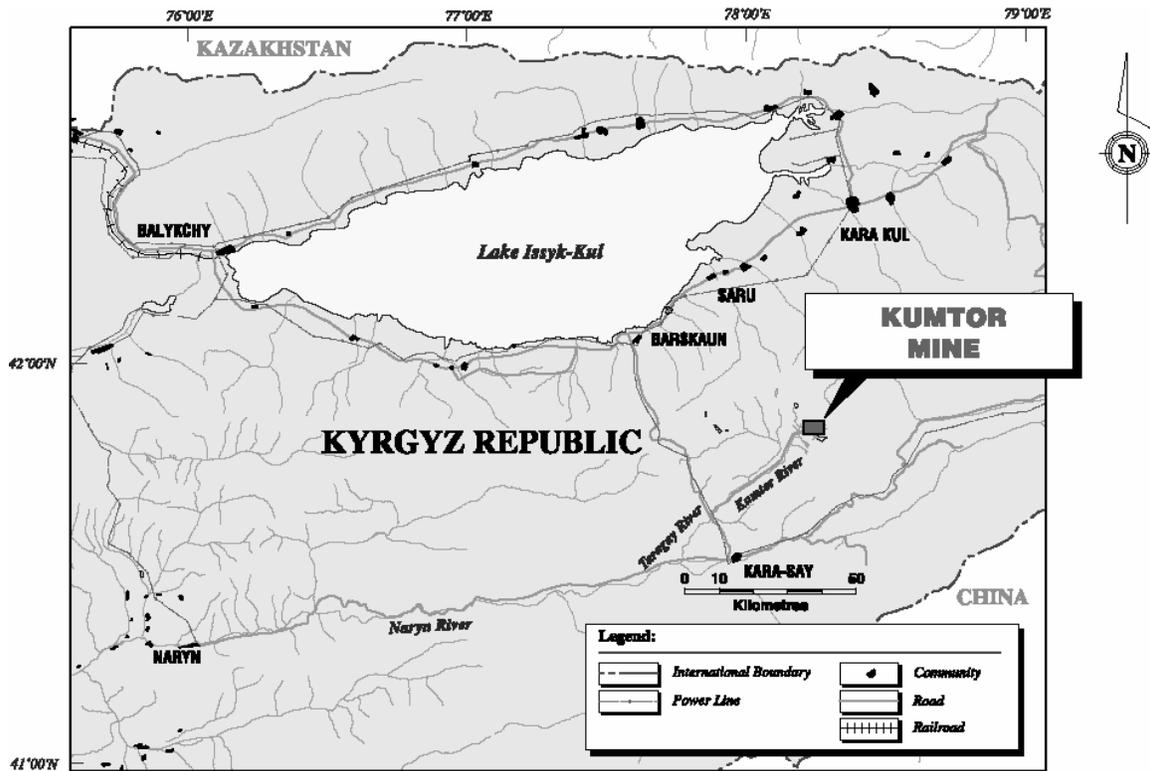
The agreements Centerra has entered into in connection with the Kumtor restructuring were also designed to preserve and extend the benefits which the Kumtor mine has brought to the Kyrgyz Republic. Under the Investment Agreement Centerra has committed to continue to conduct its operations in accordance with good international mining practices, in material compliance with the standards applicable under the EMAP for the Kumtor mine, which include operation in material compliance with federal Canadian, Saskatchewan and World Bank environmental, health and safety laws, regulations, policies and guidelines in effect as of June 15, 1995 and all laws currently applicable to the Kumtor mine, including the laws of the Kyrgyz Republic. See “— Environmental, Health and Safety Matters”.

Centerra has agreed to use commercially reasonable efforts to increase the percentage of its workforce consisting of citizens of the Kyrgyz Republic to the extent possible without sacrificing operational standards. Kyrgyz citizens currently represent approximately 95% of Centerra's workforce in the Kyrgyz Republic. Centerra has made significant contributions to the revenue of the Kyrgyz Republic. Centerra has also agreed to undertake certain exploration activities related to the possibility of pursuing underground mining in an effort to extend the reserves and life of the Kumtor mine to the mutual benefit of Centerra and the Kyrgyz Republic.

Property Description, Location and Concession

The Kumtor mine is located in the Tien Shan Mountains, some 350 kilometres to the southeast of the national capital Bishkek and about 60 kilometres to the north of the international boundary with the People's Republic of China, at 41°52' North and 78°11' East.

Kumtor Mine Location



Pursuant to an Amended and Restated Concession Agreement (the “Concession Agreement”) between KGC and the Government of the Kyrgyz Republic, which became effective on the closing of the Kumtor restructuring, Centerra maintains a concession giving Centerra the exclusive rights to all minerals within an area of approximately 800 hectares of land centred on the Kumtor gold deposits (the “Concession Area”). Centerra’s mineral and surface rights for the Kumtor deposit extend until May 10, 2043.

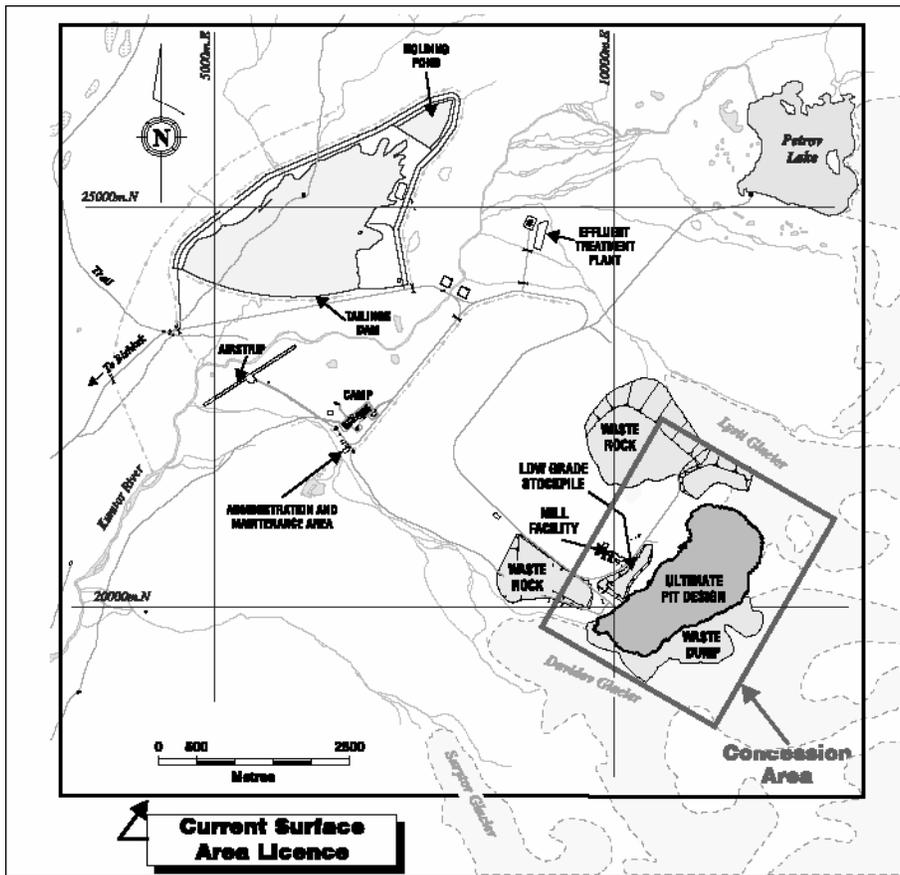
The Concession Agreement confirms Centerra’s right to use sufficient additional surface lands for the purposes of the construction and occupation of all mining and milling superstructure and facilities, work camp and other infrastructure facilities necessary to carry out the Kumtor mine. The Investment Agreement further specifies that Centerra is guaranteed such access to the Kumtor site, including all necessary surface lands, together with access to water, power and other infrastructure, as is necessary or convenient for the operation of the Kumtor mine. The area currently in use for such purposes amounts to approximately 7,000 hectares. This provides sufficient surface area for the plant, tailings disposal area and all other facilities supporting the mining operation, ore processing and waste rock disposal and includes Petrov Lake, the freshwater source for the operation.

KGC must make a concession payment of \$4 for each ounce of gold sold from the Kumtor deposit, with such payments to be made quarterly within 90 days of the end of each calendar quarter based on that quarter’s gold sales by KGC. In addition, KGC must pay 2% of its net profits into a social development fund until its subordinated and shareholder loans outstanding as of December 31, 2003 are repaid and thereafter, until the end of the Kumtor operations, 4% of its net profits into a social development fund.

Under the Master Agreement and under Section 10 of the law of July 2, 1997 “*On Subsoil*”, KGC was granted the exclusive right to develop any mineral resources within a 7.5 kilometre radius from the perimeter of the Concession Area, an area covering approximately 30,625 hectares (the “Exploration Area”). This right is continued by the Investment Agreement. The Government of the Kyrgyz Republic has also agreed to grant Centerra any necessary mining concessions for the Exploration Area on substantially the same terms and conditions as for the Concession Area. In 2005 Centerra expects to receive concessions for the Southwest Zone and other targets in the Exploration Area.

The Kumtor site includes an open pit mine situated at approximately 4,000 metres above sea level. In 2005, Centerra plans to commence open pit mining at a satellite gold deposit located at the Southwest Zone. The mine includes waste and ore stockpile areas as well as an area to dispose of the ice stripped from the top of the deposit. Ore is processed at a crusher and mill with a capacity of 15,000 tonnes per day, located at an elevation of approximately 4,018 metres. Other major facilities include a fresh water system, a camp/residence for the employees on site, a warehouse, shops, offices, a batch plant, two standby diesel generators and a tailings management facility.

Kumtor Mine Concession and Infrastructure



The tailings management facility is located in the Kumtor River valley and consists of twin tailings lines, a tailings dam, an effluent treatment plant and two diversion ditches around the area to prevent runoff and natural watercourses from entering the tailings basin. These facilities received approval from the Government of the Kyrgyz Republic during 1999. Each tailings pipeline is approximately six kilometres in length. The tailings dam was designed and constructed to address the permafrost conditions at the mine site. The dam is approximately two kilometres in length and up to 25 metres in height. The tailings dam has been designed to accommodate projected requirements for tailings storage for the life of the mine and can be readily expanded if necessary due to additional mine production. In 2004, Centerra spent \$1.6 million for expansion of the tailings dam.

As part of Centerra’s management of environmental issues, Centerra actively assesses the physical characteristics of its tailings storage facilities. As a consequence of this practice, Centerra identified an ice-rich silt layer beneath the tailings dam that has been the cause of some minor movement of the tailings dam. In 2003, in order to proactively deal with the issue, a shear key was constructed for 700 metres along the toe of the dam by excavating a trench approximately six metres deep and 20 metres wide and filling it with well-compacted granular fill. A five-metre berm of well-compacted granular fill was then constructed over the shear key. The shear key is designed to interrupt and replace an ice-rich silt layer along the downstream dam toe within the area of measured movement, with a high-strength stiff granular fill of sufficient width that the mobilized strength of the fill will eventually stop the movement.

All permits and licences required for current mining operations at Kumtor are in good standing.

Site Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Kumtor mine site is by main road from Bishkek to Balykchy, on the western shore of Lake Issyk-Kul, a distance of 178 kilometres, then on a secondary road along the south shore of the lake to the town of Barskaun for another 150 kilometres and a final 100 kilometres into the Tien-Shan Mountains to reach the deposit. Centerra has done considerable work to maintain this access road and despite occasional avalanches and movements of gravel and till down steep slopes during heavy rains, there has not been any extended period during which the road has been out of service.

The Kumtor mill is situated in alpine terrain at an elevation of approximately 4,018 metres, while the highest waste and glacier mining excavations exceed an elevation of 4,400 metres. The main camp, administration and maintenance facilities are at about 3,600 metres. Local valleys are occupied by active glaciers that extend down to elevations of 3,800 to 3,900 metres and permafrost in the area can reach a depth of 250 metres. The area is seismically active, as a result of the continuing convergence of India and Eurasia, but the Kumtor area has a relatively sparse distribution of historical seismicity. All facilities at Kumtor, including the process plant and tailings storage dam, have been designed in accordance with recommended seismic standards for the area.

The climate is continental with a mean annual temperature of minus eight degrees Celsius. Extreme recorded temperatures vary from plus 23 to minus 49 degrees Celsius, with short summers that last from June to September. Precipitation is low at 300 millimetres per annum, with the majority falling in the summer months, and annual snow accumulation of 600 millimetres. Despite cold winter conditions, Kumtor is a 365 day-per-year operation.

Reflecting the harsh climate and high elevation, sparse, low vegetation is restricted to the valley floors and lower mountain slopes, with a total absence of trees or shrubs.

The mine site is connected to the Kyrgyz national power grid with a 110 kilovolt overhead power line running parallel to the access road. Fresh water is taken from Petrov Lake, situated five kilometres northeast of the mill site. The minimum water inflow into the lake is estimated to be in excess of 1,000 cubic metres per hour or approximately four times the average project demand.

History and Financing

The Kumtor area has a history of intermittent exploration dating to the late 1920s. The Kumtor deposit was discovered in the summer of 1978 in the course of a general survey. Intensive exploration, adit sampling, drilling and geological interpretation work took place between 1979 and 1989, culminating in an initial reserve statement issued by the USSR State Committee on Reserves in March 1990.

Cameco was presented the opportunity to become involved with the Kumtor project in 1992 while pursuing uranium prospects in the Kyrgyz Republic. An initial agreement with the Government of the Kyrgyz Republic was signed in December 1992 giving Cameco the exclusive right to evaluate and develop the Kumtor project. A feasibility study was completed in December 1993 by Kilborn Western Inc. ("Kilborn"), presently SNC-Lavalin Inc., and was amended in 1994 and 1995. A project development agreement was finalized with the Government of the Kyrgyz Republic in May 1994. Pursuant to this agreement, Cameco Gold, through its wholly-owned subsidiary KMC, held a one-third interest in KGC, a Kyrgyz joint stock company that owns the concession giving it exclusive rights to develop the Kumtor mine. Kyrgyzaltyn, a Kyrgyz joint stock company wholly-owned by the Government of the Kyrgyz Republic, has held the remaining two-thirds interest. KOC, a wholly-owned subsidiary of Cameco Gold, acted as operator of the joint venture for which it received a management fee. KOC was designated as operator for the first 10 years of production, which has since been extended to the life of the concession pursuant to the Kumtor restructuring.

Project construction began in late 1994 and was financed by Cameco and an international group of banks and lending agencies at a cost of \$452 million. Cameco provided the first \$45 million of development costs for the Kumtor project through its equity investment in KGC. Cameco also provided a \$107 million subordinated loan to KGC.

A consortium of financial institutions advanced \$285 million in senior and subordinated loans to the Kumtor project. These loans consisted of a senior debt component of \$265 million and a subordinated debt component of \$20 million. As of the date of this Annual Information Form, no third party debt is outstanding.

Commercial production at Kumtor commenced in the second quarter of 1997 and more than 502,000 ounces were produced that year. During the eight-year period from 1997 through 2004, the Kumtor mine has produced approximately 5.0 million ounces of gold at an average production rate of 630,000 ounces annually.

On December 31, 2003, Centerra entered into the Kumtor Restructuring Agreement with Cameco, Cameco Gold and Kyrgyzaltyn. Pursuant to this agreement, Kyrgyzaltyn and Cameco Gold sold Centerra all of their shares in KGC effective June 22, 2004.

Geological Setting

The Kumtor gold deposit occurs in the southern Tien Shan metallogenic belt, a Hercynian fault and thrust belt that traverses Central Asia from Uzbekistan in the west through Tajikistan and the Kyrgyz Republic into northwestern China, a distance of more than 1,500 kilometres. This belt hosts a number of important mesothermal-type gold deposits including Muruntau, the world's second largest gold deposit, as well as Daugyztau, Zarmitan, Amantaitau, Jilau, Jerooy and Centerra's Kumtor mine.

There are four major thrust slices comprising the mine geology, with an inverted age relationship. Each thrust sheet contains older rocks than the sheet it structurally overlies. The slice hosting the Kumtor gold mineralization is composed of Vendian (youngest Proterozoic or oldest Paleozoic) meta-sediments, grey carbonaceous quartz-sericite-chlorite schists or phyllites that are strongly folded and schistose. The fault forming the footwall contact of this structural segment is the Kumtor Fault Zone, a dark-grey to black, graphitic gouge zone. The fault zone strikes northeasterly, dips to the southeast at moderate angles and has a width of up to 30 metres. The adjacent rocks in its hanging wall are strongly affected by shearing and faulting for a distance of up to several hundred metres. The rocks in the structural footwall of the fault zone are Cambro-Ordovician limestone and phyllite, thrust over Tertiary sediments of possible continental derivation that in turn rest, with apparent profound unconformity, on Carboniferous clastic sediments.

The Kumtor gold deposit is structurally controlled on a major fault of regional importance and is a member of the class of structurally controlled mesothermal gold replacement deposits. The Kumtor gold deposit occurs where the Vendian sediments have been hydrothermally altered and mineralized based on structural considerations. Gold mineralization has been observed over a distance of more than 12 kilometres, with the Kumtor deposit itself located in what is called the Centre Block, with a length of 1,200 metres, a vertical range of 1,000 metres and a width of 300 to 500 metres. A buried intrusive body is inferred by geophysical methods to occur some five kilometres to the northwest of the deposit and may be the source of the mineralization process at Kumtor.

Mineralization

Within the Kumtor deposit, four zones of gold mineralization have been delineated:

- Two parallel zones of alteration and gold mineralization strike northeasterly and dip to the southeast at 45° to 60°, separated by 30 to 50 metres of barren or poorly mineralized rock. The South Zone, with a length of 500 to 800 metres and a horizontal width of 40 to 80 metres, is reasonably well mineralized throughout its entire length, with an average gold grade of 3 to 4 grams per tonne. The North Zone, somewhat more extensive along strike but with a similar width, has lesser gold grade continuity and splits into a number of individual lenses that have average gold grades in the range of 2 to 3.5 grams per tonne;
- At their northeastern end, the North and South Zones coalesce into the Stockwork Zone, which is the heart of the deposit, having the highest gold grades and the best grade continuity. Its dimensions in plan are 400 to 500 metres long by 50 to 200 metres wide, with an average gold grade of 5 to 6 grams per tonne, depending on the cut-off grade. Geographically, the Stockwork Zone is located closest to the pit highwall and thus governs to a large extent the overall strip ratio of the pit design; and
- A small zone of mineralization to the northeast of the Stockwork Zone called the Northeast Zone, possibly the continuation of the North Zone in that direction, shows variable gold grades of 2 to 5 grams per tonne.

Mineralization took place in four main pulses. An initial pulse resulted primarily in pervasive quartz- carbonate-albite-chlorite-sericite-pyrite alteration, with little gold of economic consequence being deposited. The next two pulses deposited all of the economic significant gold at Kumtor. Feldspar makes up nearly 20% of the ore, carbonates (calcite, dolomite, ankerite and siderite) collectively 25 to 30%, pyrite 15 to 20%, quartz 5 to 10% and the remainder are host rock inclusions.

The gold and the gold-bearing minerals occur as very fine inclusions in the pyrite, with an average size of only 10 microns. This, together with the poor cyanide leach response of the gold tellurides, accounts for the partly refractory nature of the Kumtor ore. The refractory characteristics are reflected in the relatively low historic and forecasted gold recovery of around 80%, despite the very fine grind applied to the pyrite flotation concentrate from which most of the gold at Kumtor is recovered by leaching. The fine grain size of the gold also renders assaying of this mineralization relatively reliable, with only a small nugget effect.

Most of the mineralization takes the form of veins, veinlets and breccia bodies in which the mineralization forms the matrix. In the more intensely mineralized areas, the surrounding host rock has also been altered. Post-ore faulting is generally parallel to, or at low angles with, the mineralized sequence. These faults often carry significant quantities of graphite, which resulted in a change in milling procedures early in the mine's life to maintain acceptable recoveries.

A similar style of mineralization has been delineated at the Southwest Zone, a satellite deposit located about 2.5 kilometres from the Kumtor mill. At the Southwest Zone, shallow dipping mineralization extends intermittently over a distance of 800 metres along strike and to depths of more than 200 metres with an average grade of 3 to 4 grams per tonne.

Historical Exploration and Drilling

From 1979 to 1989, a systematic evaluation of the deposit was carried out by the state Kyrgyz Geology department consisting of:

- The delineation of the surface extent of the mineralization by 60 trenches;
- The exploration of the upper portion of the deposit by 290 underground drifts and crosscuts developed on three levels and totaling 30 kilometres of workings;
- Testing of the lower portion of the deposit by 114 inclined and vertical diamond drill holes from the surface and 32 horizontal diamond drill holes from underground for a total of approximately 77,000 metres of drilling; and
- The assembly of a sampling database containing 69,775 samples collected from trenches, underground workings and drill cores. Three bulk samples weighing 9 tonnes, 20 tonnes and 464 tonnes were processed for metallurgical test work.

Late in 1992, Kilborn was commissioned to prepare a feasibility study to evaluate and develop the Kumtor deposit. An integral part of the evaluation process was data verification, comprising re-assaying of the original sample rejects, recalculation of the reserves and resources, underground geological and geotechnical remapping and resampling of parts of the higher mineralization grade zones and process testwork of original and fresh metallurgical samples. The feasibility study, which was completed in 1993 and updated in 1994 and 1995, did not add to the drill database of the deposit.

In addition to the work completed prior to the feasibility study in 1994, in the interval from 1998 to 2004, KOC has completed 232 diamond drill holes having an aggregate length of 67,184 metres in the area of the Kumtor deposit itself and an additional 216 diamond drill holes over an aggregate length of 37,506 metres in exploration areas surrounding the Kumtor deposit.

Sampling and Analysis

The sampling protocol employed in the years prior to the feasibility study was typical of many projects of the Soviet era. The analytical work was carried out at the Central Scientific Research Laboratory of Kyrgyz Geology. The gold assay method was fire assay for all samples prior to 1989 (a total of 44,580 determinations) and a more productive atomic absorption method in 1989 (12,612 determinations). Internal and external duplicate assaying was undertaken.

Kilborn concluded in the feasibility study that results of check assaying on 151 reject samples by a Canadian laboratory were satisfactory. A total of 239 samples collected by Kilborn also indicated that the original assay information from underground sampling was reliable.

Based on KOC's drilling database prior to the 2004 drilling program, Strathcona concluded that the sample preparation, assaying and quality control methods Centerra has used are industry standard and the results of the quality control measures indicate

that there will be no material discrepancy between the current reserve model and future production due to sampling and analytical protocols. Centerra has used the same sampling, assaying and quality control protocols during the 2004 drilling program.

Kumtor Reserve and Resource Estimates

The mineral reserves and resources of the Kumtor mine were most recently estimated effective as of December 31, 2004 and include the main Kumtor pit and the Southwest Zone satellite deposit. In preparing reserve and resource estimates for the Kumtor project, KOC geologists and the Centerra mining resource group used a block model approach in accordance with Canadian reporting standards as required by NI 43-101.

Resource Block Models

A number of block models have been employed since 1990 to estimate mineral reserves and resources. The KS-5 block model for the Kumtor pit and the SW-2 block model for the Southwest Zone pit currently in use were developed in late 2004. Both of the models take into account the results of the existing drilling databases, underground cross-cuts and all in-fill drilling completed from 1998 to the end of November 2004, and are based on geological modeling using vein and alteration intensities together with gold grade information to subdivide the gold mineralization at Kumtor into 19 mineralized zones and the Southwest Zone into 11 mineralized zones.

The models utilize spacing blocks measuring 10 by 10 by 8 metres, with the vertical dimension matching the mining bench height. Each block is assigned to a particular mineralized zone and a gold grade is interpolated into the block from the surrounding assay data. The original gold assays for the various mineralized zones were capped at levels ranging from 20 to 60 grams per tonne based on a statistical analysis of the databases. Capping affects less than 1% of the entire assay population. The grade interpolation was by ordinary kriging using a search ellipsoid to a maximum of 100 metres by 100 metres by 20 metres and the indicator variogram as determined from the variography.

Mineral Reserves Estimate

The Kumtor mineral reserves were estimated as of December 31, 2004 on the basis of the KS-5 and SW-2 block models and updated pit designs. In estimating mineral reserves, allowances were made in the models for dilution, mining recovery and a flattening of a portion of the southeast highwall angle from 45 to 42 degrees to increase wall stability.

The pit design economic parameters assume a gold price of \$375 per ounce, operating costs of \$0.49 per tonne of ore and waste mined, \$5.55 per tonne of ore milled and \$5.27 in general and administrative costs per tonne milled. The pit design parameters at the Southwest Zone also included an additional \$0.76 per tonne of ore mined to account for the longer haulage distance to the mill. Metallurgical recoveries used in the pit optimization follow a variable recovery equation and range from 83% for ore with a grade in excess of 5 grams per tonne, 80% for ore averaging a grade of 3.0 grams per tonne and 72% for low-grade ore (averaging 1.3 grams per tonne) and refractory stockpiles.

Reserves within the Kumtor pit have been classified as proven or probable based the distance from adjacent drill holes and the continuity of the individual zones. In general blocks within 30 metres of corresponding assay data or material already in the stockpiles were classified as proven. Blocks with a distance from assay data of between 30 metres and 65 metres were classified as probable.

The good cumulative experience of reconciling nine years of production with the reserve estimates for the areas mined has resulted in a high degree of confidence in projections of future production, further supporting this classification strategy.

In the Southwest Zone, the same distance parameters were applied but as the Southwest Zone does not have any production history as of yet, all of the mineralized blocks above the 1.3 grams of gold per tonne cut-off grade within the pit were classified as probable reserves.

The following table sets out the Kumtor proven and probable mineral reserves estimate as of December 31, 2004:

Kumtor Reserves as of December 31, 2004

CATEGORY			<u>Tonnes</u>	<u>Gold</u>	<u>Contained Gold</u>
			(thousands)	(g/t)	(thousands)
Proven	Stockpiles	Greater than 1.5 g/t	333	3.4	36
		Low grade (1.3 to 1.5 g/t)	<u>1,605</u>	<u>1.4</u>	<u>71</u>
		Sub-total	1,938	1.7	107
	In-situ	Greater than 1.5 g/t	15,253	3.8	1,858
		Low grade (1.3 to 1.5 g/t)	2,896	1.4	134
	Sub-total	<u>18,149</u>	<u>3.4</u>	<u>1,992</u>	
Total Proven Reserves			20,087	3.3	2,099
Probable	In-situ	Greater than 1.5 g/t	9,531	3.5	1,087
		Low grade (1.3 to 1.5 g/t)	<u>1,371</u>	<u>1.4</u>	<u>63</u>
Total Probable Reserves			10,902	3.3	1,150
Total Reserves			<u>30,989</u>	<u>3.3</u>	<u>3,249</u>

As the Kumtor unit operating costs are well established, any remaining uncertainty with respect to the KS-5 mineral reserves is a direct consequence of the assessment of the final pit wall slopes, apart from any significant movements in the gold price. See “—Highwall Ground Movement” below for a discussion of the effects of the highwall ground movement in 2002. With the revised pit design discussed in that section, Centerra has taken into account appropriate safety considerations with a view to maximizing economic performance.

