

Dear Fellow Shareholders

Largest gold mining IPO since 1994

Centerra was launched as a pure-play gold company with the largest gold initial public offering (“IPO”) on the TSX since 1994. The Company was formed with 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”). At the time of the IPO, the value and size of the Company was increased substantially with the acquisition of the remaining two-thirds interest in the Kumtor mine in the Kyrgyz Republic and an additional 42% interest in the Boroo mine in Mongolia.

Strong, well-positioned balance sheet

Financially, the Company was strengthened further with the retirement of all long-term, interest-bearing debt and the elimination of all existing gold hedge positions. Our strategy behind having a debt-free balance sheet is to have Centerra in the strongest financial position possible to capitalize on suitable growth opportunities that may arise. Our current gold hedging policy is simple – we do not intend to hedge our production in the current price environment. While having a hedge position is prudent under certain conditions, we feel that with the Company’s current financial position and the positive outlook for the gold market, our shareholders’ interests are best served by being able to benefit fully from the healthy gold prices.



Centerra’s strong performance in its first year as a public company is reflective of the quality of its assets and experience of its employees.

Leonard A. Homeniuk, President and Chief Executive Officer

Low-cost, safe operations

Operationally, it was also a stellar year. One of the most significant highlights was the start of commercial operations at the Boroo mine in March. This facility, with the original design capacity to process 1.8 million tonnes of ore per year, has consistently performed at or above these levels since its start-up. Production exceeded our initial projection by over 10%. And despite escalating market costs of many consumable items, Boroo’s cost of production was well below the industry average at \$149 per ounce of gold. Adding to these first year accomplishments was Boroo’s outstanding safety performance with over 1.1 million hours worked without a lost-time injury. The Kumtor mine, in its eighth year of operation, also experienced a noteworthy performance. In 2004, Kumtor produced its five-millionth ounce of gold – a milestone that is attained only by major gold mines. Kumtor’s safety performance was also outstanding with 336 consecutive days of operation without a lost-time injury. Both facilities also recorded very good environmental performances.

Replenishing reserves

Exploration is a top priority at Centerra. In the last quarter of 2004, we accelerated drilling activities in all our key programs based on encouraging results from earlier work. By the end of

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NEW RESERVES AT EXISTING MINES

4-Point Strategy for Growth

We will continue the aggressive drilling programs at our mines and surrounding areas based on encouraging results:

Kumtor

- 131 holes totaling 34,947 metres completed in 2004
- Promising results at the adjacent Southwest Zone

Boroo

- 232 drill holes totaling 24,264 metres completed in 2004
- Extensive surrounding land position

Gatsuurt

- Results suggest that high recoveries may be achievable using bio-oxidation technology
- 2004 program further defined the deposit



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DEVELOP REN PROPERTY

We will, in partnership with Barrick, continue to expand and define the limits of this property in Nevada, USA:

- Completed \$6.2 million program in 2004
- Upgraded to 791,000 ounces of indicated resources and 516,000 ounces of inferred resources



3

EXPLORATION IN CENTRAL ASIA, THE FORMER SOVIET UNION AND OTHER EMERGING MARKETS

We will pursue opportunities to expand our exploration program to other regions within our target areas:

- Despite the wealth of gold deposits, the Tien Shan belt has been relatively underexplored, largely due to past economic and political constraints.



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SELECTIVE ACQUISITIONS

We will pursue selective acquisitions with a focus on advanced-stage projects and properties that are already in operation.



Goals 2005

- Continue to work towards the reserve-addition goals set at June 30, 2004:

Kumtor

- Add 1.5 million ounces to reserves

Mongolia

- Add 1 million ounces to reserves

Gatsuurt

- Initiate and complete feasibility study on development as stand-alone operation

REN

- Define the extent of the mineralization
- Test other target areas on the property
- Continue to expand the resource base

- Expand network of contacts with other industry participants in Central Asia, the former Soviet Union and other emerging markets.

- Work at remaining the partner of choice in the region.

- Continue to evaluate acquisition opportunities that fit the Company's expertise and have the potential to be accretive to shareholder value.

the year, 1.1 million ounces of contained gold were added to reserves, effectively replacing 2004 production and extending by one year the lives of our mines. The programs also substantially upgraded resources at two promising exploration projects that we are confident will play a meaningful role in Centerra's future, Gatsuurt in Mongolia and REN in Nevada.

A balanced strategy to increase shareholder value

At the time of the IPO, we articulated our strategy for increasing Centerra's reserve and resource base and expanding its current portfolio of gold mining operations. With the positive results from our exploration programs, we have made measurable progress in developing new reserves and resources at our existing mines and adjacent areas and further defining the REN deposit.

In 2005, we will further both of these initiatives with a \$22 million exploration program. We will also explore opportunities to expand our program to other high-potential regions within Central Asia, the former Soviet Union and other emerging markets.

While exploration is the most cost-efficient way to build reserves, we recognize that it can sometimes take years to find, permit and develop these reserves. For this reason, we have balanced our growth strategy with an acquisition component focused on later-stage projects and operating mines. We are currently evaluating a number of opportunities that have the potential to materially increase the production profile of Centerra. Each opportunity will be subject to careful evaluation to ensure that it will have the potential to be accretive to shareholder value.

**Centerra enters 2005 with a solid financial and operating base.
The Company is well-positioned to benefit from the positive gold
market and expand and increase shareholder value.**

A positive outlook for gold

Gold prices continued to improve for a third straight year in 2004 reaching a 16-year high in December. Many factors point to a continuation of this trend including an increase in demand for gold for investment purposes and continued downward pressure on the U.S. dollar. A consensus of six industry analysts shows an average gold price forecast of \$450 per ounce in 2005.

Thank you

On behalf of the Board of Directors, I would like to thank our employees for their hard work and dedication in making 2004 a truly remarkable year for Centerra. 2005 promises to be as eventful as 2004 and I look forward to reporting to you on our progress.

Leonard A. Homeniuk

President and Chief Executive Officer

March 7, 2005