As of December 31, 2003, the estimated proven and probable reserves at Kumtor were 30.4 million tonnes at an average gold grade of 3.3 grams per tonne for a total of 3.2 million contained ounces of gold. This compares favourably with the December 31, 2004 estimate. The changes to the reserve base during 2004, including using a higher gold price and pit design modifications, have essentially replaced the ore fed to the mill during 2004 and have extended the Kumtor mine life by about one year.

Mineral Resources Estimate

Significant mineral resources occur beyond the limits of the updated designed pits at both Kumtor and the Southwest Zone. Resources that are located between the ultimate pit designs and a larger, unengineered pit shell have been estimated using a 1.3 grams of gold per tonne cut-off grade. These resources have been classified based upon the distance to the nearest assay composite and the continuity of the individual zones. At the Kumtor pit, resource blocks within 30 metres of corresponding assay composites data are classified as measured resources, and resource blocks that are 30 metres to 50 metres from the nearest assay composite are classified as indicated category. Resource blocks at a distance of greater than 50 metres from assay composites are classified as inferred resources, as are all blocks within a specified area known as the 3900 zone, regardless of distance to the nearest composite, because of the unreliable nature of the historic database for this part of the deposit. The classification system for resources at Southwest Zone is similar, with the exception that the measured category has not been used due to the lack of any production history from this zone.

At Kumtor, an estimate of potential underground resources was completed for material located below the larger unengineered Kumtor pit shell used to define the limits of the open pit resources. The estimate utilized a smaller block size to better reflect the smaller mining units in an underground mining operation and a higher cut-off grade of 5.0 grams of gold per tonne. All of this material was classified as inferred resources.

Kumtor Resources as of December 31, 2004

CATEGORY			<u>Tonnes</u>	<u>Gold</u>	<u>Contained Gold</u>
			(thousands)	(g/t)	(thousands)
Measured	Open Pit (>1.3 g/t)		9,395	3.3	997
Indicated	Open Pit (>1.3 g/t)		<u>8,195</u>	<u>3.5</u>	<u>917</u>
Total Measured and Indicated Resources			<u>17,590</u>	<u>3.4</u>	<u>1,914</u>

Inferred	Open Pit (>1.3 g/t)	6,791	3.0	657
	Underground (>5 g/t)	<u>3,185</u>	<u>7.7</u>	<u>791</u>
Total Inferred Resources		<u>9,976</u>	<u>4.5</u>	<u>1,448</u>

Mining Operations

Mining

The Kumtor deposit is mined using conventional open pit mining methods and currently produces approximately 15,000 tonnes per day of ore, from which a portion goes to low-grade stockpiles, and approximately 220,000 tonnes per day of waste. The strip ratio for the year ended December 31, 2004 was 24.7. This ratio, which is high by historic standards, will continue at high levels until the end of 2006. The life of mine strip ratio is projected to be 14.9. The mine operates two 12-hour shifts each day. Four crews work a 14-day rotation at the site.

Initially, part of the orebody was overlaid by a glacial icecap 10 to 30 metres thick. This icecap was removed during the first three years of operation. Now mining is focused on ore extraction and removal of the surrounding waste rock. Operations began at the 4,300 metre elevation in 1996. Presently, mining is conducted between the 4,290 and 3,906 metre elevations.

Mining benches are eight metres in height with three to four benches under development at any given time. Drilling is performed by seven rotary-percussion blast hole drill rigs. Charging the holes is performed with special bulk explosives trucks delivering either ammonium nitrate with fuel oil or emulsion explosives for wet holes.

Six hydraulic shovels and four front-end loaders load a fleet of 31 78-tonne haul trucks. The location of the ore and waste rock is determined by assaying drillhole cuttings. Boundaries between material-types are surveyed and digging is supervised by KGC engineering staff to ensure that ore and waste rock are separated correctly. All mine equipment is monitored by a computer-controlled dispatch system.

Hydrological conditions are controlled by the presence of up to 250 metres of permafrost. Supra-permafrost groundwater occurs in a thin thaw zone near the surface, active only from July to October. Groundwater volumes from this zone are relatively small and are included with the water volumes handled as surface runoff and glacial meltwater. Surface waters are diverted away from the pit using diversion ditches, sumps and gravity pipelines. Water within the pit is collected in sumps and is pumped outside of the pit limits. The current permafrost level is at approximately 3,950 metres elevation. The pit excavation will eventually reach sub-permafrost levels and increased groundwater flows can be expected near the end of the mine life.

Kumtor has approximately 1,600 permanent employees, of which approximately 95% are Kyrgyz citizens. The number of Kyrgyz citizens represents an increase from 82% at the beginning of the operation as a result of Centerra's training programs and reflects a policy of increasing the percentage of Centerra's employees who are citizens of the Kyrgyz Republic. The Kumtor mine is unionized and all of Centerra's national employees in the Kyrgyz Republic are subject to a collective agreement between KOC and the Trade Union Committee. Centerra's labour relations to date have been generally very good and there have been no work stoppages due to labour disputes.

Milling

The milling process at the Kumtor mill reflects the fine-grained nature of the gold and its intimate association with pyrite and consists of crushing, grinding, pyrite flotation and re-grinding the flotation concentrate. Two separate carbon-in-leach ("CIL") circuits recover the gold from the re-ground concentrate and from the flotation tails, with final gold recovery accomplished by electrowinning and refining. The mill was originally designed with a capacity to process 4.8 million tonnes of ore per year, but the actual mill throughput is currently 5.5 million tonnes per year.

The ore to be milled is managed through a number of stockpiles that receive ore of different metallurgical character and of different grade ranges and thus allow blending of the mill feed. A gyratory crusher reduces the ore to 100% minus 30 centimetres, fed to a coarse ore stockpile from which it is reclaimed for grinding, first to a semi-autogenous mill and then to a ball mill, which together reduce the grain size to 80% passing 140 microns. A bulk sulphide concentrate representing 7% to 11% of the original mill feed is then produced with a grade of 30 to 50 grams of gold per tonne and a gold recovery of 87% to 92%.

The flotation concentrate is re-ground to 90% passing 20 microns and is thickened to 60% solids, re-pulped with fresh water to 45% solids, pre-aerated for 20 hours and leached for 80 hours in the CIL circuit consisting of five highly agitated tanks in series.

The flotation tailings with an average grade of 0.5 grams of gold per tonne are thickened to 50% solids and subjected to cyanidation for 10 hours in a CIL circuit similar to the circuit used for the sulphide concentrate.

The grind and re-grind circuits deploy ball mills which are constructed by joining together four segments bolted at the flanges. Since the inception of production, there has been uneven wear of the flanges, which required ongoing remediation by various methods. To reduce the risk of significant interruption in milling, Centerra has ordered two replacement mill shells and one head at a cost of \$1.5 million, scheduled for delivery in the third quarter of 2005. Centerra intends to install one mill shell and one head on the re-grind mill at that time. The second mill shell will be put into inventory.

Centerra has also ordered an ultra-fine grind circuit (ISA mill) at a cost of \$8 million, scheduled for delivery in 2005. The ISA mill will be used as a temporary replacement for the re-grind mill during installation of the replacement mill head.

Gold recovery in the CIL circuits is 30% for the flotation tailings and 90% for the sulphide concentrate. The loaded carbon is stripped and the gold subsequently recovered by electrowinning.

Gold recovery during the early phase of operations was affected by the preg-robbing character of some of the ore due to active graphite. These effects have been moderated by adding diesel fuel and sodium laurel sulphate as masking agents to the semi-autogenous and re-grind mills. Historically, the overall metallurgical recovery has averaged 80%.

Concentrate CIL and flotation CIL tailings are combined and discharged by gravity to the tailings disposal area through a slurry pipeline.

Production History

The Kumtor mill started processing ore in the third quarter of 1996, leading to commercial production in the second quarter of 1997. Through December 31, 2004, a total of 42.4 million tonnes of ore had been milled with an average gold content of 4.6 grams per tonne. The total gold recovered was 5.0 million ounces. In addition, 378 million tonnes of waste and ice had been mined for an overall strip ratio of 8.5 to 1.

Annual production data for the last three years are set out in the table below. Ore is material estimated to grade above 1.5 grams of gold per tonne currently, above 1.7 grams of gold per tonne in earlier years, and low-grade is from 1.3 grams of gold per tonne up to the ore cut-off grade of 1.5 grams of gold per tonne. Because the low-grade material is currently being used as mill feed and will continue to be processed according to the life of mine plan, this material is treated as ore when calculating the strip ratio.

Kumtor Production 2002 — 2004

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Mining			
Ore mined (thousands of tonnes)	5,141	4,828	3,303
Strip ratio	9.6	15.1	24.7
Waste mined (thousands of tonnes)	49,184	72,881	81,552
Stockpile movement (thousands of tonnes)	(470)	(803)	(2,351)
Milling			
Ore fed to mill (thousands of tonnes)	5,611	5,631	5,654
Grade (g/t)	3.71	4.54	4.41
Recovery (%)	78.1	82.6	82.1
Gold recovered (thousands of ounces).....	523	679	658
Gold sold (thousands of ounces).....	523	705	633

The lower ore grade in 2002 and high strip ratio in 2003 are the direct result of the substantial waste rock movement on the highwall of the pit in July 2002. See “— Highwall Ground Movement”.

Highwall Ground Movement

The current pit design is a response to the July 8, 2002 pit wall failure at the Kumtor mine, also known as the “highwall ground movement”, which resulted in the temporary suspension of operations. While some ground movement is common, this was a

very significant and unexpected movement which affected the pit wall over a vertical distance of 280 metres and caused one fatality. Although mine production resumed seven days later in an area away from the pit wall failure, the highwall ground movement led to a considerable shortfall in 2002 gold production because the high-grade Stockwork Zone was rendered temporarily inaccessible to mining. Consequently, KGC milled lower grade ore and achieved lower recovery rates. As at December 31, 2004, the entire area affected by the highwall ground movement has been mined out.

Following the highwall ground movement, Centerra's geotechnical consultant, Golder Associates Ltd. ("Golder"), assessed the potential explanations for the pit wall failure and provided guidance with respect to remedial and long-term pit shape design criteria that would reduce the possibility of a recurrence. A detailed surface mapping program and geotechnical drilling program was designed and initiated to provide further information on the cause of the highwall ground movement. The evaluation of the data resulting from the additional investigation programs has led to a revision of the geological model in the area of the northeast wall and reformulated slope design criteria for the final pit. The revisions in the geological model centred on a zone of highly tectonized rock located in the northeast wall, immediately adjacent to the main Stockwork Zone. This zone of very weak rock, combined with the steep backscarp structure, which also approximately parallels the ore boundary fault, was the main cause of the failure.

The integration of the revised geology into the slope design process has allowed Centerra to develop a revised mining plan based on Golder's recommendations which provides for greater pit wall stability and is designed to keep the overall pit volume to a minimum by re-routing the haulage ramp to the base of the pit along the western footwall side of the pit. The ramp above elevation 3,818 metres was widened from 25 metres to 46 metres to ensure the integrity of the access to the pit. The overall slope angle used for the remedial design down to the level of the base of the failure was reduced to 34°, as compared with 42.5° for the pre-highwall ground movement slope, and has a slope safety factor of 1.2. In addition, revisions were made to the monitoring system and equipment to provide a heightened degree of real time warning should there be further movement.

Golder has completed further geotechnical modeling using the latest information from geological mapping and drilling to provide continuing assessment of the long-term stability of the northeast highwall. The pit design parameters applied to the KS-5 model are in accordance with Golder's recommendations.

Centerra is pursuing a claim under its insurance arrangements for certain losses it incurred as a result of the highwall ground movement, in particular the failure of the working bench. At this time there can be no assurance as to whether Centerra will be compensated for these losses under the insurance arrangements or the amount of any compensation Centerra might receive.

Southeast Wall Movement

In February 2004 some movement in the southeast wall of the Kumtor open pit was detected by the monitoring system. A crack was also discovered at the crest of the wall. The affected area of the southeast wall extends over a face length of 300 metres and a wall height of about 200 metres. The movement started in mid-February during the mining of the 4,034-metre bench and accelerated with subsequent mining of the 4,026 and 4,018-metre benches. Once mining of the 4,018-metre bench was stopped, the rate of movement recorded decreased.

Golder visited Kumtor in early April 2004 and reviewed the data available on the southeast wall movement. The southeast wall overall slope angle is being lowered from 45° to 42° in the current pushback in this area of the pit. Accordingly there was no impact on the 2004 mining sequence.

The southeast wall area will continue to be closely monitored until either the movement ceases or careful mining has unloaded the slope, resulting in minimal continuing ground movement.

Historic Cost Performance

The following table sets out historic cost performance for the Kumtor mine from the beginning of operations through December 31, 2004. The low unit mining costs are attributable to KOC's operating expertise, the favourable topographical setting for the Kumtor open pit, with disposal of waste nearby and a similar short haul for ore delivery, plus a workforce almost entirely composed of Kyrgyz citizens.

Kumtor Cost Performance 2002 — 2004

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Annual Operating Costs (\$ millions)			
Mining	33.6	37.5	40.5
Milling	29.0	28.9	30.6
Site administration	23.9	27.0	27.6
Bishkek administration	7.4	7.5	8.1
Management fees(1).....	5.5	6.0	5.8
Production taxes and royalties	11.2	24.9	22.4
Other.....	3.8	3.1	3.6
Total operating costs.....	114.4	134.9	138.7
Unit operating costs			
Mining costs (\$/t mined material).....	0.62	0.48	0.48
Milling costs (\$/t milled material)	5.16	5.13	5.41
Total operating costs (\$/t milled material)	20.40	24.00	24.54
Total operating costs net of management fees to KOC (\$/t milled material).....	19.22	22.86	23.51
Total cash costs (\$/oz)	216	199	211
Total cash costs net of management fee to KOC (\$/oz)(1)	204	190	202

⁽¹⁾ Prior to the Kumtor restructuring, management fees were paid to Centerra's wholly-owned subsidiary, KOC. Having completed the Kumtor restructuring, these management fees no longer constitute an operating cost on a consolidated basis and will be excluded from total cash costs per ounce. Management fees are also payable to Kyrgyzaltyn that will continue based on the production levels of the mine but that are expected to be less than \$1 million annually. See "— Kyrgyzaltyn Management Fee".

Historic Project Costs

Kumtor project costs consist of sustaining capital expenditures, exploration programs relating to the Exploration Area (excluding in-pit drilling, which is included in operating costs) and funding of the reclamation trust to be accumulated and used in post-production reclamation projects.

Capital expenditures between 1997 and 2004 for sustaining capital, totaled \$60 million. Exploration costs during that period amounted to \$12.4 million.

Reclamation funding is based on a contribution made for every ounce sold, with funds deposited into a separate cash account to be used to fund reclamation projects once the mineral reserves are depleted. Contributions to December 31, 2004 were \$4.1 million. The costs of reclamation were estimated in 1999 to be approximately \$20.4 million, less estimated salvage value of approximately \$15 million for plant and equipment. Centerra's estimate of reclamation costs is currently being updated but no significant changes are expected. See "— Decommissioning and Reclamation".

Kumtor Project Costs 1997 — 2004

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Sustaining capital	\$ 8.6	(\$ 11.6)	6.6
Additional capital			
Exploration expense	<u>1.7</u>	<u>0.9</u>	7.1
Total project costs	\$ 10.3	\$ 12.5	13.7

Gold Sales

All gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to a Gold and Silver Sale Agreement entered into between KOC, Kyrgyzaltyn and the Government of the Kyrgyz Republic. Under these arrangements, Kyrgyzaltyn is required to prepay for all gold delivered to it, based on the price of gold on the London Bullion Market one business day after the day on which KOC provides notice that a consignment is available for purchase. If Kyrgyzaltyn does not purchase any gold produced, the Investment Agreement provides that KGC may export and sell the gold outside of the Kyrgyz Republic without restriction. All gold produced by the mine to date has been purchased by Kyrgyzaltyn pursuant to these pricing mechanisms without incident.

Kyrgyzaltyn Management Fee

In connection with the Kumtor restructuring, KOC entered into an amended and restated agreement with Kyrgyzaltyn for its participation in the operation of the Kumtor gold project (the “Management Services Agreement”). This agreement came into effect together with the Investment Agreement on closing of the Kumtor restructuring.

In recognition of the substantial experience Kyrgyzaltyn has accumulated in the course of operations of Kyrgyz Republic-based mining projects, the Management Services Agreement provides for payment of a management fee to Kyrgyzaltyn in return for its continuing assistance in the management of the Kumtor operations. At Centerra’s request, Kyrgyzaltyn provides assistance in various areas, including the resolution of issues subject to the jurisdiction of Kyrgyz governmental bodies, analysis and recommendations on budgets and financial matters, contribution to further improvements to workplace and ecological safety, consulting services, assistance with the media and Centerra’s human resources policy. Kyrgyzaltyn received an initial payment of \$1 million and receives subsequent payments calculated on the basis of \$1.50 per ounce of gold sold. The total amount of such subsequent payments is expected to be less than \$1 million annually.

Environmental, Health and Safety Matters

Applicable Standards

Centerra’s operations at the Kumtor mine are subject to environmental requirements arising from the legislation and other legal requirements applicable in the Kyrgyz Republic, supplemented by Centerra’s binding contractual commitments to conduct operations in accordance with good international mining practice and in material compliance with the standards applicable under the EMAP for the Kumtor mine, which includes operation in material compliance with the federal Canadian, Saskatchewan and World Bank environmental, health and safety laws, regulations, policies and guidelines. As a consequence, Centerra devotes considerable resources to managing environmental, health and safety matters in order to meet or exceed these standards. Centerra believes it is in material compliance with all applicable standards.

The applicable Kyrgyz legal requirements include the Kyrgyz law on Protection of Atmospheric Air dated June 12, 1999. According to this statute, each Kyrgyz enterprise that conducts operations with a potential negative impact on the environment must develop and maintain an ecological passport dealing with certain key variables relating to basic levels of impact on the environment. Among other factors, an ecological passport specifies the maximum allowable emission (“MAE”) and maximum allowable discharge (“MAD”) levels. An ecological passport is developed by an enterprise in accordance with standards approved by the Government of the Kyrgyz Republic and must be approved by the Ministry of Ecology and Emergency Situations. Centerra’s ecological passport (the “Passport”) was approved by the Ministry of Ecology and Emergency Situations on November 18, 1999 and was renewed for an additional five-year period on November 24, 2004.

The Passport identifies certain permits and approvals are required for Centerra’s operations including, as described above, annual permits for MAE and MAD. The MAE permit regulates the release of emissions into the air. The two MAD permits regulate the discharge of effluents into surface water bodies; one applies to the tailings area treatment plant and the other applies to the sewage treatment plant. The MAE and MAD permits must be renewed annually within the first three months of each year and are designed to ensure that the water quality standards for communal use streams are met at the end of the mine site mixing zone in the Kumtor River. The MAE and MAD permits are expected to be renewed for 2005 prior to their expiry dates.

KGC has also been paying an environmental protection tax since May 2002. This tax, the rate and method of determination of which are set by the Government of the Kyrgyz Republic as approved by the Kyrgyz Parliament, relates to the discharge and emission of hazardous substances and disposal of tailings and is applied towards a state environmental protection fund. The amount of this tax and related required payments are capped at \$310,000 per year.

In addition to the MAE and MAD permits, in January 2004 KOC received licence renewals relating to the disposal of toxic waste into the tailings disposal area of the Kumtor site. These licences are valid until January 2007.

A number of other certificates, permits and licences are required by various departments of the Government of the Kyrgyz Republic with respect to the use of potentially toxic chemicals, transportation of dangerous goods, importing of blasting materials and sodium cyanide and water usage. All such approvals are currently valid and in good standing.

As set out above, Centerra's environmental and safety commitments are outlined in the EMAP, which includes the regulations applicable to the Kumtor mine. The plan was updated in 1999 and is currently in the process of being further updated to reflect the maturing operations.

Cyanide Spill

In May 1998, a truck en route to the Kumtor gold mine accidentally overturned and spilled approximately 1,760 kilograms of sodium cyanide into the Barskaun River, which in turn drains into Lake Issyk-Kul. Following the accident, an independent scientific commission of international experts was assembled to assess the impact. The commission released its report to the public in September 1998 and, among other things, concluded that no fatalities resulted from the spill and that, based on reported cases where humans may have been affected within the first 72 hours, up to 16 cases of cyanide exposure may have occurred. However, the commission concluded that none of these exposure cases were confirmed and no medical evidence had been supplied to support these cases as being cyanide-related and that none of these potential cases were likely to experience long term effects. Despite the finding of the international experts, a separate commission established by the Prime Minister of the Kyrgyz Republic determined that damages as a result of the accident amounted to \$4.6 million. Subsequently, KGC reached a formal settlement agreement with the Government of the Kyrgyz Republic. In January 1999, the settlement agreement was submitted to a tribunal of the American Arbitration Association which reviewed the terms of settlement and confirmed them as fair and reasonable. This represents a final settlement of all claims or potential claims arising from the accident. Mine operations were not disturbed by the accident.

This incident resulted in extensive review of the mine's emergency response plan and its hazardous material transportation procedures by local authorities, lenders and KOC. A revised emergency response plan took effect December 1999. The Kumtor site has operated since this time without an incident necessitating implementation of the revised plan. KOC conducts at least six mock exercises on an annual basis to test different aspects of the emergency response plan including response time, effective communications and the skills of the emergency response team.

High Altitude Operations

Centerra's Kumtor operations are carried out at high altitudes. Centerra has a long history of understanding and responding to medical issues associated with high altitude activities. Centerra has a number of programs as well as highly trained personnel dedicated to ensuring that safe operating practices are carried out. Potential employees are screened carefully before they are hired to ensure health-related issues are identified in advance.

Decommissioning and Reclamation

Upon the completion of mining and milling at Kumtor (subject to extending Centerra's rights to mine other areas as provided under the Concession Agreement), all immovable infrastructure will become the property of the Government of the Kyrgyz Republic. This includes the roads, buildings, mill, accommodations and any other related facilities but does not include operating machinery. A decommissioning plan was developed as required by the EMAP and by IFC and EBRD.

The decommissioning plan covers all aspects of the mining project including the open pit, mill complex, tailings basin, stockpiles and other surface facilities. Equipment, buildings and other structures will be salvaged to the extent possible. All areas will be contoured to fit the natural terrain. The open pit will be left to fill with water and the tailings will be covered.

Re-vegetation will include establishing a quick vegetation cover where feasible for erosion control and helping the natural vegetation to reclaim the rehabilitated areas. This will be accomplished by seeding commercial annual grass-related mixtures and then leaving the areas to allow natural plant succession to occur.

In 1999, Centerra's future decommissioning and reclamation costs for the Kumtor mine were estimated to be approximately \$20 million. Any realized salvage value from the sale of plant machinery and equipment and other moveable assets after mining operations have ceased would be available to be applied against final reclamation costs, together with funds from the reclamation of working capital. In 1996, a reclamation trust fund was established for the future costs of reclamation, net of estimated salvage values of \$15 million. In order to fund this amount, contributions are made to the fund over the life of the mine based on ounces sold. At December 31, 2004, the balance in the fund was \$4.1 million, with the remaining \$1.4 million to be contributed over the remaining life of the mine.

Exploration Activities

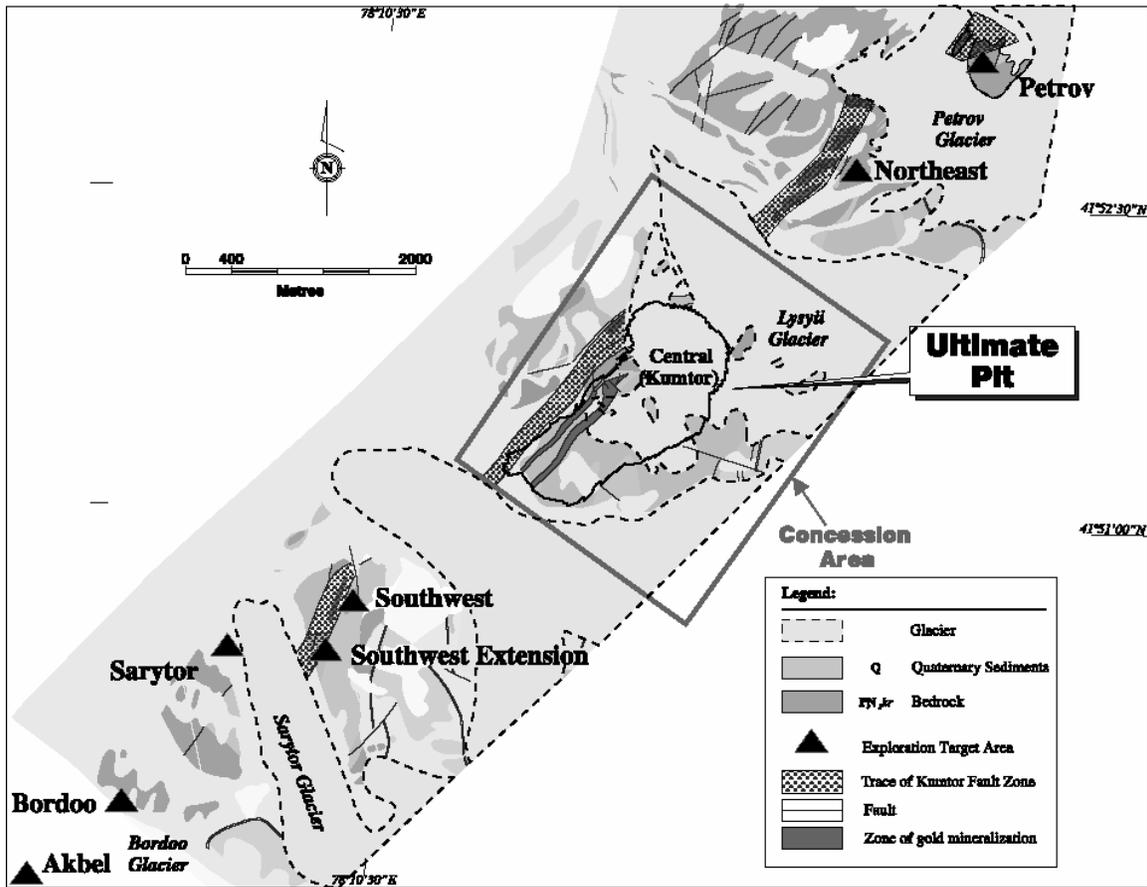
Exploration expenditures at Kumtor were \$7.1 million during 2004, of which Centerra's portion was \$6 million. Drilling programs were carried out in the vicinity of the open pit area to further evaluate the Kumtor orebody and consisted of 65 holes totaling 22,263 metres. Most of the new holes were drilled in a relatively untested area to the northeast of the pit and beneath the ultimate pit highwall. Other holes were drilled to test for mineralization in areas deemed prospective for expanding the higher grade underground resources.

A drilling program consisting of 66 holes totaling 12,684 metres was also completed in the Southwest Zone, which is a satellite deposit located about 2.5 kilometres from the Kumtor mill. The main focus of this program was to in-fill between existing holes to increase the confidence in the grade and continuity of the known mineralization. Several holes were also completed to extend the mineralization in the down dip direction where the deposit remains open.

Based on the drilling results to late November 2004 and a feasibility study completed by KOC, a portion of the Southwest Zone resources were upgraded to reserve status. This zone is now estimated to contain a probable reserve of 2.8 million tonnes with an average gold grade of 3.2 grams per tonne for a total of 283,000 ounces of contained gold. In addition to these reserves, indicated resources have been estimated at 1.2 million tonnes with an average gold grade of 3.8 grams per tonne for a total of 149,000 ounces. The reserves and resources for the Southwest Zone are included in the Kumtor reserve and resource estimates.

Aggressive exploration programs are planned for 2005. Additional drilling programs will be completed in the vicinity of the main Kumtor pit and the Southwest Zone with a focus on testing for strike and dip extensions to the mineralized horizons. A drilling program is also planned for the Sarytor area to in-fill between existing holes, and to better delineate and extend the known mineralized horizons. The Sarytor target area is located about one kilometre to the southwest of the Southwest Zone. Exploration programs will also continue in other target areas such as Bordoo and Akbel.

Kumtor Exploration Targets



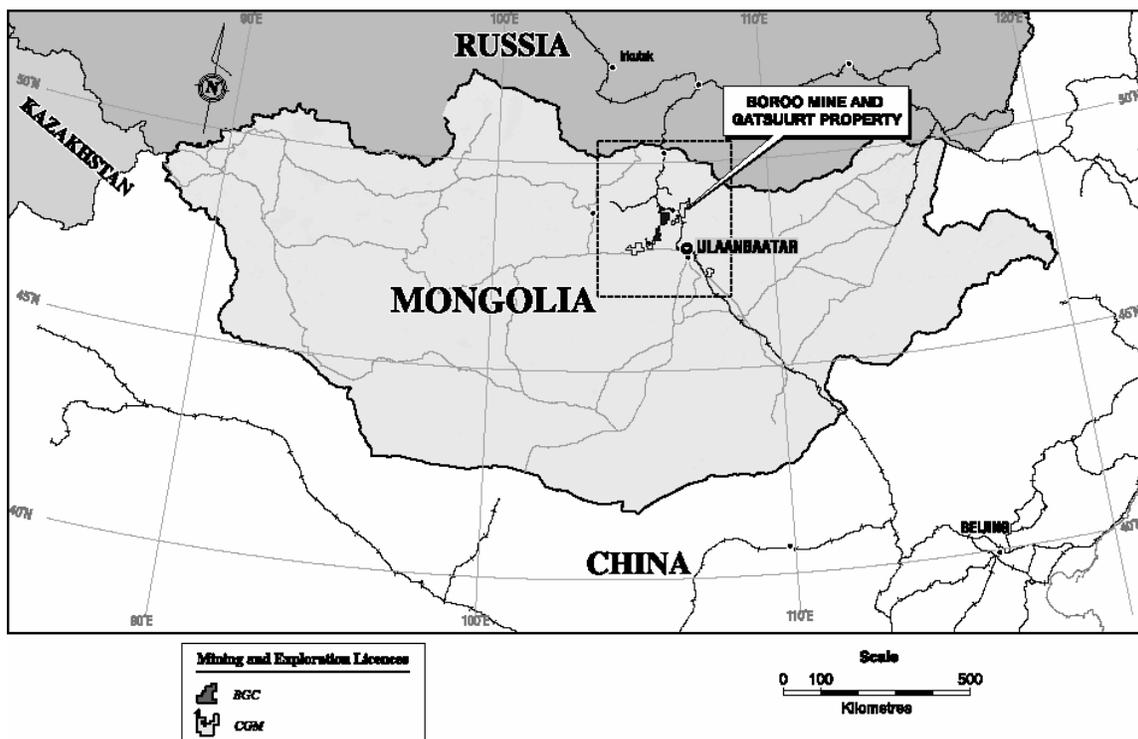
Boroo Mine Property

The Boroo open pit gold mine, located in Mongolia, is the first significant foreign investment in Mongolia for industrial development since 1979. The Boroo mill began the commissioning phase in November 2003 and the mine was brought into commercial production on March 1, 2004, producing 218,000 ounces of gold (excluding 28,000 ounces of gold produced during the commissioning period from January 1 to February 29, 2004) at a total cash cost of approximately \$149 per ounce.

Doing Business in Mongolia

Mongolia is a landlocked country in North East Asia, situated between Russia and the People's Republic of China, with a population of approximately 2.7 million. After independence from China in 1921, Mongolia became a satellite state of the Soviet Union and remained under a Communist regime until the mid-1980s. After pro-democracy protests, the country had its first multi-party elections in 1990 and adopted a new constitution in 1992. These changes were followed by periods of political and economic instability, but they also led to privatization of state assets, liberalization of trade and promotion of foreign investment. In 2000, the Mongolian People's Revolutionary Party ("MPRP") won a strong majority in the legislature. It continued many of the reform policies and focused on social welfare and public order priorities. In the June 2004 election the MPRP lost its majority but regained it in January, 2005 when several members of the coalition government joined the MPRP. The national currency is the tugrik.

Mongolia and Surrounding Area



Mongolian Legal Regime and Stability Agreement

Mongolian minerals legislation is principally governed by the Minerals Law of Mongolia (the “Minerals Law”), which was enacted in 1997. The Minerals Law provisions apply to activities and relationships with respect to the exploration for and mining of all types of mineral resources other than water, petroleum and natural gas, although there are other legislative enactments that apply to minerals.

The Minerals Law provides that all mineral resources in the country are the property of the state and that the state, through its agency the Mineral Resources Authority of Mongolia (“MRAM”), has the right to grant exploration and mining (exploitation) licences. The body responsible for governing title to all mining-related licences is the MRAM’s Office of Geological and Mining Cadaster (“OGMC”).

Exploration licences are granted to either Mongolian or foreign persons or companies on a first come-first served basis. These licences are valid for three years, with an option to extend for two additional terms of two years each. Exploration licence fees are payable at a rate of \$0.05 per hectare for the first year and \$0.10 per hectare for each of the second and third years. The fee per hectare is raised to \$1.00 following an initial renewal of the licence and becomes \$1.50 following a second renewal. The Minerals Law also imposes mining licence fees per hectare of \$5.00 for the first three years, \$7.50 for the fourth and fifth years and \$10.00 from the sixth year on. Every year, exploration licence holders must provide the OGMC with information including a plan of exploration activities and an annual report on exploration activities.

Under the Minerals Law, mining licences may only be issued to qualified legal persons under the laws of Mongolia. These entities may be foreign-owned. The initial term of a mining licence is 60 years and may be extended once for a further 40 years. Effective as of January 1, 2002, pursuant to the Permit Law of Mongolia, each minerals exploration licence and mining licence granted by the OGMC must be approved by the governor of the province in which such licence is located. Prior to the effective date of this law, there was no such requirement. The Minerals Law provides that the holder of an exploration licence has an absolute right to obtain a mining licence covering all or any portion of the exploration licence area subject to the approval of the provincial governor. The holder of a mining licence must prepare an environmental impact assessment and environmental protection plan either before or as soon as possible after receiving a licence and must comply with certain reporting requirements to the OGMC.

Centerra's Mongolian subsidiary BGC entered into a stability agreement (the "Stability Agreement") with the Mongolian government in 1998. This agreement, which was amended in 2000 and expires in 2013, relates to BGC's operations at the Boroo gold deposit. Among other things, the Stability Agreement required Centerra to invest a minimum of \$25 million in development of the site, a condition which it has already met.

In return, the Mongolian government has guaranteed that Mongolian tax laws in effect in 1998 (when the Stability Agreement was signed) will apply to BGC's income from the project, unless more favourable laws take effect and the Minister of Finance confirms that the more favourable laws apply.

The Stability Agreement also provides that BGC will be exempt from all income taxes for a period of three years following commencement of production and will be entitled to 50% tax relief for the subsequent three year period.

As of 1998, the Mongolian Business Income Tax Law imposed taxes on taxable income of business entities at the rate of 15% of taxable income up to 100 million tugriks (approximately \$90,000) and 40% of taxable income above this amount. Amendments to this law effective January 1, 2004 have reduced the generally applicable rates from 40% to 30% of taxable income above 100 million tugriks. BGC has received approval from the Mongolian Minister of Finance that this reduction in taxes applies to BGC. However, there can be no assurance that this application will be granted.

Thus, pursuant to the Stability Agreement, Mongolian income taxes payable by BGC with respect to its taxable income attributable to the Boroo project will be zero with respect to the three-year period from the commencement of production. For the subsequent three-year period, BGC will be subject to tax at a maximum rate of 7.5% of taxable income up to 100 million tugriks and 15% of taxable income above this amount. Following the expiry of this period, the maximum applicable rates will be revised to equal 15% of taxable income up to 100 million tugriks and 30% of taxable income above this amount.

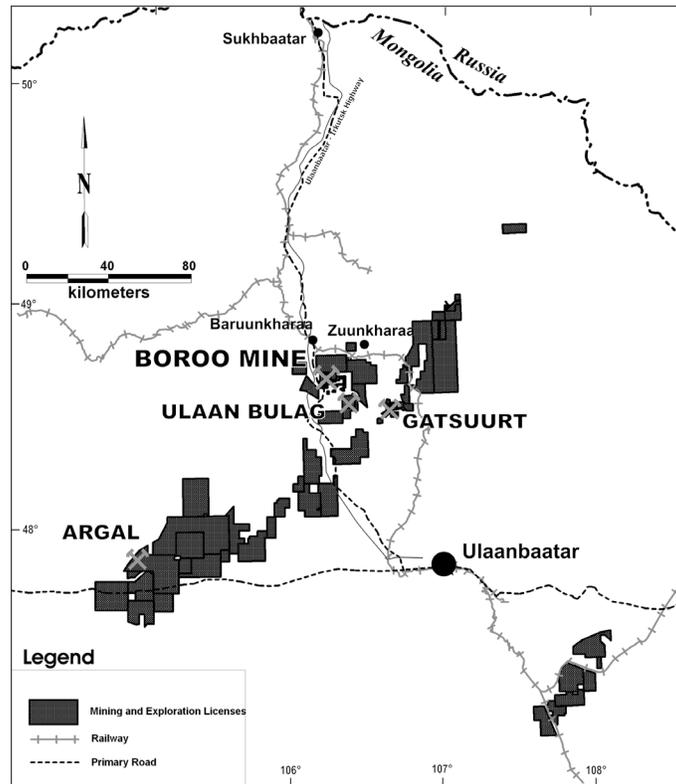
Because the Stability Agreement does not relate to the Gatsuurt property, it will be necessary to negotiate similar arrangements with the Mongolian government before development is commenced at Gatsuurt.

Centerra has agreed to reimburse the Government of Mongolia for certain prior exploration expenditures. At the end of 2004, the remaining balance of these payments was approximately \$1.4 million, payable in quarterly instalments to September 2007.

Property Description and Location

The Boroo gold project is located in the Republic of Mongolia some 110 kilometres to the northwest of the capital city of Ulaanbaatar and about 230 kilometres to the south of the international boundary with Russia, at 48°45' N and 106°10' E.

BGC and CGM Mining and Exploration Licences and Boroo Mine and Gatsuurt Property Location



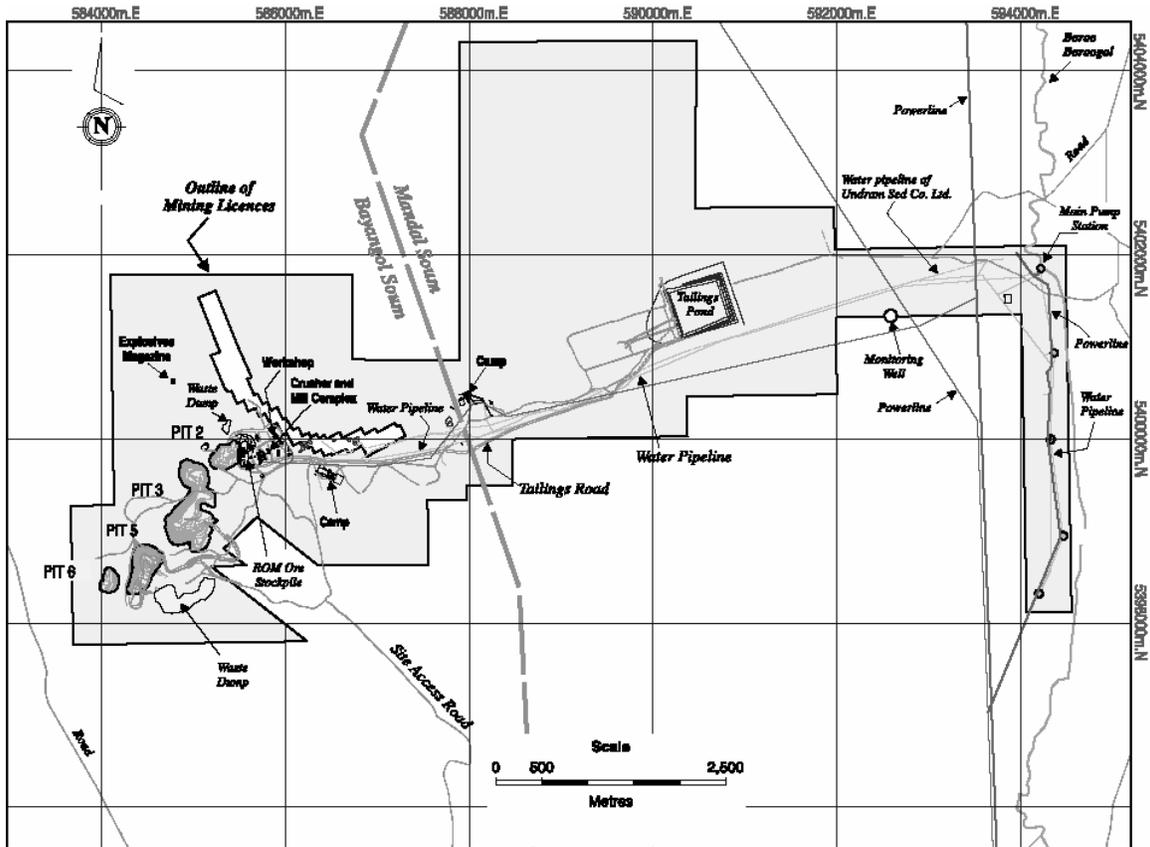
MRAM has granted BGC the exclusive rights to all hard-rock minerals and placer deposits under eleven contiguous mining licences, which cover 5,512 hectares of land centred on and surrounding the Boroo gold deposit. The licences expire between 2055 and 2064 and the total annual licence fees are approximately \$42,000. The licences are located in roughly equal measure in the counties of Bayangol and Mandal, situated in the province of Selenge. BGC and CGM also hold a number of exploration licences covering 56,166 hectares of land surrounding the Boroo mining licences (as of November 30, 2004). These exploration licences expire between 2006 and 2010 and the total annual licence fees are currently approximately \$42,000.

Surface rights have been negotiated with the counties, providing sufficient surface area for the mill, for tailings and waste rock disposal. An order of the governor of Bayangol dated November 11, 2003 provides BGC with the use of 1,452 hectares for 10 years for an annual royalty payment of approximately \$10,000, based on current exchange rates. A similar order from the governor of Mandal dated November 5, 2003 provides BGC with the use of 274 hectares for 10 years for an annual royalty payment of approximately \$3,400. Contracts are in place for the operation of the permanent camp, reagent storage, mining of aggregate materials, fuel storage, operation of a fuel dispensing station and the building of the tailings dam. BGC must pay a 2.5% royalty on gold and silver sales to the Mongolian government as well as a 50% net profit royalty to Altai in respect of gold production from alluvial operations on the licence covering the Ikh Dashir deposit.

The Boroo mine site includes an open pit mine with waste and ore stockpile areas. Ore is processed at a crusher and mill with a capacity of 5,000 tonnes per day. There is a camp/residence for employees, a warehouse, maintenance shops and offices.

A permanent tailings facility in the Ikh Dashir valley is connected to the process plant by a five-kilometre pipeline. The tailings storage facility is designed for no discharge, with all of the water being reclaimed for re-use in the mill. This facility received government approval in 2003. The bottom of the tailings facility was sealed with a compacted clay liner and a HDPE liner on all embankments. The design of the tailings facility provides an ultimate capacity of 10 million cubic metres, sufficient for the tonnage to be mined for the entire life of mine. The height of the dam retaining the tailings facility will be increased yearly until 2007. In 2004, Centerra spent approximately \$2.8 million to construct an extension to Centerra's tailings dam.

Boroo Mine Site Infrastructure



The mining plan for 2005 has been submitted for approval to the State Special Inspectorate Agency, Mining Division and MRAM. Centerra expects the mining plan to be approved prior to the end of the first quarter of 2005. All permits and licences required for the conduct of mining operations at Boroo are currently in good standing. Some of these permits are with Mongolian state agencies and some are with the other local agencies and authorities. The Mongolian authorities have been cooperative in providing permits as required and it is anticipated that this cooperation will continue given the importance of the Boroo mine to the local economy.

Site Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Boroo mine site is easily reached in just over two hours from Ulaanbaatar by traveling northward on the paved Ulaanbaatar-Irkutsk highway for about 130 kilometres, then on an improved all-weather road east of the highway for about 10 kilometres. The railroad town of Baruunkharaa is located about 20 kilometres north of the junction of the all-weather road with the Ulaanbaatar-Irkutsk highway. Ulaanbaatar is served by commercial aircraft connecting to national and international destinations.

The Boroo area is sparsely populated, inhabited mainly by nomadic herdsman living in single-family camps on rural land or in small villages. The Trans-Mongolian railway that links Ulaanbaatar with Irkutsk and Beijing passes within 20 kilometres of the Boroo gold deposit.

The project is situated in an area of rolling hills, largely covered by grasslands but with small discontinuous forests of birch and alder trees on north facing slopes. The average elevation is about 1,200 metres above sea level. Boroo (‘‘gol’’ meaning river) is the main drainage system in the area and flows northward into the Kharaagol, a major river that continues northward into Russia and ultimately into Lake Baikal. The Ikh Dashir valley, which originates in the area of the Boroo deposit and is host to placer gold resources, is a mostly dry western tributary of the Boroo.

North-central Mongolia is semi-arid with a continental climate. It is a land of extreme seasonal and daily temperature variations. Winter temperatures can dip to minus 40 degrees Celsius while summer temperatures may exceed plus 40 degrees Celsius. The mean annual temperature is about zero degrees Celsius, but there is no permafrost in the Boroo area. The dry continental climate of northern Mongolia results in the Boroo region having more than 300 days of sunshine each year and only a light snow cover in winter. The area receives about 25 cm of precipitation per year, most as rain during the rainy season of July and August.

The operating conditions resemble those that might be found in northern Alberta or the southern parts of the western Northwest Territories, although perhaps somewhat drier. Boroo is a 365 day-per-year operation.

The mine site is served by the Mongol national power grid via a 110-kVA line that connects to a 110 kilovolt overhead power line. Centerra also maintains emergency generators capable of supplying power required for ancillary services in case of power outages. Fresh water is taken from five wells that tap into the water table in the Boroogol valley. These wells provide sufficient water for the mine's operations.

History and Financing

The Boroo deposit was reportedly discovered in 1910. Industrial mining began shortly thereafter but ended in the 1920s when the facilities were destroyed during a civil war. Mining resumed in 1933, when the gold potential of the area was again investigated. A gold refinery was installed in 1942 that treated gold from the mining of a number of individual, near-surface quartz veins. There are no production records from this time. Events in the ensuing years until the mid-1960s remain undocumented.

Prospecting activities between 1965 and 1969 led to the recognition of Boroo's potential as a bulk-mineable deposit and ultimately to a program of detailed field evaluation and reserve estimation by a joint East German-Mongolian Geological Expedition from 1982 to 1990 (the "Joint Expedition"). The Joint Expedition was terminated in 1991 following German reunification.

From 1991 to 1994, the concession was controlled by the Boroo Gold Mining Joint Venture comprised of Mongol Erdene of the Mining Bureau of the Government of Mongolia and Morrison Knudsen Exploration ("MKE"), an affiliate of the Morrison-Knudsen Gold Company. In 1994, MKE engaged the Simons Mining Group to prepare a feasibility study that investigated a heap leach and a combined heap leach/treatment plant option. MKE allowed the joint venture to lapse due to unsatisfactory project economics. Altai was granted the Boroo licences in July 1996.

BGC was established in 1997 as an equal joint venture between Altai and the London-based Asia Mining Investment Corporation to develop the Boroo deposit. At the end of 1998, AGR acquired an 85% interest in BMMC, a Bahamian company that is the sole shareholder of BGC. The remaining 15% was held by Altai. Shortly after acquiring its interest in BGC, AGR completed a feasibility study in 1999. In August 2000, AGR purchased two-thirds of Altai's shares, leaving Altai with a 5% interest in BGC.

On March 5, 2002, Cameco Gold acquired an initial 52% interest in AGR for \$12 million in cash and the issuance of a \$4.8 million promissory note. The \$4.8 million promissory note was satisfied by Cameco Gold through the indirect transfer of 61% of its interest in the Noyon licences in Mongolia, which includes the Gatsuurt exploration property, to AGR. Cameco Gold acquired an initial interest in Gatsuurt in August 1997 and subsequently acquired 100% of the Noyon licences in October 2001 from Cascadia LLC. Subsequent to the acquisition of its initial interest in AGR, Cameco Gold increased its interest in AGR to 100%.

The Boroo mill began the commissioning phase in November 2003 and the mine was brought into commercial production on March 1, 2004. The Boroo mine produced approximately 218,000 ounces of gold in 2004 (excluding 28,000 ounces of gold produced during the commissioning period from January 1 to February 29, 2004). Centerra Gold Inc. acquired Cameco Gold's interest in AGR on April 1, 2004 as part of the reorganization of Cameco's gold business.

The development of the Boroo mine at a total cost of approximately \$75 million was financed by Centerra's wholly-owned subsidiary CBI through a \$69 million unsecured loan facility with AGR which has been almost entirely drawn, together with a portion of the original equity investment. Interest accrues on the outstanding amount of the facility at a rate equal to 3-month LIBOR plus 3.5% per annum. AGR also incurred a facility fee in the sum of \$1.4 million to CBI, which is capitalized under the facility and paid as part of the quarterly installments.

Geological Setting

The structural setting of north-central Mongolia is dominated by several northeasterly striking strike-slip faults of regional extent that are considered terrane-bounding in nature and may have tens of kilometres of cumulative sinistral displacement. The Gatsuurt deposit is hosted by one of these, the Yeroogol Fault, while the Boroo gold deposits are interpreted to be located near a second-order, northwesterly striking sympathetic structure locally termed the “Highway Fault”.

The bedrock geology of the Boroo area is dominated by the folded Haraa sediments, a fairly monotonous sequence of flysch sediments consisting of siltstone, sandstone and greywacke. These rocks are of regional extent and are interpreted to be of Late Proterozoic to Lower Paleozoic age. Intrusive rocks of the Boroo complex, of early Paleozoic age, have intruded the sediments. The Boroo complex is represented by leucocratic granite and granodiorite. Detailed drilling around the Boroo gold deposits shows that the contacts between the intrusive and the sedimentary rocks are highly irregular, with sedimentary xenoliths floating in the intrusive rocks in the border zone. A significantly younger igneous event of probably late Paleozoic age is restricted to narrow dikes and fissures of granitic to dioritic composition.

Much of the general area around the mine is covered by overburden that can reach several tens of metres in thickness and that consists of colluvium and loess as well as minor alluvium deposited in head water drainages. The alluvial deposits can contain significant gold placer deposits. In addition, the colluvium deriving from Zone 3 of the mine also contains placer resources.

Oxidation has affected the rocks in the area to a depth of 40 to 60 metres. Oxidation is accompanied by kaolinization of the feldspar crystals in the granitic rocks, with the rocks retaining most of their original strength even near-surface.

Mineralization

Bulk-mineable gold mineralization at Boroo is controlled by a northerly trending structure interpreted as a thrust fault that is nearly flat or dips at a low angle to the west. There is a question as to whether there is more than one such structure. While this question remains unresolved, some of the deep holes drilled during the Joint Expedition program have given indications of similar mineralized thrust structures at depth.

The main low-angle fault is variously altered and mineralized and where these features are strongest, individual deposits are formed. These are termed, from north to south, Zones 2, 3, 5 and 6. Mining has started at Zone 2 and Zone 5 and Zone 3 is being pre-stripped. All of the deposits are elongated in a northeasterly direction, with a length to width ratio of about two to one. Individual dimensions are:

Zone	Metres
2	350 by 200
3	900 by 400
5	400 by 200
6	300 by 150

Grade-thickness contours show the same overall elongation, probably caused more by the width than by the gold grade, with the stacking of multiple, superimposed zones of alteration and mineralization responsible for the thicker parts. The thickness of the individual deposits thus varies from a few metres at the deposit edges to several tens of metres and averages around 20 to 30 metres except for Zones 5 and 6, which are closer to 10 metres.

Two main types of alteration and mineralization have been noted:

- Gold-sulphide zones host the largest proportion of gold mineralization at Boroo. This type manifests itself as an earlier, gold-pyrite-arsenopyrite-quartz phase that occurs in thin, irregular veinlets, less often in breccia zones, and disseminated within a pervasive zone of quartz-sericite alteration (“beresite” in the Soviet nomenclature). This earlier type is overprinted, and locally completely replaced, by a carbonate-bearing phase that is also quartz-sericite

dominated and contains disseminated sulphides. It appears that the gold in this mineralization is relatively fine-grained. The overall intensity of the beresite alteration changes within the individual mineralized zones; and

- The second major gold bearing facies are massive, white quartz-sulphide veins in which gold is commonly coarse-grained. From a volume point of view, this type is subordinate, but can carry very high values of up to several hundred grams per tonne.

The sulphide content in both types is relatively low, typically a few percent. Geochemical assay results on drill core indicates that arsenic is highly anomalous (up to 21,500 parts per million), but a positive correlation with gold is restricted to gold values up to about 2.0 grams per tonne. Sulphur shows the same pattern, being noticeably lower in the higher gold grade ranges. Silver values are generally low and are not obviously correlated with gold, with most samples below the detection limit of 2.0 grams per tonne. Silver values can be higher in the quartz veins.

Given their very different macroscopic and geochemical character, the two types of mineralization/alteration are strongly suspected to have different gold grade distribution patterns.

The degree of oxidation is an important economic parameter at Boroo, as the gold in the fresh ore has a refractory component that limits the metallurgical recovery. Three facies of oxidation have been defined. In the oxide zone, sulphides are completely or predominantly oxidized and the feldspars in the granitic rocks have been partly or completely altered to kaolin. In the transition zone, kaolinization of the feldspars is partial and the original sulphides survive in the core of oxidized grains. This process has liberated enough of the gold that metallurgical recoveries are nearly as high as in the overlying oxide zone. In the fresh zone, there is no discernable oxidation in the drill core or in the reverse circulation ("RC") chips.

Historical Exploration and Drilling

The sampling database used for the Boroo reserve and resource estimates prior to mining consisted of a total of 713 diamond drill and RC drill holes totaling 52,060 metres drilled through November 2002. Additional drilling was conducted from November 2002 until October 2004, resulting in a further 336 RC drill holes and 17 diamond drill holes totaling 25,900 metres being added to the sampling database that was used in the current reserve and resource estimates. During November and December, 2004, an additional 119 RC drill holes and 1 diamond drill hole, totaling 10,386 metres were completed and will be incorporated in the next resource model.

Diamond drilling was conducted between 1982 and 1999, the majority of which was done by the Joint Expedition from 1982 to 1988. The Joint Expedition produced a total of 343 holes totaling 28,431 metres. The deposit area was drilled using vertical core holes on an 80-metre by 80-metre grid with in-fill drilling to a density of 40 metres by 40 metres and even 40 metres by 20 metres in two areas along the eastern edge of the areas of interest.

BGC drilled a total of 339 RC holes totaling 21,042 metres in 1999 and 2002 and a total of 36 diamond drill holes totaling 2,587 metres in 1997 and 1999. In 1999, 162 holes were drilled to establish the continuity of mineralization and to provide a geostatistical basis for the mineral resource estimation process. In 2002 through 2004, a further 473 holes of RC and diamond drilling was completed to in-fill and further define the limits of the deposit.

While the investigations at Boroo prior to 2002 consisted predominantly of surface drilling, a small ground magnetics survey and to some extent underground cross-cutting, it was only since 2002 that other exploration methods were more systematically being employed. The area of known mineralization was covered by induced polarization surveys to more fully understand the geophysical signature of the mineralization and a substantial stream sediment geochemical survey was undertaken that covered the general Boroo area in search of additional mineral deposits.

Sampling and Analysis

During the Joint Expedition, the samples produced from drill core or underground openings were submitted to the Central Laboratory in Ulaanbaatar. A rigorous check assaying regime was maintained, involving the systematic submission of duplicate samples amounting to 5 to 10% of the total sample stream to three outside laboratories, all of them in the former East Germany. The methods applied reflect historical and current industry standards and there have been no obvious negative issues identified.

There are some uncertainties with the assay database created during the various drill programs at Boroo that pertain mainly to the precision of the assay results, both for the early Joint Expedition diamond drill holes and for the later RC holes, with precision being a measure of the ability of the laboratory to reproduce the same result. This is largely due to the erratic distribution of relatively coarse gold in the Boroo mineralization, which in turn is evidenced by the recovery of 30% to 40% of the gold in the ore treated to date in the gravity circuit of the Boroo mill.

All individual assay results in the Boroo database thus appear to have a relatively large variance due to sample error because of the distributions of free gold. Local grade estimation based on only a few assays is therefore unreliable. The application of a cut-off grade, based on assays alone, is particularly affected by this uncertainty. The only bias identified is artificial and is caused by the insertion of 0.3 and 0.8 grams per tonne gold values into the lost core intervals of the Joint Expedition drill holes.

Some of the later drill programs did not follow current quality assurance/quality control industry practices. Indirect evidence, however, supports the accuracy of the various analytical results throughout the many drill campaigns. There is therefore no indication of any large assay bias (either high or low) in the various assay populations. Consequently, the variances of the individual assay results during grade estimation on a larger scale, using many individual assays, will cancel out and will not impart any bias on the estimation results.

During 2004, a quality assurance-quality control program was initiated that uses the routine insertion of standards into the analytical stream to monitor the performance of the laboratory.

Data Verification

The resource database generated prior to 2002 has been validated several times during due diligence reviews. While a few clerical errors persisted, they were not of a type that would have a noticeable effect on the outcome of the prior resource estimate. Additions to the sampling database during 2002 through 2004 drilling programs have been managed by CGM and /or BGC staff, with routine checks to verify the accuracy of the database.

The treatment of the lost core intervals of the Joint Expedition drill holes required further verification. Historically, there were two mineralized envelopes at Boroo, an outer envelope using a 0.3 grams per tonne gold grade and an inner envelope using a 0.8 grams per tonne gold grade. Prior to 2004, the resource database was changed to assign a value of 0.3 grams per tonne if a core loss interval falls into the 0.3 grams per tonne envelope and to assign a value of 0.8 grams per tonne if the missing interval falls into the 0.8 grams per tonne envelope.

During 2004, Geostat Systems International Inc. (“Geostat”) completed an analysis of the treatment of core loss intervals and concluded that assigning artificial values to these intervals is overly conservative. Geostat’s recommendation was not to assign any values to the core loss intervals and the database was treated accordingly for the reserve and resource estimates completed during 2004.

Boroo Reserve and Resource Estimates

During December 2004, Geostat updated the existing resource block model with drilling results that were available as of late October 2004. Based on the updated block model, the mineral reserves and resources were prepared by Centerra staff under the supervision of Robert Chapman, who is the qualified person for Centerra, in accordance with Canadian reporting standards as required by NI 43-101. In preparing reserve and resource estimates for the Boroo project, Centerra used a block model approach in which a 0.8 grams per tonne gold grade envelope was employed as a primary guide to define ore shapes.

The resource estimate relies on a drill hole spacing of 40 metres by 40 metres. A bulk density model was built by Geostat using nearly 2000 actual core measurements. After producing correlograms (a variety of the variogram), the density data were kriged using a search ellipsoid of 100 by 100 by 50 metres.

Geostat used cumulative frequency plots and a percentile-based statistical approach to establish upper capping levels for Boroo gold assays. The resulting capping levels were established at 35 grams per tonne in Zone 2, 45 grams per tonne in Zone 3 and Zone 6, and 90 grams per tonne in Zone 5, and were used to restrict the high grade outlier samples. Following adjustments for the outlier gold values, the assays were bench composited, with the bench height set at the actual mining dimension of 2.5 metres. The grade continuity of the bench composite in each zone was evaluated using correlograms.

The capped bench composites were used to interpolate a gold grade into the blocks of the block model by ordinary kriging using the variography results. The kriged results were then adjusted to account for dilution and uncertainties anticipated by using blast hole sampling for grade control when mining.

The approach taken by Geostat attempts to provide a fully diluted block model for pit optimization and pit planning.

Mineral Reserves Estimate

The current pit design was produced by Centerra staff based on the Geostat resource model. The pit design parameters assume a gold price of \$375 per ounce, and decreasing operating costs over the mine life ranging from operating costs of \$0.83 to \$0.68 per tonne of ore and waste mined, \$6.78 to \$6.03 per tonne of ore milled and general and administrative costs of \$6.52 to \$3.79 per tonne milled. Metallurgical recoveries used in the pit optimization are 95% for oxidized ore, 90.5% for transitional ore and 77% for fresh ore.

The mineral reserves are reported at incremental cut-off grades that take into account the changes in metallurgical recovery with oxidation category. They were calculated at 0.9 grams per tonne gold for oxide ore, 0.9 grams per tonne for transitional ore and 1.1 grams per tonne for fresh ore.

Centerra estimated the reserves within the ultimate pit design. The following table sets out the Boroo mineral reserves estimate as of December 31, 2004.

Boroo Reserves at December 31, 2004

CATEGORY	<u>Contained</u>		
	<u>Tonnes</u> (thousands)	<u>Gold</u> (g/t)	<u>Gold</u> <u>Ounces</u> (thousands)
Proven			
Stockpiles.....	334	1.4	15
Pit 2	496	3.3	52
Probable			
Pit 3	8,967	2.9	818
Pit 5	1,149	5.7	210
Pit 6	<u>865</u>	<u>2.7</u>	<u>76</u>
Total Reserves	<u>11,811</u>	<u>3.1</u>	<u>1,172</u>

The small in-situ tonnage remaining in Pit 2 and the 2004 year-end stockpile are classified as proven reserves. The remaining in-situ reserves as summarized in the table above have been classified as probable in accordance with NI 43-101. The reserves have also been classified into the various weathering categories with the results that about 32% of the reserves is oxidized ore, 46% is transitional ore and 22% is fresh ore.

During 2004, the resource model was reconciled to the grade control model with the result that the estimation methodology was modified to better reflect the results of the closer spaced blast hole database. The accuracy of the Boroo resource estimates will be further assessed through a careful reconciliation between mineral reserves and mill production. Because of the short operating history, no firm judgment is as yet possible, but the results to year-end 2004 based on milled ores from Pit 2 and Pit 5 indicate that the resource model may be underpredicting the grade of the ore blocks.

The reserve statement for December 31, 2003, prior to the production in 2004, estimated probable reserves of 10.2 million tonnes at an average gold grade of 3.5 grams per tonne for a total of 1.2 million contained ounces of gold. This compares favourably with the December 31, 2004 reserves estimate. The changes to the reserve base during 2004, including a higher gold price and decreasing operating costs, have essentially replaced the ore fed to the mill during 2004 and have extended the Boroo mine life by about one year.

Mineral Resources Estimate

Not all of the mineral resources were depleted by the reserve estimation process. Beyond the limits of the updated pit designs, the resource blocks exceeding the cut-off grades noted above are classified as indicated resources if they are located between the limits of the reserve pit designs and larger unengineered pit shells, and as inferred resources if they occur below the larger pit shells.

The table below sets out mineral resources in addition to reserves as of December 31, 2004:

Boroo Resources as of December 31, 2004

<u>Category</u> <u>Resources</u>	<u>Oxide</u>		<u>Transition</u>		<u>Fresh</u>		<u>Total</u>		<u>Contained Gold</u>
	<u>Tonnes</u> <u>(thousands)</u>	<u>Gold</u> <u>(g/t)</u>	<u>Tonnes</u> <u>(thousands)</u>	<u>Gold</u> <u>(g/t)</u>	<u>Tonnes</u> <u>(thousands)</u>	<u>Gold</u> <u>(g/t)</u>	<u>Tonnes</u> <u>(thousands)</u>	<u>Gold</u> <u>(g/t)</u>	<u>Ounces</u> <u>(thousands)</u>
Total Indicated	<u>280</u>	<u>2.3</u>	<u>758</u>	<u>2.3</u>	<u>1,557</u>	<u>2.3</u>	<u>2,595</u>	<u>2.3</u>	<u>194</u>
Total Inferred	<u>198</u>	<u>1.3</u>	<u>598</u>	<u>1.7</u>	<u>2,419</u>	<u>2.0</u>	<u>3,215</u>	<u>1.9</u>	<u>193</u>

Mining Operations

Mining

The Boroo mining operations are based on conventional open-pit methods to mine 5,000 tonnes per day of ore. Mining commenced in November 2003 with the initial ore for processing coming from Pit 2 followed by ore from the higher-grade Pit 5 later in the year. Mining is done with bench heights of five metres, with ore mined on half-benches for improved grade control in the flat lying ore. Waste tonnage is initially higher than indicated by the life of mine strip ratio of 3.9 and will incrementally decrease from 30,000 tonnes per day in 2004 over the mine life.

The mine operates two twelve-hour shifts, seven days per week. Blast hole drilling is carried out with two rotary-percussion drill rigs, with holes of 115 millimetre diameter drilled on a 4 metre by 4 metre pattern, with wider spacing in the waste. Bulk explosives trucks blend ammonium nitrate with fuel oil as each hole is loaded.

Grade control is by sampling of the blast hole cuttings. The blast hole assay data are determined at a laboratory in Ulaanbaatar and are combined into an ore control model that is used to determine the boundaries for the various ore, stockpile and waste categories and to estimate the monthly pit production.

The principal rock handling equipment includes two hydraulic excavators and eight 50-tonne haul trucks. Additional haul trucks were temporarily added to the fleet in 2004 for tailings dam construction. The waste rock mined is deposited on waste dumps immediately adjacent to the individual pits.

Additional mining equipment includes two large front-end loaders for ore handling and blending, three tracked dozers for the maintenance of waste dumps and benches and two graders for the maintenance of the roads and bench floors.

Current mining operations are below the water table in Zone 2 and this is expected to be encountered in Zone 5. Drill hole information indicates that water occurs in individual perched lenses rather than as a continuous water table.

Boroo has a total of approximately 500 employees. The proportion of Mongolian citizens in the permanent workforce is approximately 90% and training programs have been implemented to further the capabilities of those employees in their current placements and to prepare them for career advancement. This reflects a policy of increasing the percentage of Centerra’s employees who are citizens of Mongolia.

Milling

The selected flowsheet for Boroo ore is a standard layout that consists of crushing, grinding, gravity concentration, cyanide leaching and gold recovery in a carbon-in-pulp (“CIP”) circuit.

A jaw crusher reduces the ore to 100% minus 20 centimetres. The crushed ore is fed directly to a semi-autogenous mill (8.5-metre diameter) or to a temporary coarse ore stockpile from which it can be reclaimed during crusher maintenance. Cyclones part the ore into two streams, with the cyclone underflow reporting to the ball mill. About 17% of the total cyclone underflow reports to the gravity circuit, which consists of two 750-millimetre Knelson concentrators followed by an Acacia reactor where the gravity-recovered gold is leached in high cyanide solution.

The cyclone overflow is thickened prior to the leaching circuit that consists of two pre-leach tanks where air is injected, followed by six CIP tanks. Gold in solution from the leaching circuit is recovered on the carbon in the CIP circuit and subsequently stripped from the carbon and again put in solution to be recovered by electrowinning, followed by smelting and the production of a doré bar.

The tailings after processing of the ore have an average grade of 0.1 grams per tonne gold and are detoxified to meet a target cyanide level of one part per million using a modified INCO air-sulphur-dioxide process. Heavy metals are removed by treatment with ferric sulphate. The tailings are discharged by gravity to the permanent tailings facility five kilometres from the process plant.

The mill was designed with a capacity to process 1.8 million tonnes of ore per year (5,000 tonnes per day) and has consistently exceeded design throughput to date. The gravity circuit recovers about 30% to 40% of the gold contained in the ore and the overall gold recovery has been 94%, in accordance with the expectations based on the metallurgical testwork.

Production History

The Boroo mill began the commissioning phase in November 2003 and the mine was brought into commercial production on March 1, 2004, producing 218,000 ounces of gold through December 31, 2004 (excluding 28,000 ounces of gold produced during the commissioning period from January 1 to February 29, 2004). Through December 31, 2004, a total of 1,963,000 tonnes of ore had been milled and total gold recovered was 250,000 ounces. In addition, 15,446,000 tonnes of waste had been mined for an overall strip ratio of 7.6 to 1.

Annual production data for the last two years are set out in the table below:

Boroo Production			
	<u>2003</u>	<u>2004</u>	
Mining			
Ore mined (thousands of tonnes).....	145	1,884	
Strip ratio	24.6	6.2	
Waste mined (thousands of tonnes).....	3,561	11,885	
Stockpile movement (thousands of tonnes).....	32	303	⁽¹⁾
Milling			
Ore fed to mill (thousands of tonnes).....	113	1,850	
Grade (g/t).....	2.94	4.52	
Recovery (%)	97.0	93.7	
Gold recovered (thousands of ounces)	10	252	
Gold poured (thousands of ounces)	4	246	
Gold sold (thousands of ounces).....	0	242	

⁽¹⁾ The sub-grade stockpile of 268,000 tonnes is considered ore as it meets the economic cut-off grade determined for year-end reserves.

Historic Cost Performance

The following table sets out historic cost performance for the Boroo mine from the beginning of commercial operations through December 31, 2004.

Boroo Cost Performance

	March 1 to December 31, 2004
Annual Operating Costs (\$ millions)	
Mining.....	9.4
Milling	11.6
Site administration.....	3.2
Ulaan Batar administration.....	6.1
Production taxes and royalties.....	2.2
Other	-
Total operating costs	32.5
Unit operating costs	
Mining costs (\$/t mined material)	0.80
Milling costs (\$/t milled material).....	7.20
Total operating costs (\$/t milled material).....	20.28
Total cash costs (\$/oz).....	149

Historic Project Costs

Boroo project costs consist of sustaining capital and exploration expense.

Boroo Project Costs

(\$ millions)	<u>2004</u>
Sustaining capital	7.0
Additional capital.....	-
Exploration expense.....	0.9
Total project costs	7.9

Gold Sales

All gold doré produced by the Boroo mine is currently exported and refined under a contract with Johnson Matthey plc (“JM”). The terms provide that:

- gold is delivered to JM at the minesite and JM assumes the risk relating to security and transport and responsibility for insurance from that point to the JM refinery in Ontario;
- gold is refined by JM to meet specific percentages of metal content and levels of purity; and
- BGC may elect to take physical delivery of the refined gold or to sell it to JM with an option to receive up to 95% of its estimated value based on mine site assays within two working days of delivery to the refinery, with the balance following agreement on assays.

Environmental, Health and Safety Matters

BGC has the necessary environmental permits and licences for the Boroo mine. Boroo’s Environmental Impact Assessment and Environmental Monitoring and Protection Plans have been approved by the Mongolian government. Licences for the import, storage, use and disposal of reagents and chemicals are in place and include permits for the import, transport, use and on-site storage of cyanide.

Some of the permits that have been issued for the Boroo mine are for the forecast mine life, others are for three years and others have to be renewed annually. Among the latter are the provincial licences for the import, storage, use and disposal of reagents and chemicals, environment monitoring reports and plans, the mine plan and the health and safety plan. Permits that are issued by the Mongolian state agencies for an initial period of three years include the letter of authorization to mine and the permits for the importation, transport, storage and use of cyanide.

BGC has developed an Environment Management System to address the impacts of the Boroo operation on the environment and to monitor compliance with the various permits issued by the state and provincial authorities. The system provides scheduled monitoring, engineering controls and reporting on the following areas: tailings management facility; mill site and mine waste dumps effluents; acid generation potential testing; dust control; spill incidents on site and off site; hazardous materials handling; environment impact monitoring; planning for site decommissioning and rehabilitation; potable water treatment system; sewage operation; and landfill operation and inventory.

Decommissioning and Reclamation

An approved closure plan has been prepared for the Boroo mine and is currently being reviewed by Mongolian authorities. The initial estimate of the costs of decommissioning and reclamation for the Boroo mine is \$2.7 million.

A reclamation trust fund has not yet been established but Centerra has commenced discussions with governmental authorities about putting such an arrangement in place.

Exploration Activities

Exploration expenditures at the mine site were about \$0.9 million in 2004 and activities largely consisted of several drilling programs totaling 232 holes and 24,264 metres. The drill programs comprised in-fill holes to provide a higher confidence level in the continuity and the grade of the orebody, and exploration holes around the periphery of the designed pits to test for down dip extensions to the mineralization or for additional mineralization between the pits. Most of these drill holes were incorporated into the updated reserve and resource estimates completed during December 2004. Several reconnaissance holes were also drilled to follow up on a geological and geophysical target about 2.0 kilometres to the northeast of Pit 2.

In 2005, exploration and drilling programs will continue to test for additional mineralization along the peripheries of, and between, the designed open pits. Additional drilling is also planned to test other geological and geophysical targets in close proximity to the Boroo deposit.

Also during 2005, mining could be initiated at the Ikh Dashir placer deposit which is located immediately adjacent to Pit 3. This deposit was originally evaluated by the Joint Expedition and found to contain economic reserves of 2.8 million cubic metres with an average gold grade of 1.7 grams per cubic metre (or about 0.8 to 0.9 grams per tonne, just at the level of the cut-off grade for sub-grade material). Centerra estimates that approximately 60% of the original reserves, or 90,000 ounces, is still available for mining. While this estimate has not been prepared in accordance with current mineral reserve reporting requirements, this colluvial placer represents a potential resource as parts of the placer will have to be removed during pre-stripping of Zone 3. Detailed grade control drilling at the time of mining will determine what portion can be used as mill feed. Any gold production from this source will be subject to a 50% net profit royalty payable to Altai.

Gatsuurt Exploration Property

In addition to the Boroo project mining licences held by BGC, Centerra also has a 100% interest in the mining and exploration licences to the Noyon project, which includes the Gatsuurt exploration property, situated 35 kilometres from the Boroo mine.

Property Description and Location

The Noyon project land position is continually evolving, with large mature licences being reduced in size and new licences being acquired. As of November 30, 2004, the project consisted of six mining licences totaling 3,222 hectares and 51 exploration licences totaling 450,450 hectares, a substantial licence area in a region that has not been subject to much surface exploration employing modern concepts and methods. The six mining licences expire between 2054 and 2062 and the total annual fees are approximately \$31,300. The 51 exploration licences expire between 2006 and 2011 and current total annual fees are approximately \$49,800. A portion of the land position covers non-contiguous blocks over a 250-kilometre strike length of the Yeroogol regional fault system. Most of the remaining exploration licences are along the trend of the Boroo deposit.

The Gatsuurt exploration property is within the Noyon project and is located 90 kilometres north of Ulaanbaatar at 48° 30' N and 106° 45' E.

The Gatsuurt property covers approximately 2,236 hectares and is situated on two of the six Noyon project mining licenses. In addition to the 2.5% royalty payable to the Government of Mongolia pursuant to the Minerals Law (1997), both licenses are encumbered by an underlying 3% NSR royalty. In addition, for one of the licenses there is an obligation to complete a feasibility study by December 31, 2005. A pre-feasibility study on mining the oxidized near surface resources and processing the material at the Boroo mine is nearing completion. Centerra plans to complete a feasibility study before the end of 2005 to examine mining Gatsuurt on a stand alone basis.

Site Accessibility, Climate, Local Resources, Infrastructure and Physiography

Gatsuurt is reached by traveling on the paved Ulaanbaatar–Irkutsk highway for about a half hour north from Ulaanbaatar and then by unimproved and dirt roads to the site. The trip from Ulaanbaatar takes three to four hours depending on the weather and road conditions.

The Gatsuurt area is sparsely populated and is inhabited by mainly nomadic herdsman living in small camps and villages. The Zuunkharaa farming community is the largest settlement near Gatsuurt and is 30 kilometres to the north of the project. Labour and services are available in Ulaanbaatar, which is a hub for roads, rail and international air services.

Gatsuurt is 14 kilometres west of the Tunkhel railway station on the Ulaanbaatar–Irkutsk railroad. A 35 kilovolt power line carries electricity to Tunkhel from the Zuunkharaa distribution centre and a 10 kilovolt line supplies power to Gatsuurt from the Tunkhel area. A 100 kilovolt power line passes within 25 kilometres of Gatsuurt.

The project is in an area of both steep and rolling mountains with northern and eastern facing slopes moderately forested by birch, pine and larch species. The southern and western facing slopes are generally grass covered. The average elevation is 1,300 metres above sea level. The Gatsuurt River valley is the main drainage system in the area and water flows to the Sujigtei River and then to the Kharaa River which flows northward into Russia.

The climate and precipitation levels at Gatsuurt are essentially the same as those described for the Boroo mine property.

History and Financing

The original Noyon land position was assembled by Cascadia Chemicals and Minerals Corporation (later Cascadia Minerals Inc.) (“Cascadia”) during 1996 and 1997. In August 1997, Cameco Resources (Mongolia) Inc. entered a subscription and earn-in agreement with Cascadia pursuant to which Cameco acquired an ownership interest in Cascadia through its exploration funding in the spring of 1998. The interest in the project was held by Cameco Gold Investments Inc. (now CGII). CGII earned an additional interest in Cascadia in the spring of 1999, increasing its holdings to 41.78% of Cascadia’s shares.

In October 2001, CGII acquired Cascadia LLC, Cascadia’s Mongolian subsidiary that held the licences to the Noyon project, in exchange for the surrender of CGII’s Cascadia shares and \$2,500,000 in cash. Cascadia LLC is now Centerra’s wholly-owned subsidiary CGM, the project operator. In December 2002, Cameco Gold satisfied the \$4.8 million promissory note owing to AGR in connection with its original investment in AGR by transferring 61% of CGII to AGR. As a result, Centerra’s equity interest in the Noyon project rose to 73%. Centerra’s equity interest increased to 100% after the acquisition of the minority interest in AGR in 2004.

Geology

The Noyon project exploration licenses and the Boroo Deposit are located within the North Khentei tectonic belt in north-central Mongolia. This tectonic belt is bounded to the northwest by the Bayangol fault system and to the southeast by the Yeroogol fault system. The North Khentei belt is dominated by three lithotectonic components. The oldest rocks are Late Precambrian to Early Paleozoic flysch sequences which are intruded by later Early Paleozoic intrusive complexes. These rock units are unconformably overlain by Mid- to Upper-Permian continental volcanic rocks and sedimentary rocks that are spatially confined to the Yeroogol fault system. The youngest rock units are Jurassic to Cretaceous and Tertiary coal-bearing sedimentary rocks.

A regional structural zone transecting the Gatsuurt area is the Sujigtei fault, an element of the Yeroogol fault zone. It is a northeasterly trending, high-angle fault system that can be traced for over 200 kilometres along strike. The Sujigtei and Yalbag bedrock gold prospects and numerous placer gold workings occur along the fault system.

In the Gatsuurt area, the Sujigtei fault separates two profoundly differing geologic settings. To the northwest, the bedrock is constituted by Permian felsic volcanic rocks associated with the Dzuun Mod caldera. To the southeast, the Lower Paleozoic clastic metasedimentary rocks of the Kharaa Formation are intruded by intermediate members of the Boroo Intrusive Complex.

Mineralization

Gold mineralization at Gatsuurt occurs immediately adjacent to the Sujigtei fault. The fault and the mineralized zones are sub-vertical. The Main Zone is hosted by the felsic volcanic rocks in the footwall (northwestern side) of the fault while the Central Zone is hosted mostly by the intrusive rocks and, to a lesser extent, by enclosed metasedimentary xenoliths. It is likely that the two zones once formed a single deposit and that the Sujigtei fault displaced the Main Zone from the Central Zone by a left-lateral offset of some 750 metres.

At the Central Zone, continuous gold mineralization has been traced over a strike length of 900 metres over horizontal widths that vary from two metres to greater than 70 metres. It comprises a broad lower grade shell (over 1.0 gram of gold per tonne) containing higher grade (over 3.0 grams of gold per tonne) lenses with variable lateral and vertical continuity. Gold mineralization has been traced by drilling to a maximum depth of 280 metres and is open at depth.

In the Central Zone, the host rocks are variably altered to a quartz-sericite-potassium feldspar-pyrite-arsenopyrite assemblage. Gold is associated with three styles of mineralization:

- the most important style of mineralization is contained in fracture-controlled stockwork zones of quartz-sericite alteration with quartz and sulphide veinlets. Predominant sulphides are pyrite and acicular arsenopyrite in equal amounts. Sulphide concentrations reach 10% and tend to be higher in the intrusive rocks as compared to the sedimentary rocks. The gold grade is positively correlated with the amount of sulphides present, but native gold has also been observed in this facies of mineralization. Petrographic studies have identified micron size gold as discrete particles within pyrite grains. Some “lattice-bound” gold within arsenopyrite is also suspected;
- pervasive silicified zones lack the abundant sericite of the quartz-sericite type of mineralization. In addition to pyrite and arsenopyrite, trace amounts of tetrahedrite, stibnite, sphalerite, scheelite and galena have been observed. Free gold is common in this setting and the so-called “black quartz zones” can attain very high gold values of up to several hundred grams of gold per tonne; and
- discrete white quartz veins with variable sulphide content and occasional visible gold are generally restricted to the sedimentary inclusions in the intrusive rocks.

Due to its location beneath a valley floor, the oxide zone is typically only 5 to 15 metres thick, much of it having been eroded and re-deposited giving rise to the placer deposits in the local valley. The boundary between the transition zone and fresh rock is erratic, but most material below a depth of 60 metres is in the fresh (sulphide) zone.

The Main Zone contains fairly continuous gold mineralization averaging about 2.2 grams of gold per tonne over a 400 metre strike length. The gold mineralization is limited along strike but remains open at depth. The altered and mineralized zone trends parallel to the Sujigtei fault and dips subvertically.

At the Main Zone, the gold mineralization is hosted within pervasively altered rhyolitic volcanic rocks that are characterized by widespread micro brecciation, veinlets and stockworks. The gold is associated with disseminated fine-grained pyrite and acicular arsenopyrite, and fracture filling sulphide veinlets. The younger vein systems with coarse free gold are lacking in the Main Zone. The gold is refractory as indicated from four bottle roll cyanide leach tests completed during 2001 on transitional and fresh material that returned gold recoveries of 13% to 15%.

Historical Exploration and Drilling

Gold was originally detected in pan concentrates from the Gatsuurt valley during a Mongolian government mapping program in 1970. Trenches and shallow pits were excavated and sampled without additional follow-up, as mercury was the commodity of interest at that time. Two cable tool placer drill hole fences were completed in 1989 and detected low gold concentrations in the

valley. The Gatsuurt placer deposit was discovered during detailed exploration in the district in 1991. The initial placer resource was estimated at 2.7 grams per cubic metre or 2,500 kilograms of contained gold (80,000 ounces).

In 1995 mining licenses covering the Gatsuurt placer deposit were issued to Mongolian company Gurvan Gol Co. which later became Gatsuurt Co. The placer deposit was mined from 1995 until 2002, with the last year of operations essentially reprocessing tailings.

In 1996 and 1997 Cascadia acquired three major exploration licenses in this part of northern Mongolia, including the Haraagol license, which covers a significant part of the Yeroogol gold trend and contains the Gatsuurt placer area. In 1997 quartz veins with visible gold were observed in the Gatsuurt placer bedrock floor and altered granite was noted in the placer debris. Cameco acquired an initial interest in Cascadia in 1997 and by 2004 had consolidated a 100% interest in the project.

In 1998, detailed mapping of the placer floor and a soil sampling survey were completed. Strong gold and arsenic soil anomalies were detected on the South Slope and over the Main Zone. Topographic, ground magnetic and IP surveys were completed over the Gatsuurt area, and major chargeability anomalies were detected over the South Slope, Central Zone and Main Zone. Four diamond drill holes tested the IP anomalies and bedrock targets in the Central Zone and the Main Zone. Drill hole GT-06 returned encouraging results of 1 to 2 grams of gold per tonne over broad widths. GT-06 is considered to be the discovery hole for the Gatsuurt deposit.

Limited drilling programs were completed in 1999 to 2000 with 16 diamond drill holes totaling 2,138 metres completed at the Central Zone and 8 diamond drill holes totaling 1,174 metres completed at the Main Zone. Preliminary metallurgical testwork on drilling samples determined that the gold mineralization at both zones was refractory.

During 2001 and 2002, an additional 80 diamond drill holes totaling 7,552 metres were completed at the Central Zone. Much of the Central Zone deposit was systematically tested to vertical depths of 75 metres to 100 metres. Drilling information was compiled and a resource estimate was prepared. Other exploration programs that were completed included metallurgical test work, topographic surveying, soil and rock sampling, gradient IP surveys and a ground magnetic survey.

During 2003, 15 RC and diamond drill holes totaling 1,993 metres were completed in the Central Zone to test for strike extensions to the mineralization and other targets in the immediate vicinity. Ten shallow RC holes totaling 435 metres were also completed in the Main Zone to determine the cyanide leachability of the shallow oxidized mineralization.

The 2004 exploration program at the Gatsuurt Central Zone largely comprised in-fill drilling and systematically drilling the deposit to greater depths. Four drill holes were also completed at the Main Zone to test this target at greater depths. A total of 110 drill holes for 17,066 metres were completed. Most of the drilling program was completed late in the year and, as such, drilling information for 52 drill holes was not available at the time of the year-end resource estimate. These drill holes will be incorporated into the next update of the resource model.

Sampling and Analysis

Prior to 2001, the mineralized zones were sampled at 2 to 3 metre intervals along the drill cores. After 2001, the sampling intervals were reduced to 1 metre intervals where the cores were mineralized and 2 metre intervals in unaltered rocks. In all programs, the core samples were cut using a diamond saw and one half of the core was placed in a bag for analysis and the second half of the core was returned to the core box.

Most of the samples collected during the drilling programs were analyzed at a SGS Analabs facility in Ulaanbaatar. Dunn Analytical was used for analyses during the earliest programs and some samples from recent programs have been analyzed at the Alex Stewart Assayers facility in Kara-Balta, Kyrgyz Republic.

An industry standard quality control/quality assurance program has been used during all of the drilling programs at the Gatsuurt deposits. The protocols include the routine submission of standard reference materials, duplicate core samples and blanks with the sample batches that go to the laboratory. Check assaying at other laboratories is also routinely performed on selected sample pulps. In their analysis of the quality control program results, Roscoe Postle conclude that in general, SGS Analabs has returned mainly acceptable results with no systematic error or bias evident.

Roscoe Postle assessed the overall sampling variance by comparing original assays and assays for core duplicate samples collected from 1999 to 2004. The results show a relative value scatter of plus or minus 20% for the combined data set and a plus or minus 50% relative value scatter for the 2004 data set, but no significant bias.

Data Verification

Roscoe Postle performed a validation of the digital Gemcom database provided by Centerra. They also verified the assay database by comparing the digital records with about 50 assay certificates. In both instances several minor errors were identified, but the errors were not significant. Roscoe Postle concluded that the Gemcom database is valid and suitable for supporting resource estimation work.

Resources Estimate

An initial estimate of the mineral resources in the Central Zone was completed by the Cameco mining resources group following the 2002 drilling season. No resources were estimated for the insufficiently-drilled and refractory Main Zone.

During December 2004, Roscoe Postle constructed a resource block model utilizing drilling results in a Gemcom database that was provided by Centerra and that was updated as of late November 2004, and prepared a mineral resource estimate in accordance with Canadian reporting standards as required by NI 43-101. In preparing the resource estimate for the Central Zone, Roscoe Postle used wireframes provided by Centerra as a guide for interpretation and, in conjunction with the newer data and level plans, reconstructed the 3-D wireframe models. Mineralized envelopes were prepared using a minimum 1.0 gram of gold per tonne over a minimum horizontal width of two metres.

The resource estimate relies on a drill hole spacing of 30 metres to 35 metres along strike and with vertical pierce points at 20 metres to 50 metres. The current drilling pattern has systematically delineated the mineralization to the 1,100 metre elevation (160 metres to 190 metres depths) with some sections in the central part of the deposit drilled to the 1,000 metre elevation or 260 metres vertical depth. External extrapolation of the principal body in Roscoe Postle's wireframe model was taken to the 1,000 metre elevation.

Roscoe Postle used cumulative frequency plots to establish an upper capping level of 25 grams of gold per tonne for Central Zone gold assays. Assays exceeding 25 grams of gold per tonne represent slightly less than 2% of the assays in the main mineralized zone. Following adjustments for the outlier gold values, the assays were composited over three metre down hole intervals within the mineralized envelopes.

The capped composites were used to interpolate a gold grade into the blocks of the block model by ordinary kriging using search ellipses and kriging parameters as defined by a variography study. Restrictive kriging was also employed to further constrain composites exceeding 15 grams of gold per tonne. The model uses blocks 10 meters along strike by 4 metres wide by 5 meters vertical thickness. An average bulk density of 2.7 tonnes per cubic metre was used to convert volume into tonnage.

The resources within the block model are reported using seven different cut-off gold grades ranging from 0 to 3.0 grams per tonne. The estimated resources for the Central Zone at a 2.0 grams per tonne cut-off grade are summarized in the table below. The resources were classified as indicated or inferred based on the density of drilling and the continuity of the mineralization.

Gatsuurt Central Zone Resources as of December 31, 2004

Category	Oxide		Transition		Fresh		Total		Contained Gold
	Tonnes (thousands)	Gold (g/t)	Tonnes (thousands)	Gold (g/t)	Tonnes (thousands)	Gold (g/t)	Tonnes (thousands)	Gold (g/t)	Ounces (thousands)
Resources									
Total Indicated	680	3.3	2,520	3.4	4,900	3.5	8,100	3.4	890
Total Inferred	89	3.0	214	3.2	1,230	3.1	1,533	3.1	152

Metallurgical Test Work

Preliminary cyanidization leach tests on mineralization from the transition and fresh sulphide zones at the Central Zone yielded gold extractions ranging from 19% to 75% which indicated a variable resistance to the cyanidization of samples from different

parts of the deposit. Further testing established flotation as an effective concentration method and revealed that the majority of the gold not recovered by cyanidization was refractory in nature.

Subsequent test work examined the effects of fine grinding, flotation circuits and gravity circuits on the gold recovery. Study results indicate that a relatively high grade flotation concentrate at 60 to 70 grams of gold per tonne can be achieved, and that the process of sulphide flotation followed by an oxidation stage and cyanidization is considered the correct option for liberating the gold contained in the sulphide mineralization. Additional flotation tests are in progress to determine if similar high grade flotation concentrates can be derived from the different styles of mineralization and at the different locations throughout the deposit. In addition, results from early stage bio-oxidization tests completed on a flotation concentrate indicate that the Central Zone mineralization may be amenable to this form of pre-oxidization technology. A flotation concentrate bio-oxidation processing concept will be further explored in the feasibility study planned for the Central Zone.

Environmental

Former placer operations in Gatsuert valley have disturbed a large area of river alluvium and terraces. In assuming title to the mining licenses, Centerra has assumed the responsibility for reclamation and environmental rehabilitation of the placer workings.

Much of the area disturbed by placer mining is the same area where a potential open pit mining operation could be located. The area would have to be reclaimed upon mine closure. Reclamation of placer mining areas further downstream in the valley is considered a long term liability that could possibly be remedied by allowing an independent operator to re-mine the placer areas and perform simultaneous reclamation.

Exploration Activities

Expenditures at the Gatsuert Central Zone were about \$2.2 million in 2004. Activities involved a pre-feasibility study with an associated shallow drilling program comprising 35 holes totaling 1,853 metres, and a second large drilling program consisting of 75 holes totaling 15,213 metres to test for deeper mineralization.

The pre-feasibility study was initiated to determine if it is economically viable to mine the oxide mineralization only at the Central Zone and truck the ore to the Boroo mill for processing. This study will be completed in early 2005, and is currently being assessed, as it may impact a “stand alone” mining and milling operation at Gatsuert.

A drilling program was initiated during October, 2004 and was completed during early January 2005. The main objective of this program was to systematically delineate the Central Zone mineralization to vertical depths of 160 metres to 190 metres. Several deeper holes were also completed to determine the continuity of the mineralization beneath the drill patterns at both the Central Zone and the Main Zone. The drilling results to the end of November 2004 were incorporated into the new resource estimate. An additional 52 holes were completed after this date and will be incorporated into the next update of the resource model.

In 2005, exploration and drilling programs will continue to test for additional mineralization at depth and across strike of the Central Zone. Additional metallurgical test work is in progress. A feasibility study to assess a “stand alone” mining and milling operation at the Central Zone will be initiated during the second quarter of 2005. These results will be assessed with the option of trucking the oxide mineralization to the Boroo mill for processing.

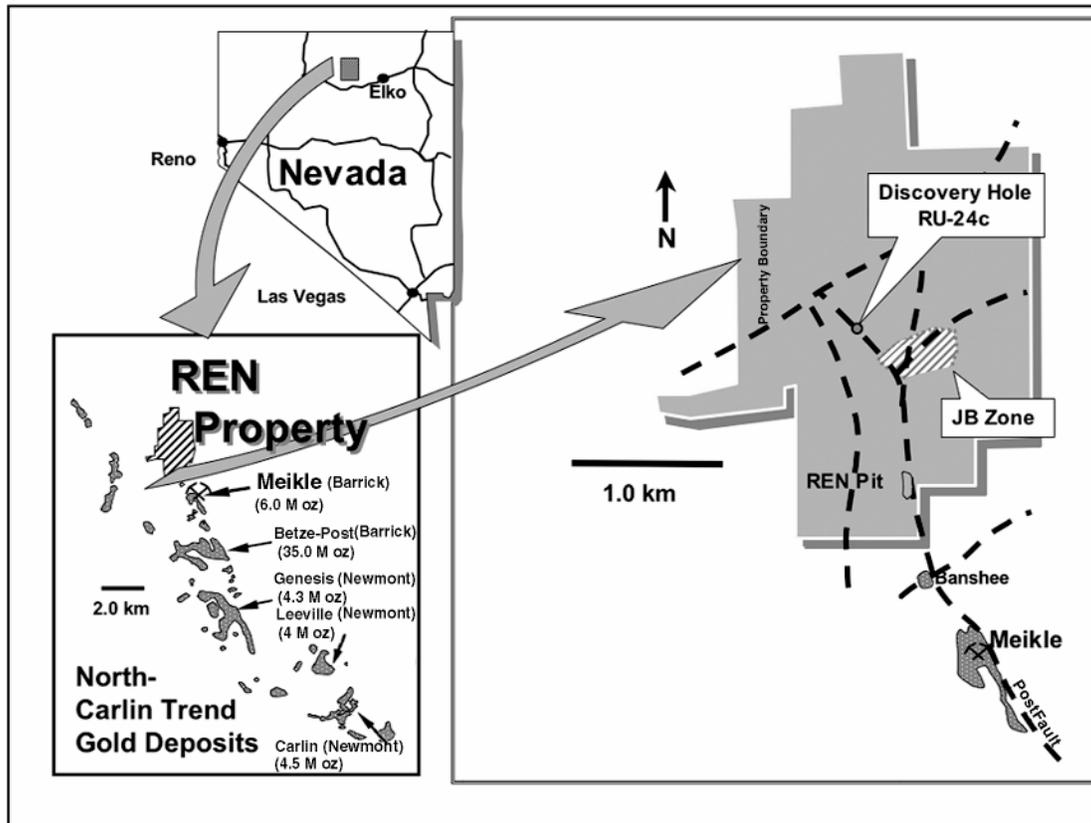
In addition to drilling programs in the immediate vicinities of the Boroo and Gatsuert deposits, extensive regional exploration programs with expenditures of \$1.5 million were completed during 2004. As of November 30, 2004, exploration and mining licenses held by BGC and CGM comprise 515,350 hectares and are mainly located along projected strike extensions of the regional structural trends associated with the Boroo and Gatsuert deposits. Drilling programs were completed at two early stage targets, and regional geochemical sampling surveys and mapping programs were completed over other areas. The Ulaan Bulag target was tested by 22 drill holes totaling 2,594 metres and the Argal target was tested by 12 drill holes for a total of 2,060 metres.

During 2005, regional exploration programs will continue to evaluate this large land position. Additional drilling programs are planned for both the Ulaan Bulag and Argal target areas.

REN Exploration Property

The REN gold exploration property is located at the northern end of the Carlin Trend of gold mines in northern Nevada, the most prolific gold producing area in the United States. It is an advanced exploration property that is actively being explored by the REN joint venture, which is 62% owned by Centerra through its subsidiary CGUS and 38% owned by Homestake Mining Company of California (“Homestake”), a subsidiary of Barrick. REN’s southern boundary is 1,500 metres from Barrick’s Meikle mine, which has had total production of 5.2 million ounces from 1996 to the end of 2003 at an average total cash cost of approximately \$137 per ounce. In addition, significant sources of gold production for both Barrick and Newmont Mining Corporation (“Newmont”) are located in a continuous 40 kilometre trend starting to the south of the REN property.

REN Property Location



REN Joint Venture Agreement

UUS Inc., a subsidiary of Cameco, and Homestake entered into the REN Joint Venture Agreement on August 9, 2000 in order to set out the terms and conditions for Centerra’s joint exploration, development and mining activities on the REN property. The agreement encompasses all interests or rights to acquire any interests in minerals, mineral rights or real property within this property, whether currently held or acquired in the future. Prior to Centerra’s initial public offering in June, 2004, UUS Inc. assigned its interest in the REN joint venture to CGUS.

In return for Centerra’s earn-in expenditure, valued at \$5.3 million over the period 1995 to August 2004, Centerra’s participating interest was set at 60%. Homestake’s initial participating interest was 40%, in consideration of initial contributions valued at \$3.5 million. Centerra’s participating interest was subsequently increased to 62% due to Homestake’s election not to contribute to an extension to the 2000 budget and Homestake’s participating interest was reduced from 40% to 38% accordingly. Homestake was subsequently acquired by Barrick in 2001. All contributions to and proceeds from the REN joint venture are calculated in proportion to Centerra’s respective participating interests.

Overall policies, objectives, procedures, methods and actions are determined by a management committee, consisting of one member appointed by each party. Decisions are made by majority vote in proportion to participating interests. As holder of the majority interest, Centerra also has overall management responsibility for operations at the REN property. The term of the REN Joint Venture Agreement is specified as a minimum of 20 years. Withdrawal by either participant is permitted upon the later of 30 days' notice or the end of the then current program or budget. Certain obligations continue after withdrawal or termination, including costs relating to future monitoring, environmental compliance or a budget previously agreed upon.

Property Description and Location

The REN property is located in Elko County, northern Nevada, 88 kilometres by road west from the town of Elko, Nevada and is centred at 41°01'45" north, 116°23'00" west. It lies at the northern end of what is commonly referred to as the Carlin Trend of gold mines.

REN consists of 91 contiguous unpatented mining claims covering approximately 740 hectares located on U.S. federal lands administered by the U.S. Bureau of Land Management ("BLM"). The claims consist of two claim groups. The largest and most important group consists of the 86 claims which are owned by VEK/Andrus Associates, a general partnership. The second group comprise five claims leased to the REN Joint Venture from the Weise family group.

The lease obligations of the REN joint venture include annual maintenance fee payments of \$100 per claim to the BLM, annual advance royalty payments to the claim owners, and a 3.5% net profits interest to another individual which applies to the VEK/Andrus claims. This net profits interest royalty converts to a 3.5% net proceeds of sale royalty in the event the property is sold to a third party.

The VEK/Andrus lease is subject to a 3% net smelter return royalty and the Weise lease to a 4% gross proceeds royalty, with all advance payments being recoverable from royalties payable after commencement of production. The VEK/Andrus lease requires annual advance royalty payments of \$225,000 plus a producer price index ("PPI") adjustment based on the March 1987 PPI. In 2004, the advance royalty payment was \$325,149.

The Weise lease is subject to a minimum annual royalty of \$50,000 once production commences. At a gold price of \$350 per ounce or higher, there is an annual work obligation of \$10,000 for the Weise/Hamlin claims. Annual advance royalty payments for the Weise/Hamlin lease vary with the gold price, from a low of \$5,000 if the price of gold is less than \$325 per ounce to a high of \$50,000 if the average price of gold is \$400 or greater.

There are no other known encumbrances on the property.

The Plan of Operation authorized by the BLM is the main permit and allows for drilling, trenching and other surface exploration work, with a maximum of 12.1 hectares of surface disturbance. The plan allows for no more than three drill rigs to operate and drilling activities may be curtailed by the BLM during winter mule deer migration season (November to March), although to date Centerra has not been restricted from drilling during this period. Up to five drill holes may be left open at any one time. There are also some use restrictions relative to sage grouse strutting ground and certain archaeological buffers which limit activity over small portions of the property. The Plan of Operation can be amended or modified as required to meet the needs of the planned activities. Centerra and its predecessors have encountered no permit-related difficulties with the BLM in pursuing its activities in the past.

Surface access agreements allow access to the property across fee land owned by Newmont and Barrick. These access agreements are renewed annually and are a matter of convenience, as alternate access to the property is available.

There is an ongoing reclamation liability related to trenching, drilling and road construction, which in 2003 was estimated at approximately \$30,000 and is within the bonding limits of \$60,100 of the operating permit. A second reclamation bond provided by Homestake, which relates to recovery of vegetation on reclaimed mine dumps and heap leach pads operated by a prior owner from 1989 to 1990 at a small open pit in the southern part of the property was recently released by the BLM.

Site Accessibility, Infrastructure and Physiography

The property is approximately 88 kilometres from the town of Elko, which has a population of approximately 30,000 and is the base of operations for most of the mining and mine service industries in northeast Nevada. Closer to the mine site is the smaller town of Carlin, with approximately 3,000 people. Access is by paved highway followed by graded county roads.

The property is located in rolling hills off the southwest side of the Tuscarora Mountains, in typical high-desert basin-and-range topography of northern Nevada. Topographic relief on the property ranges from 1645 metres to about 1770 metres elevation above sea level. Vegetation consists of sparse natural grasses and sagebrush. Two intermittent streams drain the property to the southwest. Bell Creek, the largest drainage in the immediate area, is located south of the property and a branch of Boulder Creek is in the northern part of the property.

The climate at REN is characterized by hot and dry summers and relatively cold and occasionally snowy winters. Total annual precipitation is less than 25 centimetres and accumulates mainly from December to March as snow and rain, while the rest of the year is dry and dusty with the exception of occasional thunderstorms in late summer. The most favourable time for exploration is from late May through late November, but drilling and other exploration activities can be carried out all year.

The REN property is situated on land for which the surface and the mineral rights are owned by the federal government and administered by the BLM. This type of land may be subject to multiple use and, in the case of REN, ranchers may use the land for cattle grazing during the summer months, which has not hindered exploration activities.

The close proximity to several gold mines provides excellent infrastructure and possibilities exist for sharing of mining and milling facilities and for custom milling of ore. A skilled mining workforce is available from Elko County and from much of the rest of northern Nevada, such as the communities of Battle Mountain and Winnemucca, located 80 and 160 kilometres to the west, respectively.

The size of the REN property is sufficient to meet all of the requirements of an underground mining operation. If a mine is developed and ore is processed at one of the existing process plants on the Carlin Trend then no new tailings storage would be required.

History and Financing

The REN claims were staked between 1982 and 1987 and are still held by the original claim owners or their families. Since the early 1980s several companies have had lease and option agreements with the claim owners and carried out exploration for gold on the claims including geological mapping, geochemical sampling (both rock and soils), geophysical surveying and drilling.

Newmont, the owner of the Carlin mine, explored the property from 1983 to 1986 and drilled 13 holes totaling 1,768 metres. Exploration was targeted to find gold mineralization amenable to open-pit mining and drill penetration was generally less than 150 metres. Gold was discovered in dyke rock in the southeast corner of the property and was later mined in the small REN open pit by Dee Gold Mining Company.

The Cordex Syndicate of companies leased the property in 1987 and conducted exploration through 1989, drilling 115 holes, mostly to depths of about 45 metres, to define a reserve in the dyke-hosted gold mineralization discovered earlier by Newmont. From 1989 to 1992, an affiliate of the Cordex Syndicate, Dee Gold Mining Company, started an open pit heap-leaching operation at REN and produced about 16,000 ounces of gold from approximately 408,000 tonnes of ore with a grade of 1.5 grams per tonne gold.

Corona Corporation optioned the REN property from the Cordex Syndicate in 1990 and started to explore for gold at greater depth. A fault structure which strikes north-south commencing from the southwest corner of the property, and which is frequently intruded by dykes, was explored and came to be known as the Corona Fault Zone. One hole (RNN 90004) intersected 2.6 grams per tonne gold over 85 metres along the edge of one of the dykes in the fault. Exploration also was carried out on the down-dip projection of the dyke and fault zone previously mined. A total of 7,400 metres was drilled during that two-year period.

Homestake acquired Corona in 1992. The high cost of deep exploration on the REN property prompted the formation of a new joint venture among Homestake, Barrick and Newmont. Some 17 holes for a total of 10,000 metres were drilled during the period 1992 to 1993, with most of the work being concentrated on the southern one-third of the property. One hole (BR-01c), drilled as an

offset to hole RNN 90004, intersected 12 metres grading 34 grams per tonne gold at a depth of about 410 metres. However, subsequent drill holes did not encounter similar intersections. At least three widely spaced holes from that program tested the general area that is the focus of current exploration by Centerra.

Following the 1992 to 1993 exploration activity, interests in the REN property reverted back to Homestake, with 72%, and to the Cordex Syndicate, with its 28% held by Rayrock Mines. The property remained idle in 1994. In 1995, the Cordex Syndicate assigned its interest in the REN property to Homestake, reserving a 3.5% net profits interest for an employee of the Cordex Syndicate.

In November of 1995, Uranerz U.S.A. Inc and Romarco Minerals Inc. entered into the REN joint venture with Homestake, whereby each company could earn a 30% interest in the project by spending \$5.3 million on exploration. Deemed expenditures to that time were estimated at approximately \$3.5 million.

During 1996 and 1997 the exploration focus was on the Corona Fault Zone, while in 1998 new targets were explored in the central area of the property. Over that three-year period 15 deep holes were drilled but with no intersections of economic grade. Drilling techniques for deep targets were not as well developed during that period as they subsequently came to be and core drilling was not extensively used. In 1997 hole RU-10, drilled to explore a northwest trending fault which is now known as the Joker-99 Zone, intersected 44 metres of 1.5 grams per tonne gold at depths below 760 metres.

Cameco acquired Uranerz in 1998, renamed it UUS Inc. and continued to finance exploration activities at REN. Romarco Minerals withdrew from the joint venture in 1999, relinquishing its option to earn a 30% interest. By August 2000, Cameco had earned a 60% interest in the joint venture by spending a cumulative \$5.3 million. During August 2000, Cameco funded additional exploration and earned an incremental 2.14% interest in the joint venture. Homestake was acquired by Barrick in 2001.

Cameco Gold completed 43 deep drill holes from 1999 to 2002 using RC drilling to reach the target depth and then changing to core drilling to recover core samples through the zone of interest. This drilling led to the discovery of high-grade mineralization in 2000, when drill hole RU-24 returned an intersection of 43 metres with a grade of 35.0 grams per tonne, and to the eventual discovery of the JB Zone in 2001.

In 2003 the REN joint venture increased its exploration efforts, drilling 22 holes with a combined length of 15,360 metres in the JB Zone, as well as undertaking geophysical and other technical surveys for total costs of \$5.5 million. A scoping study on dewatering requirements was also completed. A second study included a resource estimate for the JB Zone, an overview of possible mining operations and their economics and a review of alternate exploration methods. The scoping study concluded that the existing resources would have to be expanded to a minimum of 4.8 million tonnes with an average diluted grade of 14.5 grams of gold per tonne (2.2 million ounces of gold) to consider development of an underground mine with ore processing assumed to be conducted at Barrick or Newmont's adjacent facilities and regional dewatering costs shared among several companies with interests in the district.

In 2003, a TITAN-24 survey was completed over the entire property. The system collects large-dipole IP and natural source audio-frequency magneto-telluric data. Together the two data sets allow for estimation of electrical properties of the earth to depths in excess of 1,000 metres. The survey detected a prominent resistivity low in and above the JB Zone and several other less prominent but similar resistivity lows elsewhere on the property.

In 2004 exploration activities continued at an accelerated level with the completion of 28 drill holes with a total length of 17,396 metres for a total cost to the joint venture of \$6.2 million. The southern limits of the JB zone were delineated, many of the TITAN survey anomalies were tested by one or more drill holes and other geological targets were evaluated. A new mineralized zone, called the 69 Zone, was identified and tested by five new holes, and remains open in several directions. Most of the new drilling results were incorporated into an updated resource estimate completed in December 2004.

Geology and Mineralization

The geology, structure, alteration and mineralization encountered in drilling at REN are typical of Carlin-type gold deposits. The host rocks for gold mineralization include dolomitic to calcareous carbonaceous siltstones, mudstones and silty limestone underlain by a pre-mineralization silicified collapse breccia. Most of the host rock units are within the Popovich Formation of Middle Devonian age, with some mineralization hosted in the late Devonian Rodeo Creek unit.

Since 1965, the Carlin Trend has produced over 50 million ounces of gold from an area 56 kilometres long and eight kilometres wide. Total production and reserves are close to 100 million ounces. Deposits along the Carlin Trend have gold concentrations that range from 0.7 to 34.0 grams per tonne. The Meikle mine owned by Centerra's joint venture partner Barrick on the adjacent property immediately to the south has a life of mine average grade of over 20 grams per tonne. However, there can be no assurance that the REN property does in fact contain gold deposits with concentrations similar to those found elsewhere along the Carlin Trend.

The principal concentration of high-grade gold mineralization discovered to date on the REN property is in the JB Zone, located at a depth from surface of 700 to 900 metres. The principal band of mineralization falls within an area extending 420 metres southwest — northeast and 200 metres northwest — southeast, with a varying thickness of up to 27 metres. The Southern extension of the JB Zone typically has thinner high grade intercepts.

The gold at REN is very fine-grained, five microns or less, contained within pyrite associated with secondary carbon and quartz. Locally the arsenic sulphide mineral realgar occurs within or above the mineralized horizon. Gold mineralization greater than two parts per million is typically associated with high arsenic up to several thousand parts per million, 200 to 300 parts per million antimony, 5 to 10 parts per million mercury and 5 to 30 parts per million thallium. The association of gold with arsenides is common at other Carlin-type deposits.

Gold mineralization is refractory in nature and metallurgical processes for treating Carlin-type refractory ores will be required. Similar Carlin-type refractory ores are treated at adjacent ore processing facilities of Barrick and Newmont including roasters and autoclaves. Bench scale test work on samples of JB zone mineralization indicate that either processing option achieves acceptable recoveries. The sulphide arsenides will add to the environmental costs of processing the ore and disposing of tailings.

Mineralized intervals at REN frequently consist of a high-grade interval within a thicker envelope of low-grade material. This has been the case for the main targets drilled so far, namely RU-24, the JB Zone and the newly discovered 69 Zone. Gold grades in high-grade sections are typically carried by several individual assay intervals, with intervals usually 1.5 metres in length. Gold grades can change significantly over short distances.

At Barrick's Meikle mine, ground temperatures of about 60° necessitate cooling of ventilation air for mining. Similar temperatures are recorded in groundwater at the elevation of the mineralization on the REN project. The depth of the JB Zone also results in the mineralization being located up to 300 metres below the regional groundwater level that is being maintained by pumping water at the Goldstrike and Meikle mines to the south.

Lowering the water level on the REN property will be a major undertaking as indicated in a report by Centerra's groundwater consultants, Balleau Groundwater Inc. Balleau has estimated the cost of dewatering to the bottom of the JB Zone to be \$109 to \$118 million. Large-scale pumping would be done over a four-year period with a total time frame of five years for the program. Groundwater data have been collected from a recently completed test well.

Underground mining operations on the REN property will also have to be carried out in relatively incompetent ground conditions necessitating good ground support, but which has been achieved at other underground mining operations in Nevada.

Drilling

While geochemical and geophysical surveys have been completed, the host rocks favourable for gold mineralization on the REN property are located at considerable depths and cannot easily be detected from surface by conventional exploration methods except by drilling.

Drilling techniques for deep targets employed by Centerra include the use of relatively inexpensive and fast RC drilling to reach close to the target depth and then changing to core drilling to recover core samples through the potential zone of economic interest. Directional drilling is used to precisely place holes and wedging new holes off an original hole allows several closely-spaced intersections of a mineralized zone at depth. In late 2003 and 2004, drilling was done using split core tubes for recovery of undisturbed samples and core orientation was determined using a core marking system. Data were collected to characterize and classify geotechnical aspects of the rocks that would be necessary for assessing future mining conditions.

Sampling and Analysis

Cuttings from RC drilling on the REN property are collected in rotary wet splitters at 3-metre or 1.5-metre intervals and the samples weighing approximately five to seven kilograms are analyzed for gold and a suite of major and trace elements. The trace element analytical results are used for 3-D multi-element down-hole geochemical modeling.

Core samples are generally collected at 1.5-metre intervals in prospective host rocks and at 3-metre to 4.6-metre intervals in non-prospective host rocks. Occasionally a specific geologic unit, such as an intrusive dike or sill, may alter the normal sample interval, in order to break a sample at the geologic contact. An estimated 85% of all core sample intervals, and about 95% of all mineralized intervals, represent 1.5-metre sample lengths.

Samples are prepared at the ALS Chemex preparation laboratory in Elko and are assayed at ALS Chemex in Sparks, Nevada and Vancouver, British Columbia and at American Assay Laboratories Inc. in Sparks, Nevada. ALS Chemex is currently the primary laboratory for the REN project and uses a 30-gram fire assay followed by atomic absorption (AA) finish to assay for gold. A one-assay-ton (29.2 gram) fire assay with a gravimetric finish is done from a pulp duplicate for every sample with a gold value greater than 5 grams per tonne, which has been changed from greater than 10 grams per tonne prior to 2003. Systematic check programs have been employed to provide validity to the assays.

A partial validation of the electronic database used in the prior resource estimate in 2003 was completed by RMI. Gold assay values in the electronic database for 12 drill holes representing the greatest concentration of gold were manually compared with assay certificates, and geological logs for five core holes were compared with the electronic lithologic files. Both the assay and geologic databases were found to be maintained in accordance with industry standards.

Since 2000, blanks and standards were submitted with each batch of core samples. Overall, the assay results for standards and blanks are good.

The results on standard assays and check assays suggest no major problems at the laboratories or with the sample preparation. In their May 2004 technical report, Strathcona concluded that the overall quality of the sample analytical database for the REN property is considered reasonable and can be used for resource estimates. Sampling, analytical and quality assurance-quality control protocols used during the 2004 drilling programs were the same as those used in drilling programs completed in previous years.

Mineral Resource Estimate

An initial mineral resource estimate for the JB Zone was prepared by RMI and included all drill holes completed through July 2003. During December 2004, Roscoe Postle in collaboration with Rob Chapman, a qualified person for Centerra, updated the resource model utilizing drilling results that were available as of mid-December 2004 and prepared a mineral resource estimate in accordance with Canadian reporting standards as required by NI 43-101.

In preparing the resource estimate for the REN Project, Roscoe Postle used a drilling database and 3D wireframes of mineralized zones provided by Centerra. Roscoe Postle did not verify or validate the database. Roscoe Postle modified several of the wireframe shapes for the JB Zone and identified nine lenses with dips varying from flat to 45° or more. Mineralized envelopes were prepared using composites with a minimum 5.0 gram of gold per tonne over a minimum horizontal width of ten feet (3.1 metres).

Roscoe Postle used normal frequency histograms to establish an upper capping level of 40 grams of gold per tonne for REN Project gold assays. Following adjustments for the outlier gold values, the assays were composited over 5 foot (1.5 metres) down hole intervals.

The capped composites were used to interpolate a gold grade into the blocks of the block model by the inverse distance squared algorithm and using search ellipses and kriging parameters as defined by a variography study. The model utilizes blocks 50 feet by 50 feet (15.2 metres) wide by 10 feet (3.1 metres) vertical thickness. An average bulk density of 13 cubic feet per short was used to convert volume into tonnage which is the equivalent to a density of 2.47 grams per cubic metre.

Roscoe Postle has reported the resources within the block model using a 5 grams per tonne and an 8 grams per tonne cut-off gold grades. The estimated resources for the REN Project at a 8 grams per tonne cut-off grade are summarized in the table below. The resources were classified as indicated or inferred based on the density of drilling and the continuity of the mineralization.

REN Project Resources as of December 31, 2004

<u>Category</u>	<u>Total</u>	<u>Gold</u>	<u>Contained Gold</u>
<u>Resources</u>	<u>Tonnes</u>	<u>(g/t)</u>	<u>Ounces</u>
<u>Total Indicated.....</u>	<u>(thousands)</u>	<u>(g/t)</u>	<u>(thousands)</u>
Total Indicated.....	1,873	13.1	791
Total Inferred	1,261	12.7	516

Exploration Activities

Exploration expenditures on the REN project were about \$6.2 million in 2004, of which Centerra's portion was about \$3.9 million. The exploration program included a groundwater test well, metallurgical test work on mineralized core samples and drilling programs comprising 28 holes totaling 17,396 metres. The JB Zone was extended to the south, geological and geophysical targets were tested and a new mineralized zone, the 69 Zone, was discovered.

In 2005, drilling programs will focus on delineating the extent of the 69 Zone and will continue to test other geological and geophysical targets on the property.

DIRECTORS AND OFFICERS

The following table sets out, for each of the directors and executive officers of Centerra, the person's name, municipality of residence, positions with Centerra and principal occupation. The term of office for each of the directors will expire at the time of Centerra's next annual shareholders meeting in 2005. All directors will be standing for re-election. As a group, the directors and executive officers of Centerra beneficially own, directly or indirectly, or exercise control or direction over 264,087 common shares representing less than 1% of Centerra's total outstanding common shares.

<u>Name and Municipality of Residence</u>	<u>Offices Held with Centerra Gold Inc.</u>	<u>Principal Occupation</u>
Executive Officers		
LEONARD A. HOMENIUK..... Toronto, Ontario	President, Chief Executive Officer and Director	President and Chief Executive Officer of Centerra Gold Inc.
DAVID M. PETROFF..... Toronto, Ontario	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer of Centerra Gold Inc.
GEORGE R. BURNS..... Mississauga, Ontario	Vice President and Chief Operating Officer	Vice President and Chief Operating Officer of Centerra Gold Inc.
ROBERT S. CHAPMAN..... Mississauga, Ontario	Vice President of Exploration	Vice President of Exploration of Centerra Gold Inc.
MAURICE F. LINDSAY High River, Alberta	Vice President, Project Development and Engineering	Vice President, Project Development and Engineering of Centerra Gold Inc.
ROSS BROWN..... Mississauga, Ontario	Vice President, Human Resources	Vice President, Human Resources of Centerra Gold Inc.
FRANK HERBERT..... Oakville, Ontario	General Counsel and Secretary	General Counsel and Secretary of Centerra Gold Inc.
Directors		
IAN AUSTIN(1)(2)(3)..... Vancouver, British Columbia	Director	President and Chief Executive Officer of Skye Resources Inc.
JOHN S. AUSTON(1)(5)..... Vancouver, British Columbia	Director	Corporate Director
GERALD W. GRANDEY(2).....	Director	President and Chief Executive

<u>Name and Municipality of Residence</u>	<u>Offices Held with Centerra Gold Inc.</u>	<u>Principal Occupation</u>
Saskatoon, Saskatchewan PATRICK M. JAMES(1)(2)(4)(6).....	Director	Officer of Cameco Corporate Director
Castle Rock, Colorado TERRY ROGERS(4).....	Director	Senior Vice President and Chief Operating Officer of Cameco
Saskatoon, Saskatchewan JOSEF SPROSS(3)(4)(5).....	Director	Corporate Director
Saskatoon, Saskatchewan ANTHONY J. WEBB(2)(3).....	Director	Corporate Director
Victoria, British Columbia ULARBEK MATEYEV (4)(5)	Director	President of Kyrgyzaltyn
Bishkek, Kyrgyz Republic		

- (1) Member of the Audit Committee.
(2) Member of the Nominating and Corporate Governance Committee.
(3) Member of the Human Resource and Compensation Committee.
(4) Member of the Safety, Health and Environmental Committee.
(5) Member of the Reserves Committee.
(6) Mr. James is Chairman of the Board of Directors.

Except as noted below, each of the directors and executive officers has been engaged for more than five years in his present principal occupation or in other capacities with the company or organization (or predecessor) in which he currently holds his principal occupation.

To the best of the Corporation's knowledge, having made due inquiry, no director or executive officer of the Corporation is or has been in the last 10 years, a director or officer of another issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days, or (b) became bankrupt or made a bankruptcy or insolvency related proposal or was subject to or instituted proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following: Mr. Austin, while serving as senior vice-president and chief financial officer of Placer Dome Inc., was, at the request of Placer Dome Inc., serving as a director of TemTechCo., Inc. (formerly Tempo Technology Corporation) when, in May of 1995, that company filed a petition in the United States Bankruptcy Court for the district of Delaware, seeking protection under Chapter 11 of the United States Bankruptcy Act, which petition was subsequently dismissed.

Directors and Executive Officers

The following is a brief biography of each of Centerra's executive officers and directors.

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

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

David M. Petroff, Executive Vice President and Chief Financial Officer, has over 20 years of experience in finance and administration in the mineral sector. From 1997 to 2004 Mr. Petroff worked for Cameco, most recently as Senior Vice President, Finance and Administration and Chief Financial Officer. From 1984 to 1997 Mr. Petroff worked for Denison Mines Limited, most recently as Vice-President and Treasurer. Prior to that, he was Vice-President, Corporate Finance at Wood Gundy Inc. from 1980 to 1984. Mr. Petroff received a Bachelor of Mathematics degree from the University of Waterloo in 1978 and a Master of Business Administration degree (finance concentration) from the Schulich School of Business, York University in 1980. Mr. Petroff is a member of Financial Executives International and an active member of the Committee on Corporate Reporting, FEI Canada.

George R. Burns, Vice President and Chief Operating Officer, has over 25 years of experience in the mineral sector including engineering, development and production in gold, copper and coal operations. Between the period of 1983 to 1996, Mr. Burns served in various capacities for Cyprus Minerals Corporation, including Resident Manager of the Copperstone Gold Mine from 1991 to 1994. He joined Asarco Incorporated in 1996, became General Manager of the Ray Copper Mine in 1999 and was promoted to Vice President of Mining Operations in 2002. Mr. Burns joined Cameco Gold in 2003 as Vice President and Chief Operating Officer. Mr. Burns received a Bachelor of Science degree in Mining Engineering from the Montana College of Mineral Science and Technology in 1982. He is a member of the Society of Mining, Metallurgical and Exploration and the Prospectors and Developers Association of Canada.

Robert S. Chapman, Vice President of Exploration, has more than 30 years of experience in the mineral sector, the past 23 years of which were spent with Centerra's predecessor companies. Mr. Chapman started with the company as a project geologist and after assuming progressively more responsible positions, was promoted to Manager, Evaluations in 1999. He became Vice President, Exploration for Cameco Gold in July 2003. Over the course of his career, Mr. Chapman has lived in Canada, the United States and Chile and he has supervised exploration activities in North America, South America and Central Asia. Mr. Chapman received a Bachelor of Science degree in geology from the University of Manitoba in 1976 and a Master of Science degree in geology from Queens University in 1981. He is a member of the Association of Professional Engineers and Geoscientists of British Columbia and a Fellow of the Geological Association of Canada.

Maurice (Moe) F. Lindsay, Vice President, Project Development and Engineering, has worked in the Canadian and international mining industry for close to 40 years. Mr. Lindsay joined Cameco in 1985 and played a managerial role in the development of its Northern Saskatchewan gold mines, and was involved with the early development phase of the Eagle Point and MacArthur River uranium mines. From 1992 to 1996, Mr. Lindsay was Vice President of the Kumtor Operating Company and was responsible for the feasibility study and subsequent design and construction of the Kumtor Mine. From 2002 to 2004, he played a role in the acquisition and development of the Boroo Mine, serving as President of the Boroo Gold Company during 2003 and 2004. Mr. Lindsay received a degree in mining engineering from the University of Saskatchewan in 1966. He is a member of the Canadian Institute of Mining, Metallurgy and Petroleum and the Association of Professional Engineers in both Alberta and Saskatchewan.

Ross Brown, Vice President Human Resources, has more than 25 years of senior strategic human resource experience in domestic and international settings. Mr. Brown has worked in a wide variety of union and non-union settings in the mining, petrochemicals, petroleum, metal manufacturing, automotive supply and control instrumentation sectors. He was most recently Director Human Resources, Corporate & International for Noranda Inc. and Falconbridge Limited. He provided overall Human Resources support and services to Noranda/Falconbridge worldwide, managing the company's expatriate programs and coordinating corporate crisis management planning and preparedness. Prior to Noranda/Falconbridge, he worked as a consultant for Watson Wyatt and as Vice President Human Resources for TVX Gold Inc. Mr. Brown has a Bachelor of Commerce degree from Queen's University and holds the CHRP designation. He is a member of the Human Resources Professional Association of Ontario.

Frank Herbert, General Counsel and Corporate Secretary, has more than 16 years of experience providing legal advice to public and private corporations. As a partner in two major Canadian law firms, he provided advice on a variety of corporate, securities and commercial matters and has extensive experience in international transactions, especially in the natural resources sector. Mr. Herbert has also practised with Freshfields in London, where he focused on international natural resource transactions and joint ventures. Mr. Herbert joined Centerra in November 2004. Mr. Herbert holds a LLB from Queen's University and a B.A. from the University of Toronto.

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

Mining Engineering from the Colorado School of Mines. He currently serves on the boards of Stillwater Mining Company, Dynatec Corporation and Constellation Copper Company.

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

John S. Auston, Director, is a graduate of McGill University, with degrees in Geology and Mineral Exploration, and attended the Program for Management Development at Harvard University. During a career of over 40 years in the minerals industry he has been active in the exploration for and development and operation of base metal, precious metal, uranium and coal mines in Canada, Australia and the United States. Most of this work was with the Selection Trust Group of London, which in 1981 became the minerals arm of British Petroleum. He was President and CEO of Ashton Mining of Canada from 1996 to 2000 and was President and CEO of Granges, Inc. from 1993 to 1995. Mr. Auston is currently a director of Cameco, Eldorado Gold Corporation and GGL Diamond Corp.

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

Ularbek Mateyev, Director, is the President of Kyrgyzaltyn JSC, which owns approximately 16% of Centerra's shares. Previously he was Vice Prime-Minister of the Kyrgyz Republic. Ularbek had a distinguished career in education before turning to government service in 1990. He is a former senior professor and dean of Frunze Polytechnic Institute in the Kyrgyz Republic. He has served as Head of the Department of Social Matters, Press and State Administration; Head of the Department of Local Industry and Trade; and Head of the Department of the Mining Industry of the Kyrgyz government. In 1997 he became Chairman, the State Agency on Energy (Power). He graduated from the Moscow Energy Institute as an electrical/mechanical engineer in 1975.

Terry Rogers, Director, has more than 25 years experience in coal, gold, lignite and uranium mining operations. Prior to being appointed Senior Vice President and Chief Operating Officer of Cameco in 2003, he served as president of KOC in the Kyrgyz Republic. Prior to his association with Cameco, Mr. Rogers served with Morrison-Knudsen Company and its subsidiaries at a variety of operating sites worldwide and in the corporate headquarters in Boise, Idaho. His assignments included acting as Managing Director, Technical for MIBRA GmbH in Leipzig, Germany, a company producing lignite from three open cast mines and generating electricity at three coal-fired power stations. Mr. Rogers has also served as president of the Jerooy Gold Company, worked for MK Gold Company in the Kyrgyz Republic and served as General Manager of American Girl Mining Joint Venture with MK Gold in Southern California. Other assignments with Morrison-Knudsen include operations management at several gold and coal mining projects in the United States. Mr. Rogers received an Associate Degree in Applied Science from the Superior Technical Institute in Wisconsin in 1972.

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

Anthony J. Webb, Director, has over 30 years of diverse experience in the mineral sector including, most recently, business development, strategic planning and minerals marketing. He served as Vice President, Corporate Development of Cameco from 1997

until his retirement in 2003. He originally joined the predecessor company to Cameco in 1982 and held positions of increasing responsibility including Assistant to the Chairman and CEO and Director, Corporate Development. Mr. Webb received a Bachelor of Science degree in 1968 and a Master of Science degree in 1970, both from McGill University. He received a Master of Business Administration degree from the University of Western Ontario in 1974.

AUDIT COMMITTEE

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. Centerra's Board carries out its responsibilities directly and through the following committees: the Audit Committee; the Nominating and Corporate Governance Committee; the Human Resource and Compensation Committee; the Safety, Health and Environmental Committee; and the Reserves Committee. Information regarding Centerra's Audit Committee is set out below. A discussion of Centerra's approach to corporate governance and other committees can be found in its management information circular regarding Centerra's 2005 annual meeting.

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

- the integrity of Centerra's financial statements;
- Centerra's compliance with legal and regulatory requirements (other than with respect to health, safety and the environment);
 - compliance with Centerra's Code of Ethics for employees;
 - the qualifications and independence of Centerra's external auditor;
- the design and implementation of internal controls over financial reporting and disclosure controls;
 - management of financial risk delegated by the Board;
 - related party transactions;
- the performance of Centerra's internal audit function and independent auditor; and
- any additional matters delegated to the Audit Committee by the Board.

The Audit Committee is comprised of Patrick M. James, Ian Austin and John S. Auston. All members of the Audit Committee are financially literate and independent. A copy of the Audit Committee's charter is attached as Schedule A to this Annual Information Form.

External Auditor Service Fees

Audit Fees

The issuer's external auditor, KPMG LLP ("KPMG"), billed the Corporation \$112,000 and \$581,961 in the fiscal years ended December 31, 2003 and December 31, 2004, respectively, for audit services. The fees billed in 2004 include audit fees related to the Corporation's initial public offering.

Tax Fees

KPMG billed the Corporation a total of \$70,976 and \$29,680 in the fiscal years ended December 31, 2003 and December 31, 2004, respectively, for professional services rendered for tax compliance, tax advice and tax planning. The work performed related to tax services for expatriate employees.

All Other Fees

KPMG billed the Corporation a total of \$28,214 in the fiscal year ended December 31, 2003 for a review of an investment and an insurance claim review.

DIVIDEND POLICY

Centerra has not declared a dividend in any of the three most recently completed fiscal years. Centerra does not currently anticipate that it will pay dividends. Presently, Centerra's anticipated capital requirements are such that it intends to follow a policy of retaining earnings in order to finance further business development. The declaration of dividends on Centerra's common shares is within the discretion of its Board of Directors and will depend upon their assessment of Centerra's earnings, capital requirements, operating and financial condition and other factors it considers to be appropriate. There are no restrictions on Centerra's ability to pay dividends.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of Centerra Gold Inc. consists of an unlimited number of common shares, an unlimited number of Class A non-voting shares and an unlimited number of preference shares, issuable in series, the share conditions of which are summarized below. The following summary does not purport to be complete and reference is made to Centerra's articles of incorporation, as amended, for the full text of their provisions.

Common Shares

Each common share is entitled to one vote at meetings of shareholders, except for meetings at which only holders of another specified class or series of shares are entitled to vote separately as a class or series. Each common share is also entitled to receive dividends if, as and when declared by Centerra's Board of Directors. Holders of common shares are entitled to participate in any distribution of Centerra's net assets upon liquidation, dissolution or winding-up on an equal basis per share but subject to the rights of the holders of the preference shares. There are no pre-emptive, redemption, purchase or conversion rights attaching to the common shares.

As at December 31, 2004 and March 15, 2005, there were 72,079,605 common shares outstanding.

Class A Non-Voting Shares

The Class A non-voting shares will have the same terms and conditions as Centerra's common shares, except in respect of the following:

- they will be non-voting; and
- they will not be entitled to any dividends or distributions which can be attributed reasonably to KGC or its assets or operations.

There are currently no Class A non-voting shares outstanding as they have been created solely for the purposes of the insurance risk rights plan described below under "— Political Risk Insurance Rights Plan".

Preference Shares

The preference shares may be issued at any time or from time to time in one or more series as may be determined by the Board of Directors. The Board of Directors is authorized to fix before issue the number, the consideration per share and the designation of and, subject to the special rights and restrictions attached to all preference shares, the rights and restrictions attached to the preference shares of each series. The preference shares of each series rank on a parity with the preference shares of each other series with respect to the payment of dividends and the return of capital on liquidation, dissolution or winding-up. The preference shares are entitled to a preference over the common shares and any other shares ranking junior to the preference shares with respect to the payment of dividends and the return of capital. The special rights and restrictions attaching to the preference shares as a class may

not be amended without any approval as may then be required by law, subject to a minimum approval requirement of at least two-thirds of the votes cast at a meeting of the holders of preference shares to be called and held for that purpose.

There are currently no preference shares outstanding.

Political Risk Insurance Rights Plan

As a prerequisite to acquiring political risk insurance for Centerra's Kumtor mining operations, Centerra has adopted an insurance risk rights plan. The plan applies if an event occurs relating to KGC or its assets or operations at a time when Kyrgyzaltyn is controlled by the Government of the Kyrgyz Republic and the event is caused by that government and results in a payment to Centerra under the political risk insurance coverage. In this event the following will occur:

- each holder of Centerra's common shares will be entitled to exchange its shares for Centerra's Class A non-voting shares;
- Kyrgyzaltyn has irrevocably elected to exchange all of its common shares for Class A non-voting shares and it is expected that no other shareholders would elect to do this;
- the holders of Centerra's common shares (but not Class A non-voting shares) will be entitled to acquire additional common shares for \$0.01 per share, with the aggregate number of common shares available determined by a formula designed to provide for the holders of Class A non-voting shares to be diluted by an amount that approximates the proceeds received under the political risk insurance; and
- following the exercise of the rights to acquire additional shares by Centerra's common shareholders, the Class A non-voting shares will convert back into Centerra's common shares.

Kyrgyzaltyn has also agreed that following the determination by Centerra's Board that an event has occurred that could reasonably result in this plan being triggered, and for so long as such event continues or until the process described above has been completed, it will not transfer its shares or exercise any voting rights in respect of its shares or be entitled to receive any dividends or distributions on its shares which can be attributed reasonably to KGC or its assets or operations or distributions from KGC during such period. The plan will continue in effect until terminated by the Board of Directors based on a determination that it is no longer necessary or desirable having regard to, among other things, the extent of Centerra's operations based in the Kyrgyz Republic.

PRINCIPAL SHAREHOLDERS

Centerra Shareholders Agreement

In connection with the Kumtor restructuring, Centerra Gold Inc. entered into a shareholders agreement with Cameco Gold, KMC and Kyrgyzaltyn (the "Shareholders Agreement") governing certain matters related to their ownership of common shares of Centerra Gold Inc.

The Shareholders Agreement provides for each of Kyrgyzaltyn and Cameco Gold to meet from time to time, not less frequently than annually, to consider the disposition of the common shares held by them by way of a follow-on secondary offering until June 30, 2005. Despite this agreement to consult, each of Kyrgyzaltyn and Cameco Gold may at any time initiate a further distribution of Centerra's common shares (subject to the lock-up agreements described below) and Centerra has agreed to furnish all reasonable assistance in preparing the required disclosure documents. Centerra is obliged to provide such assistance only once for each of those shareholders in any 12-month period and the costs of this are for the account of the selling shareholder. Also, if Centerra proposes to issue any of its common shares by private placement or public offering, Centerra will provide them with an opportunity to sell their shares as part of the offering provided that Centerra's reasonable capital needs take priority.

So long as Kyrgyzaltyn and its affiliates continue to hold more than 5.0% of Centerra's outstanding common shares, Cameco Gold will vote its common shares to approve the election or appointment of one nominee designated by Kyrgyzaltyn to the Board and Centerra will include in Centerra's proposed slate of directors nominated for election at each annual or special meeting one Board nominee designated by Kyrgyzaltyn.

So long as Cameco Gold and its affiliates continue to hold more than 5.0% of Centerra's outstanding common shares, Kyrgyzaltyn will vote its common shares to approve the election or appointment of that number of nominees designated by Cameco Gold to Centerra's Board of Directors as is proportionate to Cameco Gold's shareholdings.

Centerra Gold Inc. also entered into a separate agreement with Kyrgyzaltyn confirming that following the Kumtor restructuring Centerra will use commercially reasonable efforts to have at least one representative of Kyrgyzaltyn elected as Chairman of the KGC Board of Directors, a member of the KGC Management Committee and a member of the KGC Auditing Committee.

The Shareholders Agreement includes an acknowledgement that Centerra Gold Inc. will enter into the Administrative Services Agreement described under the heading "Principal Shareholders — Administrative Services Agreement". It also provides that Centerra will indemnify Cameco for any payments made under the guarantees and other commitments issued by Cameco of various financial obligations of Centerra's and as soon as practicable relieve Cameco of these obligations.

Location Agreement

On April 22, 2004 Centerra entered into an agreement with Cameco which provides that Centerra will not carry on business in Canada by owning, acquiring, exploring, developing or mining mineral properties located in Canada (the "Location Agreement"). The Location Agreement will terminate and the prohibition will end once Centerra ceases to be a subsidiary of Cameco under applicable corporate law.

Lock-up Agreement

Each of Kyrgyzaltyn and Cameco Gold, directly or indirectly, has agreed not to offer or sell, or enter into an agreement or arrangement to offer or sell, any of Centerra's common shares or securities convertible into or exchangeable or otherwise exercisable into Centerra's common shares until June 30, 2005 without the prior written consent of CIBC World Markets Inc. and BMO Nesbitt Burns Inc., other than: (i) a sale to not more than five purchasers of an aggregate of not less than 5% of Centerra's outstanding common shares, provided such purchasers agree to be bound by this lock-up agreement for its remaining term; (ii) pursuant to a *bona fide* third party takeover bid, merger, arrangement or other transaction made to all of the shareholders of Centerra Gold Inc.; or (iii) by way of pledge or security interest, provided the pledgee or beneficiary of the security interest agrees to be bound in writing by this lock-up agreement for its remaining term.

Administrative Services Agreement

Centerra has entered into a services agreement with Cameco (the "Administrative Services Agreement") pursuant to which Cameco has agreed to provide certain services and expertise to Centerra in return for reimbursement of all its direct and indirect costs relating to such services.

This agreement reflects Centerra's history as a division of Cameco and is intended to ensure that Centerra has the necessary support to continue to pursue its business objectives as Centerra transitions to being a separate and distinct public company. Cameco will provide Centerra with geological, engineering, environmental, accounting (including internal control and securities regulation compliance), financial resources, payroll, internal audit, corporate, purchasing, legal, continuous disclosure, investor relations, management information, human resources and general administration services which Centerra requires in its day to day operations and may request. Centerra will not rely on Cameco for executive management, the development and pursuit of Centerra's business strategy or business development, as these tasks will be performed by Centerra's senior management team.

The Administrative Services Agreement will be in effect until terminated, with or without cause, by either party upon 180 days written notice, but no earlier than February 1, 2006. Either party may terminate the provision of any specific service being provided under the Administrative Services Agreement, with or without cause, upon 90 days written notice to the other, but no earlier than February 1, 2006.

Cameco is providing services to Centerra on a transitional basis to assist Centerra pending its ability to perform the services internally or procure such services from a third party. Centerra has agreed to use commercially reasonable efforts to put itself in a position where it no longer requires Cameco's services as soon as reasonably practicable.

ESCROWED SECURITIES

For a period of five years following the date of the closing of the Kumtor restructuring, for so long as Kyrgyzaltyn is controlled, directly or indirectly, by the Government of the Kyrgyz Republic, Kyrgyzaltyn or its affiliates have agreed to maintain record and beneficial ownership of at least 5.0% of the outstanding common shares at the time of the closing of the Kumtor restructuring, except in the case of certain permitted takeover bids and subject to appropriate anti-dilution adjustments, as determined from time to time by Centerra's Board of Directors. In addition, Kyrgyzaltyn has agreed not to sell, transfer or encumber any of its shares during any period during which the Government is in default of its obligations under the principal agreements relating to the Kumtor restructuring, including the Investment Agreement and the Concession Agreement. Kyrgyzaltyn's shares will be held in escrow to ensure compliance with these transfer restrictions. As at March 15, 2005, Kyrgyzaltyn had 11,289,717 common shares held in escrow, representing 15.7% of common shares issued and outstanding.

RISK FACTORS

Risk Factors Relating to Centerra's Business and Industry

Centerra's business is sensitive to the volatility of gold prices

Centerra's revenue is largely dependent on the world market price of gold. Gold prices are subject to volatile movements over time and are affected by numerous factors beyond Centerra's control. These factors include global supply and demand; central bank lending, sales and purchases; expectations for the future rate of inflation; the level of interest rates; the strength of, and confidence in, the US dollar; market speculative activities; and global or regional political and economic events, including the performance of Asia's economies.

If the market price of gold falls and remains below variable production costs of any of Centerra's mining operations for a sustained period, losses may be sustained and, under certain circumstances, there may be a curtailment or suspension of some or all of Centerra's mining and exploration activities. Centerra would also have to assess the economic impact of any sustained lower gold prices on recoverability and, therefore, the cut-off grade and level of Centerra's gold reserves and resources. These factors could have an adverse impact on Centerra's future cash flows, earnings, results of operations, stated reserves and financial condition.

Centerra's reserves may not be replaced

The Kumtor and Boroo mines are currently Centerra's only sources of gold production and will be depleted by 2010, based upon the current life of mine plans. If these reserves are not replaced, this could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra may experience further ground movements at the Kumtor mine

On July 8, 2002, a highwall ground movement at the Kumtor mine resulted in the death of one of Centerra's employees and the temporary suspension of mining operations. The movement led to a considerable shortfall in 2002 gold production because the high-grade Stockwork Zone was rendered temporarily inaccessible. Consequently, Centerra milled lower grade ore and achieved lower recovery rates. See "Centerra's Properties — Kumtor Mine — Mining Operations — Highwall Ground Movement" for additional details describing this event and the actions Centerra has taken in response. In February, 2004 there was also movement detected in the southeast wall of the open pit and a crack was discovered at the crest of the wall. See "Centerra's Properties — Kumtor Mine — Mining Operations — Southeast Wall Movement". Although extensive efforts are employed by the Company to prevent further ground movement, there is no guarantee against further ground movements. A future ground movement could result in a significant interruption of operations. Centerra may also experience a loss of reserves or material increase in costs, if it is necessary to redesign the open pit as a result of a future ground movement. The consequences of a future ground movement will depend upon the magnitude, location and timing of any such movement. If mining operations are interrupted to a significant magnitude or the mine experiences a significant loss of reserves or materially higher costs of operation, this would have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra's principal operations are located in the Kyrgyz Republic and Mongolia and are subject to political risk

All of Centerra's current gold production and reserves are derived from assets located in the Kyrgyz Republic and Mongolia, developing countries that have experienced political difficulties in recent years. Centerra's mining operations and gold exploration activities are affected in varying degrees by political stability and government regulations relating to foreign investment, corporate activity and the mining business in each of these countries. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation in Central Asia and the former Soviet Union.

The relevant governments have entered into contracts with Centerra or granted permits or concessions that enable it to conduct operations or development and exploration activities. Notwithstanding these arrangements, Centerra's ability to conduct operations or exploration and development activities is subject to changes in government regulations or shifts in political attitudes beyond Centerra's control.

There can be no assurance that industries deemed of national or strategic importance like mineral production will not be nationalized. Government policy may change to discourage foreign investment, renationalization of mining industries may occur or other government limitations, restrictions or requirements not currently foreseen may be implemented. There can be no assurance that Centerra's assets will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by any authority or body. While there are provisions for compensation and reimbursement of losses to investors under such circumstances, there is no assurance that such provisions would be effective to restore the value of Centerra's original investment. Similarly, Centerra's operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation, mine safety and annual fees to maintain mineral properties in good standing. There can be no assurance that the laws in these countries protecting foreign investments will not be amended or abolished or that these existing laws will be enforced or interpreted to provide adequate protection against any or all of the risks described above. Furthermore, there can be no assurance that the agreements Centerra has with the governments of these countries, including the Investment Agreement and the Stability Agreement, will prove to be enforceable or provide adequate protection against any or all of the risks described above.

Centerra has made an assessment of the political risk associated with each of its foreign investments and currently has political risk insurance to mitigate losses as deemed appropriate. From time to time Centerra assesses the costs and benefits of maintaining such insurance and may not continue to purchase the coverage. However, Centerra's political risk coverage provides that on a change of control of Centerra the insurers have the right to terminate the coverage. If that were to happen, there can be no assurance that the political risk insurance would continue to be available on reasonable terms. Furthermore, there can be no assurance that the insurance would continue to be available at any time or that particular losses Centerra may suffer with respect to its foreign investments will be covered by the insurance. These losses could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition if not adequately covered by insurance.

Centerra's reserve and resource estimates may be imprecise

Reserve and resource figures are estimates and no assurances can be given that the indicated levels of gold will be produced or that Centerra will receive the price assumed in determining its reserves. These estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While Centerra believes that the reserve and resource estimates included are well established and reflect management's best estimates, by their nature reserve and resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable.

Furthermore, fluctuations in the market price of gold, as well as increased capital or production costs or reduced recovery rates, may render ore reserves containing lower grades of mineralization uneconomic and may ultimately result in a reduction of reserves. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. The evaluation of reserves or resources is always influenced by economic and technological factors, which may change over time.

Resources figures included in this Annual Information Form have not been adjusted in consideration of the factors described above and, therefore, no assurances can be given that any resource estimate will ultimately be reclassified as proven or probable reserves.

If Centerra's reserve or resource figures are inaccurate or are reduced in the future, this could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra's production estimates may be inaccurate

Centerra prepares estimates of future production and future production costs for particular operations. No assurance can be given that production estimates will be achieved. These production estimates are based on, among other things, the following factors: the accuracy of reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; equipment and mechanical availability and the accuracy of estimated rates and costs of mining and processing, including the cost of human and physical resources required to carry out Centerra's activities.

Actual production may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the ore reserves, such as the need for sequential development of orebodies and the processing of new or different ore grades; risk and hazards associated with mining; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures and cave-ins. Failure to achieve production estimates could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra's future exploration and development activities may not be successful

Exploration for and development of gold properties involve significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting gold from ore. Centerra cannot ensure that Centerra's current exploration and development programs will result in profitable commercial mining operations or replacement of current production at existing mining operations with new reserves. Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically.

Centerra's ability to sustain or increase present levels of gold production is dependent in part on the successful development of new orebodies and/or expansion of existing mining operations. The economic feasibility of development projects is based upon many factors, including the accuracy of reserve estimates; metallurgical recoveries; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental protection; and gold prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. Centerra also conducts feasibility studies which derive estimates of capital and operating costs based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the orebody; ground and mining conditions, expected recovery rates of the gold from the ore and anticipated environmental and regulatory compliance costs.

It is possible that actual costs and economic returns of current and new mining operations may differ materially from Centerra's best estimates. It is not unusual for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated. These additional costs could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra's future prospects may suffer due to enhanced competition for mineral acquisition opportunities

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with large, better established mining companies with substantial capabilities and greater financial and technical resources, Centerra may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that Centerra will acquire any interest in additional operations that would yield

reserves or result in commercial mining operations. If Centerra is not able to acquire such interests, this could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Gold mining is subject to a number of operational risks and Centerra may not be adequately insured for certain risks

Centerra's business is subject to a number of risks and hazards, including environmental pollution, accidents or spills; industrial and transportation accidents; unexpected labour shortages or strikes; cost increases for contracted and/or purchased goods and services; electrical power interruptions; mechanical and electrical equipment failure; labour disputes; changes in the regulatory environment; natural phenomena, such as inclement weather conditions underground floods, earthquakes, pit wall failures, tailings dam failures and cave-ins; and encountering unusual or unexpected geological conditions.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, Centerra's gold properties, personal injury or death, environmental damage, delays in or interruption of or cessation of production from Centerra's mines or in its exploration or development activities, costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Although Centerra maintains insurance to cover some of these risks and hazards in amounts it believes to be reasonable, its insurance may not provide adequate coverage in all circumstances. No assurance can be given that insurance will continue to be available at economically feasible premiums or that it will provide sufficient coverage for losses related to these or other risks and hazards.

Centerra may also be subject to liability or sustain loss for certain risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. The occurrence of operational risks and/or this lack of insurance coverage could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra is subject to environmental, health and safety risks

Centerra expends significant financial and managerial resources to comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, "laws") drawn from a number of different jurisdictions. Centerra anticipates that it will be required to continue to do so in the future as the historical trend toward stricter such laws is likely to continue. The possibility of more stringent laws or more rigorous enforcement of existing laws exists in the areas of worker health and safety, the disposition of wastes, the decommissioning and reclamation of mining sites and other environmental matters, each of which could have a material adverse effect on Centerra's exploration, operations and the cost or the viability of a particular project.

Centerra's facilities operate under various operating and environmental permits, licences and approvals that contain conditions that must be met and Centerra's right to continue operating its facilities is, in a number of instances, dependent upon compliance with these conditions. Failure to meet certain of these conditions could result in interruption or closure of exploration, development or mining operations or material fines or penalties, all of which could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra's operations in the Kyrgyz Republic and Mongolia are located in areas of seismic activity

The areas surrounding both Centerra's Kumtor mine and its Boroo operations are seismically active. While the risks of seismic activity were taken into account when determining the design criteria for Centerra's Kumtor and Boroo operations, there can be no assurance that Centerra's operations will not be adversely affected by this kind of activity, all of which could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Illegal mining has occurred on Centerra's Mongolian properties, is difficult to control, may disrupt its operations and may expose it to liability

Illegal mining is widespread in Mongolia. Illegal miners may trespass on Centerra's properties and engage in very dangerous practices, including climbing inside caves and old exploration shafts without any safety devices. Although Centerra has hired security personnel to protect all its active sites, it is unable to continuously monitor the full extent of its exploration properties. Centerra has

become aware anecdotally of at least two accidental deaths on its exploration properties over the past three years. The presence of illegal miners could also lead to project delays and disputes regarding the development or operation of commercial gold deposits. The illegal activities of these miners could cause environmental damage (including environmental damage from the use of mercury by these miners) or other damage to Centerra's properties or further personal injury or death, for which Centerra could potentially be held responsible, all of which could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra may be unable to enforce its legal rights in certain circumstances

In the event of a dispute arising at Centerra's foreign operations, Centerra may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. Centerra may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

The dispute resolution provisions of the Investment Agreement and the Stability Agreement stipulate that any dispute between the parties thereto is to be submitted to international arbitration. However, there can be no assurance that a particular governmental entity or instrumentality will either comply with the provisions of these or any other agreements or voluntarily submit to arbitration. If Centerra is unable to enforce its rights under these agreements, this could have an adverse effect on its future cash flows, earnings, results of operations and financial condition.

Centerra faces substantial decommissioning and reclamation costs which may be difficult to predict accurately

At each of Centerra's mine sites it is required to establish a decommissioning and reclamation plan. Provision must be made for the cost of decommissioning and reclamation. These costs can be significant and are subject to change. Centerra cannot predict what level of decommissioning and reclamation may be required in the future by regulators. If Centerra is required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, this could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Changes in, or more aggressive enforcement of, laws and regulations could adversely impact Centerra's business

Mining operations and exploration activities are subject to extensive laws and regulations. These relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response and other matters.

Compliance with these laws and regulations increases the costs of exploring, drilling, developing, constructing, operating and closing mines and other facilities. It is possible that the costs, delays and other effects associated with these laws and regulations may impact Centerra's decision as to whether to continue to operate existing mines, ore refining and other facilities or whether to proceed with exploration or development of properties. Since legal requirements change frequently, are subject to interpretation and may be enforced to varying degrees in practice, Centerra is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, changes in governments, regulations and policies and practices could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra may experience reduced liquidity and difficulty in obtaining future financing

The further development and exploration of mineral properties in which Centerra holds interests or which it acquires may depend upon its ability to obtain financing through joint ventures, debt financing, equity financing or other means. There is no assurance that Centerra will be successful in obtaining required financing as and when needed. Volatile gold markets may make it difficult or impossible for Centerra to obtain debt financing or equity financing on favourable terms or at all. Centerra's principal operations are located in, and its strategic focus is on, Central Asia and the former Soviet Union, developing areas that have experienced past economic and political difficulties and may be perceived as unstable. This may make it more difficult for Centerra to obtain debt financing from project or other lenders. Failure to obtain additional financing on a timely basis may cause Centerra to postpone development plans, forfeit rights in its properties or joint ventures or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra's properties may be subject to defects in title

Centerra has investigated its rights to explore and exploit all of its material properties and, to the best of its knowledge, those rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to Centerra's detriment. There can also be no assurance that Centerra's rights will not be challenged or impugned by third parties, including the local governments.

The validity of unpatented mining claims on U.S. public lands is sometimes uncertain and may be contested. Due to the extensive requirements and associated expense required to obtain and maintain mining rights on U.S. public lands, Centerra's interests in the REN property may be subject to various uncertainties which are common to the industry, with the attendant risk that Centerra's title may be defective. Although Centerra is not currently aware of any existing title uncertainties with respect to any of its properties, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra's properties are located in remote locations and require a long lead time for equipment and supplies

Centerra operates in remote locations and depend on an uninterrupted flow of materials, supplies and services to those locations. In addition, Centerra uses expensive, large equipment that requires a long time to procure, build and install. Any interruptions to the procurement of equipment, or the flow of materials, supplies and services to Centerra's properties could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Centerra's success depends on its ability to attract and retain qualified personnel

Recruiting and retaining qualified personnel is critical to Centerra's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As Centerra's business activity grows, it will require additional key financial, administrative and mining personnel as well as additional operations staff. The Concession Agreement relating to Centerra's Kumtor operations also requires two thirds of all administrative or technical personnel to be citizens of the Kyrgyz Republic. However, it has been necessary to engage expatriate workers for Centerra's operations in Mongolia and, to a lesser extent, the Kyrgyz Republic because of the shortage of locally trained personnel. Although Centerra believes that it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If Centerra is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

As a holding company, Centerra's ability to make payments depends on the cash flows of its subsidiaries

Centerra is a holding company that conducts substantially all of its operations through subsidiaries, many of which are incorporated outside of North America. Centerra has no direct operations and no significant assets other than the shares of its subsidiaries. Therefore, Centerra is dependent on the cash flows of its subsidiaries to meet its obligations, including payment of principal and interest on any debt Centerra incurs. The ability of Centerra's subsidiaries to provide it with payments may be constrained by the following factors:

- the cash flows generated by operations, investment activities and financing activities;
- the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which they operate;
- the introduction of exchange controls and repatriation restrictions or the availability of hard currency to be repatriated; and
- the ownership interests of other investors in Centerra's subsidiaries.

If Centerra is unable to receive sufficient cash from its subsidiaries, it may be required to refinance its indebtedness, raise funds in a public or private equity or debt offering or sell some or all of its assets. Centerra can provide no assurances that an offering of its debt or equity or a refinancing of its debt can or will be completed on satisfactory terms or that it would be sufficient to enable it to make payment with respect to its debt, which could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

Centerra may experience difficulties with its joint venture partners

Centerra operates the REN project through a joint venture with Barrick and may in the future enter into additional joint ventures. Centerra is subject to the risks normally associated with the conduct of joint ventures. These risks include disagreement with a joint venture partner on how to develop, operate and finance a project and possible litigation between Centerra and a joint venture partner regarding joint venture matters. These matters may have an adverse effect on Centerra's ability to pursue the projects subject to the joint venture, which could affect its future cash flows, earnings, results of operations and financial condition.

Centerra is controlled by Cameco Gold, which is in a position to affect Centerra's governance and operations

For as long as Cameco Gold maintains a controlling interest in Centerra, it will generally be able to approve any matter submitted to a vote of shareholders without the consent of Centerra's other shareholders, including, among other things, the election of Centerra's Board of Directors and the amendment of Centerra's articles of incorporation and by-laws. In addition, Cameco Gold will be able to exercise a controlling influence over Centerra's business and affairs, the selection of its senior management, the acquisition or disposition of assets by it, its access to capital markets, the payment of dividends and any change of control of it, such as a merger or take-over. The effect of this control by Cameco Gold may be to limit the price that investors are willing to pay for Centerra's common shares, which could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

In addition, the Location Agreement provides that, so long as Centerra remains a subsidiary of Cameco, it will not carry on business in Canada by owning, acquiring, exploring, developing or mining mineral properties located in Canada. This may prevent Centerra from acquiring or combining with companies that have operations in Canada.

Centerra's directors may have conflicts of interest

Certain of Centerra's directors also serve as directors and/or officers of other companies, including Cameco, involved in natural resource exploration, development and production and consequently there exists the possibility for such directors to be in a position of conflict.

MARKET FOR SECURITIES

Centerra completed its initial public offering on June 30, 2004. Centerra's common shares are listed on the Toronto Stock Exchange under the symbol "CG".

Trading Price and Volume

Shown below are high and low sale prices for the common shares for 2004.

	High \$	Low \$	Volume (000's)
June	15.50	15.35	1,178,180
July	16.01	14.25	4,755,867
August	16.00	14.50	2,697,737
September	18.75	15.45	1,630,230
October	22.50	18.00	2,485,994
November	25.30	20.10	2,235,757
December	24.01	18.05	971,001

PROMOTER

Cameco Gold took the initiative in reorganizing Centerra's business and affairs and accordingly may be considered to be a promoter of Centerra Gold Inc. within the meaning of applicable securities legislation. Among the initiatives taken by Cameco Gold was the organizing of the initial public offering of Centerra's shares in June, 2004. Subsequent to the initial public offering, Cameco Gold retained a controlling interest in Centerra and currently holds 52.7% of its issued and outstanding shares.

LEGAL PROCEEDINGS

There are no legal proceedings outstanding or threatened that, if decided adversely, could reasonably be expected to have a material adverse impact on Centerra's financial position or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Itemized below are all material transactions entered into during the three years prior to the date of this Annual Information Form with any director, executive officer or shareholder of Centerra or any associate or affiliate of such person that have materially affected or will materially affect Centerra:

- the transactions referred to under "Management's Discussion and Analysis — Other Financial Information — Related Party Transactions" in Centerra's Management's Discussion and Analysis for the year ended December 31, 2004;
- the internal reorganization pursuant to which Centerra Gold Inc. acquired the business formerly carried on by Cameco Gold;
- the arrangements related to the Kumtor restructuring, discussed under the heading "Corporate Structure and History — Kumtor Restructuring" in this Annual Information Form;
- the Administrative Services Agreement, discussed under the heading "Principal Shareholders — Administrative Services Agreement" in this Annual Information Form;
- the Centerra Shareholders Agreement, discussed under the heading "Principal Shareholders — Centerra Shareholders Agreement" in this Annual Information Form;
- the Location Agreement, discussed under the heading "Principal Shareholders — Location Agreement" in this Annual Information Form;
- the Gold and Silver Sale Agreement, discussed under the heading "Centerra's Properties — Kumtor Mine — Mining Operations — Gold Sales" in this Annual Information Form; and
- the Management Services Agreement described under "Centerra's Properties — Kumtor Mine — Kyrgyzaltyn Management Fee" in this Annual Information Form.

In addition, Centerra is party to a consulting agreement with Ms. Marina Stephens, a lawyer, the spouse of Centerra's President and Chief Executive Officer, Mr. Homeniuk. Pursuant to this agreement, Ms. Stephens provides certain designated legal and business advisory services to Centerra related to Centerra's international operations. In return for these services, Ms. Stephens receives a sum of C\$200,000 per year. The agreement also provides that Ms. Stephens will receive \$275 per hour for any additional services she provides to Centerra, as authorized by the Chairman of the Board. In 2004, Ms. Stephens received \$375,137 for her services. This agreement replaces earlier consulting agreements pursuant to which Ms. Stephens provided similar services to KOC and Cameco, for which she was paid aggregate amounts of \$508,687 in 2003, \$331,000 in 2002 and \$138,001 in 2001.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which have been entered into by Centerra within the most recently completed fiscal year or before the most recently completed fiscal year but still in effect:

- the Kumtor Restructuring Agreement dated December 31, 2003 between Centerra, Cameco, Kyrgyzaltyn and Cameco Gold;
- the Investment Agreement dated December 31, 2003 between Centerra, the Government of the Kyrgyz Republic and KGC;

- the Amended and Restated Concession Agreement dated December 31, 2003 between the Government of the Kyrgyz Republic and KGC;
- the Centerra Shareholders Agreement dated January 9, 2004 between Centerra, Kyrgyzaltyn, Cameco Gold and KMC;
- the Administrative Services Agreement dated April 1, 2004 between Centerra and Cameco;
- the Agency Exchange Agreements dated April 30, 2004 between Centerra, KGC and each of IFC and EBRD, respectively;
- the Location Agreement dated April 22, 2004 between Cameco and Centerra; and
- the Insurance Risk Rights Plan Agreement dated June 21, 2004 between Centerra and CIBC Mellon Trust Company.

Copies of these agreements may be examined at Centerra's head and principal office during normal business hours during the course of distribution to the public of the common shares and for 30 days after the distribution is over.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for Centerra's common shares is CIBC Mellon Trust Company at its principal offices in Toronto.

EXPERTS

Interest of Experts

As of June 21, 2004 each of the principals of Strathcona, RMI and Roscoe Postle beneficially owned, directly or indirectly, less than 1.0% of the outstanding common shares of Centerra Gold Inc. and Cameco.

ADDITIONAL INFORMATION

Additional information about Centerra may be found at www.sedar.com.

Further additional information, including directors' and officers' remuneration and indebtedness, principal holders of Centerra's securities and securities authorized for issuance under equity compensation plans can be found in Centerra's 2005 information circular.

Additional financial information can be found in Centerra's financial statements and management's discussion and analysis for the year ended December 31, 2004, which are filed on SEDAR.

GLOSSARY OF GEOLOGICAL AND MINING TERMS

The following is a glossary of technical terms and abbreviations that appear in this Annual Information Form:

“adit”	A passage driven into a mine from the side of a hill.
“alluvial”	Relating to deposits made by flowing water, washed away from one place and deposited in another.
“assay”	An analysis to determine the presence, absence or concentration of one or more

chemical components.

“atomic absorption”	An analytical technique for measuring the concentration of metallic elements.
“ball mill”	A large steel cylinder containing steel balls into which crushed ore is fed. The ball mill is rotated, causing the balls to cascade and grind the ore.
“belt”	A specific elongate area defined by unique geologic characteristics.
“bench”	A ledge that, in open-pit mine and quarries, forms a single level of operation above which minerals or waste materials are excavated from a contiguous bank or bench face. The mineral or waste is removed in successive layers, each of which is a bench, several of which may be in operation simultaneously in different parts of, and at different elevations in, an open-pit mine or quarry.
“blast hole”	A hole drilled in a material to be blasted, for the purpose of containing an explosive charge.
“breccia”	Rock consisting of fragments, more or less angular, in a matrix of finer-grained material or of cementing material.
“caldera”	A large, basin-shaped volcanic depression, more or less circular, the diameter of which is many times greater than that of the included vent or vents.
“carbonaceous”	Containing carbon or coal, especially shale or other rock containing small particles of carbon distributed throughout the whole mass.
“carbon-in-leach” (or “CIL”)	A recovery process in which a slurry of gold ore, carbon granules and cyanide are mixed together. The cyanide dissolves the gold which is then absorbed by the carbon. The carbon is subsequently separated from the slurry and the gold removed from the carbon.
“colluvium”	A loose deposit of rock debris accumulated through the action of gravity at the base of a cliff or slope.
“concentrate”	A product containing valuable metal from which most of the waste material in the ore has been eliminated.
“concession system”	Under this system the state or the private owner has the right to grant concessions or leases to mine operators at discretion and subject to certain general restrictions. It had its origin in the ancient regalian doctrine that all mineral wealth was the prerogative of the crown or the feudatory lord and applies in almost every mining country in the world, except the United States.
“core marking”	A device to mark the exact orientation of the core sample in the drill hole.

“crosscut”	A horizontal opening driven from a shaft at (or near) right angles to the strike of a vein or other orebody.
“crusher”	A machine for crushing rock or other materials.
“crushing and grinding”	The process by which ore is broken into small pieces to prepare it for further processing.
“cut-off grade”	The minimum metal grade at which a tonne of rock can be processed on an economic basis.
“cuttings”	The particles of rock produced in a borehole by the abrasive or percussive action of a drill bit.
“cyanidation”	A method of extracting gold or silver by dissolving it in a weak solution of sodium cyanide.
“cyclone”	A classifying (or concentrating) separator into which pulp is fed, so as to take a circular path. Coarser and heavier fractions of solids report at the apex of a long cone while finer particles overflow from the central vortex.
“cyclone overflow”	A finer classified fraction, which leaves via the vortex finder of a cyclone.
“cyclone underflow”	A coarser sized fraction, which leaves via the apex aperture of a hydrocyclone.
“deposit”	A mineralized body which has been physically delineated by sufficient drilling, trenching and/or underground work and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing mineral reserves until final legal, technical and economic factors have been resolved.
“diamond drill”	A type of rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of long hollow rods through which water is pumped to the cutting face. The drill cuts a core of rock which is recovered in long cylindrical sections, approximately two centimetres or more in diameter.
“dip”	The angle at which a bed, stratum or vein is inclined from the horizontal, measured perpendicular to the strike and in the vertical plane.
“dilution”	Waste material not separated from ore mined which was below the calculated economic cut-off grade of the deposit. Dilution results in increased tonnage mined and reduced overall grade of the ore.

“doré”	Unrefined gold and silver bullion bars usually consisting of approximately 90 percent precious metals that will be further refined to almost pure metal.
“drift”	A horizontal tunnel generally driven alongside an ore deposit, from a shaft, to gain access to the deposit.
“drill core”	A long, solid, cylindrical sample of rock, approximately two centimetres in diameter, brought to the surface by diamond drilling.
“electrowinning”	Recovery of a metal from ore by means of electro-chemical processes.
“exploration”	Prospecting, sampling, mapping, diamond-drilling and other work involved in searching for ore.
“facies”	A term of wide application, referring to such aspects of rock units as rock type, mode of origin, composition, fossil content or environment of deposition.
“fault”	A fracture or a fracture zone in crustal rocks along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many miles long.
“faulting”	The process of fracturing the earth and then displacing opposite sides of the fracture relative to each other to create a fault.
“feasibility study”	A comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.
“fire assay”	The assaying of metallic ores, in particular gold and silver, at high temperatures by methods utilizing an assay furnace.
“flotation”	A milling process by which some mineral particles are induced to become attached to bubbles of froth and float, and others to sink, so that the valuable minerals are concentrated and separated from the remaining rock or mineral material.
“flowsheet”	A diagram showing the progress of material through a preparation or treatment plant. It shows the crushing, screening, cleaning or refining processes to which the material is subjected from the run-of-mine state to the clean and sized products. The size range at the various stages may also be shown.
“fold”	A curve or bend of a planar structure such as a rock bed or a fault plane, the result of deformation processes in the earth’s crust.

“footwall”	The underlying side of a fault, orebody or mine, especially the wall rock beneath an inclined vein or fault.
“fresh”	Said of a rock or rock surface that has not been subjected to or altered by surface weathering, such as a rock newly exposed by fracturing.
“g”	Grams.
“g/t”	Grams per tonne.
“geochemical”	Pertaining to the chemistry of geological solids.
“geotechnical drilling”	Diamond drilling targeted and utilized specifically for the collection of information used for mine stability purposes.
“gouge”	Fine, putty-like material composed of ground-up rock found along a fault.
“grade”	The amount of mineral in each tonne of ore.
“gravimetric”	Of or relating to measurement by weight.
“gravity concentration”	The separation of grains of minerals by a concentration method operating by virtue of the differences in density of various minerals.
“hanging wall”	The overlying side of an fault, orebody or mine, especially the wall rock above an inclined vein or fault.
“HDPE”	High density polyethylene.
“host”	The body of rock in which mineralization of economic interest occurs.
“hydrothermal alteration”	Alteration of rocks or minerals by the reaction of hydrothermal (very hot) water with pre-existing solid phases.
“igneous”	Said of a rock or mineral that has solidified from molten or partly molten material, i.e. from a magma. Also applied to processes leading to, related to or resulting from the formation of such rocks.
“in-fill drilling”	Drilling within a defined mineralized area to improve the definition of the known mineralization.
“interval”	The distance between two points or depths in a borehole.

“intrusive”	Rock which, while molten, penetrated into or between other rocks but solidified before reaching the surface.
“jaw crusher”	A primary crusher designed to reduce large rocks or ores to sizes capable of being handled by any of the secondary crushers.
“kaolinization”	Replacement or alteration of minerals, especially feldspars and micas, to form the mineral kaolin, as a result of weathering or hydrothermal alteration.
“kriging”	A weighted moving average method used to interpolate values (grades) from a sample data set onto a grid. A commonly used method to compute resources.
“large-dipole IP”	A deep penetrating Induced Polarization geophysical survey technique.
“lattice”	An array of points in space such that each point is in an identical point environment. Thus, any straight line drawn between any two points in a lattice and continued will pass at equal intervals through a succession of similar points. Fourteen possible lattices exist.
“leach”	To dissolve minerals or metals out of ore with chemicals.
“lens”	A body of ore or rock that is thick in the middle and converges toward the edges, resembling a convex lens.
“loess”	A widespread, nonstratified, porous, friable, usually highly calcareous, blanket deposit (generally less than 30 m thick), consisting predominantly of silt with subordinate grain sizes ranging from clay to fine sand.
“lost core”	The portion of a core that is not recovered. This may include soft rock that crumbles and falls from the core barrel or a solid piece or pieces of core that drop to the bottom of a borehole after slipping out of the core barrel while a drill string is being pulled from a drill hole.
“matrix”	The non-valuable minerals in an ore.
“mesothermal”	Said of a hydrothermal mineral deposit formed at considerable depth and in the temperature range of 200 to 300 degrees C. Also, said of that environment.
“metallogenic belt” (or “metallogenic province”)	An area characterized by a particular assemblage of mineral deposits, or by one or more characteristic types of mineralization. A metallogenic province may have had more than one episode of mineralization.
“meta-sediment”	A sediment or sedimentary rock that shows evidence of having been changed in form or structure by heat and pressure.

“micron”

Former term for “micrometer,” meaning a unit of length equal to one-millionth of a meter.

“mill”

A processing facility where ore is finely ground and thereafter undergoes physical or chemical treatment to extract the valuable metals.

“mineral reserves”

The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Proven mineral reserve: The economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Probable mineral reserve: The economically mineable part of an indicated mineral resource, and in some circumstances a measured mineral resource, demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

“mineral resources”

A mineral resource: A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

Measured mineral resources: That part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Indicated mineral resources: That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade

continuity to be reasonably assumed.

Inferred mineral resources: That part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

“mineral right”	The ownership of the minerals under a given surface, with the right to enter thereon, mine, and remove them. It may be separated from the surface ownership, but, if not so separated by distinct conveyance, the latter includes it.
“mineralization”	The concentration of minerals within a body of rock.
“mining width”	The minimum width necessary for the extraction of ore regardless of the actual width of ore-bearing rock.
“nugget effect”	Grade variation due to measurement errors and short-range special variation at short distances.
“open-pit mine”	A mine that is entirely open to the surface.
“ore”	A metal or mineral, or a combination of these, of sufficient value as to quality and quantity to enable it to be mined at a profit.
“ounces”	Troy ounces = 31.103 grams.
“outcrop”	An exposure of bedrock at the surface.
“overburden”	Designates material of any nature, consolidated or unconsolidated, that overlies a deposit of useful materials, ore or coal, especially those deposits that are mined from the surface by open cuts.
“oxidation”	A chemical reaction caused by exposure to oxygen that results in a change in the chemical composition of a mineral.
“oxide”	An adjective applied to rock, mineral resource or mineral reserve indicating that it has been subjected to oxidation, through weathering and exposure to the surface elements or ground water.
“oz”	Troy ounce(s).
“perched lenses”	Unconfined ground water separated from an underlying main body of ground water by an unsaturated zone.

“pit design”	An open pit contour surface based on an optimized pit shell which has been engineered in detail by adding access ramps and by smoothing of the pit walls. Pit designs are supported by detailed mining plans.
“pit shell”	A non-engineered open pit contour surface produced by optimization software at a particular gold price, without consideration to equipment access and mining plans.
“placer”	A deposit of sand or gravel that contains particles of gold or other heavy minerals of value. The common types are stream gravels and beach sands.
“post-ore faulting”	Faulting which occurred subsequent to the formation of a deposit of a particular type of ore.
“pre-feasibility study”	A comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.
“preg-robbing”	When leaching ore, a dilute cyanide solution is used to dissolve the gold to produce a “pregnant solution”. When carbon mineralization is present in the ore it may have the ability to re-absorb some of the gold from the pregnant solution. This process is referred to as “preg robbing”.
“pulp”	A mixture of ground ore and water capable of flowing through suitably graded channels as a fluid.
“pyrite”	Iron sulfide (FeS ₂) mineral.
“realgar”	Arsenic sulphide mineral commonly found in hydrothermal sulphide veins.
“reclamation”	The process by which lands disturbed as a result of mining activity are reclaimed back to a beneficial land use. Reclamation activity includes the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings impoundments, leach pads and other mine features and contouring, covering and re-vegetation of waste rock piles and other disturbed areas.
“recovery”	A term used in process metallurgy to indicate the proportion of valuable material obtained in the processing of an ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore.

“refining”	The final stage of metal production in which impurities are removed from the molten metal.
“reserves”	See “mineral reserves”.
“resources”	See “mineral resources”.
“reverse circulation (RC)”	The circulation of bit-coolant and cuttings-removal liquids, drilling fluid, mud, air or gas down a borehole outside the drill rods and upward inside the drill rods. Also called “countercurrent” or “counterflush”.
“rotary wet splitter”	A motorized spinning sampler that extracts representative samples from a mixture of liquid and solids.
“schist”	A strongly foliated crystalline rock, formed by dynamic metamorphism, that can be readily split into thin flakes or slabs due to the well developed parallelism of more than 50% of the minerals present.
“seismicity”	Measure of frequency and magnitudes of earthquakes in a given area; The phenomenon of earth movements.
“semi-autogenous grinding”	A method of grinding rock into fine sand, in which the grinding media consist of larger chunks of rock and steel balls.
“shear key”	Removal of weak materials in a specified area and replacement with engineered fills to provide improved shear resistance and impermeability in the foundation of a dam.
“shearing”	Deformation resulting from stresses that cause, or tend to cause, contiguous parts of a body to slide relative to each other.
“sinistral”	A fault on which the displacement is such that the side opposite the observer appears displaced to the left.
“slurry”	A suspension of fine solid particles in a liquid, not thick enough to consolidate as a sludge.
“stockwork”	A mineral deposit consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.
“strike”	Horizontal direction or trend of a geologic structure.

“strike-slip fault”	A fault on which the movement is parallel to the fault’s strike.
“strip (or stripping) ratio”	The tonnage or volume of waste material which must be removed to allow the mining of one tonne of ore in an open pit.
“sulphide”	A mineral compound in which one or more metals are found in combination with sulfur.
“sump”	An excavation made in the ground to collect water, from which it is pumped to the surface or to another sump nearer the surface. Sumps are placed at the bottom of a shaft, near the shaft on a level, or at some interior point.
“t”	Metric tonnes.
“tailings”	The material that remains after recoverable metals or minerals of economic interest have been removed from ore through milling.
“tailings dam”	A natural or man-made confined area suitable for depositing tailings.
“tellurides”	Ores of the precious metals (chiefly gold) containing tellurium, a semi-metallic, trigonal mineral (Te).
“terrane-bounding”	Referring to a fault-bounded body of rock of regional extent, characterized by a geologic history different than that of contiguous terranes. A terrane refers to a series of related rock formations.
“thrust”	An overriding movement of one crustal unit over another, such as with a thrust fault.
“thrust fault”	A fault with a dip of 45 degrees or less over much of its extent, on which the hanging wall appears to have moved upward relative to the footwall.
“thrust sheet (or thrust slice)”	The body of rock above a large-scale thrust fault whose surface is horizontal or very gently dipping.
“unpatented mining claim”	With respect to the United States, a mining claim to which a deed from the U.S. Government has not been received. A claim is subject to annual assessment work to maintain ownership.
“variogram”	A plot of the variance of paired sample measurements as a function of the distance between samples. Variograms provide a means of quantifying the commonly observed relationship that samples close together will tend to have more similar values than samples far apart.

“vein”	Sheet-like body of minerals formed by fracture filling or replacement of host rock.
“waste”	Barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.
“xenolith”	A foreign inclusion in an igneous rock.

METRIC EQUIVALENT TABLE

To Convert	To Metric
<u>Imperial Measurement Units</u>	<u>Measurement Units</u> <u>Multiply By</u>
Acres	Hectares 0.404686
Feet	Metres 0.30480
Miles	Kilometres 1.609344
Ounces (troy)	Grams 31.1035
Pounds	Kilograms 0.454
Short tons	Tonnes 0.907185
Troy ounces per ton	Grams per tonne 34.2857

SCHEDULE A

Committee Charter

The following is a text of the audit committee's charter:

Purpose

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to (a) the external auditor, (b) the internal auditor, (c) financial reporting, (d) compliance with legal and regulatory requirements related to financial reporting and certain corporate policies, and (e) internal controls over financial reporting and disclosure controls.

Composition

The members of the Audit Committee and its Chair shall be appointed annually by the Board on the recommendation of the Nominating and Corporate Governance Committee. The Audit Committee shall consist of at least three and not more than six members. Each member will be an Independent Director (as defined in the mandate adopted by the Board) who is financially literate (as defined in Multilateral Instrument 52-110, as amended from time to time).

Meetings

The Audit Committee will meet at least four times annually and as many additional times as the Audit Committee deems necessary to carry out its duties effectively. The Audit Committee will meet privately with each of the external auditor, the internal auditor and management at each regularly scheduled meeting.

Notice of every meeting will be given to each member, the Chair of the Board, the external auditor and the internal auditor.

A majority of the members of the Audit Committee shall constitute a quorum. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present.

The Audit Committee may invite such officers, directors and employees of the Corporation and such other persons as it may see fit from time to time to attend meetings of the Audit Committee and assist in the discussion and consideration of any matter.

A meeting of the Audit Committee may be convened by the Chair of the Audit Committee, a member of the Audit Committee, the external auditor or the internal auditor.

Duties and Responsibilities

Financial Reporting

1. Review and recommend to the Board for approval the audited annual financial statements and related management's discussion and analysis.
2. Review and recommend to the Board for approval all interim financial statements and quarterly reports and related management's discussion and analysis.
3. Before the release of financial statements and related disclosures to the public, obtain confirmation from the CEO and CFO as to the matters addressed in the certifications required by the securities regulatory authorities.
4. Review all earnings press releases.
5. Review all other press releases containing financial information based upon the Corporation's financial statements prior to their release and all earnings guidance.

6. Review all other financial statements that require approval by the Board before they are released to the public, including financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities.
7. Review status of significant accounting estimates and judgments (e.g., reserves) and special issues (e.g., major transactions, changes in the selection or application of accounting policies, off-balance sheet items, effect of regulatory and financial initiatives).
8. Review management's assessment and management of financial risks (e.g., hedging, insurance, debt).
9. Review any litigation, claim or other contingency that could have a material effect on the financial statements.
10. Discuss with the external auditor the quality, not just the acceptability, of the Corporation's accounting principles as applied in its financial reporting.
11. Discuss with the external auditor any (i) difference of opinion with management on material auditing or accounting issues and (ii) any audit problems or difficulties experienced by the external auditor in performing the audit.
12. Discuss with management and the external auditor any significant financial reporting issues considered and the method of resolution.

External Auditor

13. Recommend to the Board the external auditor to be nominated for appointment or re-appointment by the shareholders.
14. Evaluate the external auditor's qualifications, performance and independence.
15. Review the Corporation's policies for hiring employees and former employees of the external auditor.
16. Review and approve the external auditor's plans for the annual audit and interim reviews including the auditor's fees.
17. Review and pre-approve all non-audit service engagement fees and terms in accordance with applicable law.
18. Consider any matter required to be communicated to the Audit Committee by the external auditor under applicable generally accepted auditing standards, applicable law and listing standards, including the auditor's report to the Audit Committee (and management's response thereto).

Internal Auditor

19. Review and approve the appointment or removal of internal auditor.
20. Review the mandate of internal auditor and the scope of the internal auditor's annual work plan.
21. Review significant audit findings and status updates on recommendations.
22. Review the internal auditor's ongoing assessments of the Corporation's business processes and system of internal controls.
23. Review the effectiveness of the internal audit function.

Compliance

24. Review procedures adopted by the Corporation to ensure that all material statutory deductions have been withheld by the Corporation and remitted to the appropriate authorities.

25. Monitor compliance with the Code of Ethics Policy and the Policy on Compliance with Laws on Foreign Political Contributions and Payments to Foreign Officials.
26. Review with legal counsel any legal matters that could have a significant effect on the Corporation's financial statements.
27. Review with legal counsel the Corporation's compliance with applicable laws and regulations and inquiries received from regulators and governmental agencies to the extent they may have a material impact on the financial position of the Corporation.
28. Oversee procedures in the Code of Ethics Policy for (i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of concerns regarding such matters.

Internal Controls and Disclosure Controls

29. Review the adequacy of the internal controls that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records.
30. Review any special audit steps adopted in light of material control deficiencies.
31. Review the controls and procedures that have been adopted by the Corporation to confirm that material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

Other

32. Review a report, at least annually, from the Reserves Committee on the Corporation's mineral reserves.
33. Review and pre-approve all proposed related party transactions and situations involving a director's, a senior officer's or an affiliate's potential or actual conflict of interest that are not required to be dealt with by an "independent committee" pursuant to securities law rules, other than routine transactions and situations arising in the ordinary course of business, consistent with past practice.
34. Review the appointment of the CFO and review with the CFO the qualifications of new key financial executives involved in the financial reporting process.
35. In conjunction with Human Resources and Compensation Committee, review succession plans for the CFO and the Controller.
36. Review on an annual basis expenses submitted for reimbursement by the CEO.
37. Provide orientation for new members and continuing education opportunities for all members to enhance their expertise and competencies with finance and accounting.

Reporting

The Audit Committee will report regularly to the Board on all other significant matters it has addressed and with respect to such other matters that are within its responsibilities.

Review and Evaluation

The Audit Committee will annually review and evaluate the adequacy of its mandate and recommend any proposed changes to the Nominating and Corporate Governance Committee. It will also participate in an annual performance evaluation by the Nominating and Corporate Governance Committee.

Chair

Each year, the Board will appoint one member to be Chair of the Audit Committee. If, in any year, the Board does not appoint a Chair of the Audit Committee, the incumbent Chair will continue in office until a successor is appointed.

Removal and Vacancies

Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee upon ceasing to be a director. The Board may fill vacancies on the Audit Committee by appointment from among its members. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains in office. Subject to the foregoing, each member of the Audit Committee shall remain as such until the next annual meeting of shareholders after that member's election.

Access to Outside Advisors

The Audit Committee may, without seeking approval of the Board or management, select, retain, terminate, set and approve the fees and other retention terms of any outside advisor, as it deems appropriate. The Corporation will provide for appropriate funding, for payment of compensation to any such advisors, and for ordinary administrative expenses of the Audit Committee.