



## **NEWS RELEASE**

**Third Quarter 2004**

(All figures are in United States dollars unless otherwise specified)

### **Centerra Gold's earnings and cash flow rise sharply**

**Toronto, Canada, October 26, 2004:** Centerra Gold Inc. (TSX: CG) today reported earnings of \$28.7 million or \$0.40 per share for the three months ended September 30, 2004. Cash from operations amounted to \$29.2 million. In the comparable quarter of 2003, earnings and cash flow were \$2.8 million or \$0.07 per share and \$15.4 million respectively.

For the first nine months of 2004, earnings were \$40.5 million or \$0.81 per share and cash from operations totaled \$63.5 million. These compare to earnings of \$2.3 million or \$0.06 per share and cash from operations of \$25.3 million in the same period of 2003.

#### **Third Quarter Highlights**

- Increased ownership, production and realized prices drove significant increases in revenue, earnings and cash from operations
- Operations at both Kumtor and Boroo mines exceeded expectations
- Hedge book was completely eliminated during the quarter
- Cash totaled \$130.9 million at September 30; no long-term debt
- Exploration programs for 2004 were expanded based on encouraging results:
  - At Kumtor, drill program increased by \$2.1 million
  - At Gatsurt, drill program increased by \$2.0 million, and
  - At REN, \$2.5 million Phase 2 program approved and launched
- Surpassed significant safety milestones at the Kumtor and Boroo mines
- Mr. Ularbek Mateyev, President of Kyrgyzaltyn JSC, was appointed to the Board of Directors

“We are very pleased with the strong results of the quarter,” said Len Homeniuk, President and CEO. “Operations at both mines continue to exceed expectations and our exploration program is yielding encouraging results. As well, we had another solid safety performance, surpassing significant milestones at both mines without lost-time accidents.”

“We welcome Mr. Ularbek Mateyev, Kyrgyzaltyn’s nominee to the board of Centerra, and we look forward to working with him as the Company pursues its growth strategy focused on Central Asia, the former Soviet Union and other emerging markets,” concluded Mr. Homeniuk.

### **Summary of the quarter**

Centerra Gold became a public company on June 30, 2004. Its predecessor company, Cameco Gold Inc. was a division of Cameco Corporation which held a one-third interest in Kumtor and a 53% interest in Boroo. Since June 30, 2004, Centerra’s main operating and exploration ownership interests consist of a 100% interest in Kumtor mine, a 95% interest in Boroo mine, and in exploration properties, a 62% interest in REN and a 100% interest in Gatsuurt. For accounting purposes, Centerra’s consolidated third quarter results reflect fully consolidated interests in the Kumtor and Boroo mines, a 62% interest in REN and a fully consolidated interest in Gatsuurt.

Net earnings for the third quarter of 2004 were \$28.7 million or \$0.40 per share compared to \$2.8 million or \$0.07 per share for the same period in 2003. The year-over-year improvement is primarily due to the increased ownership of the Kumtor mine, the start of commercial operations at the Boroo mine on March 1, 2004 and higher realized prices due to a reduced hedge position.

During the quarter, Centerra’s share of production at the Kumtor and Boroo mines rose to 235,579 ounces from 69,043 ounces in the same prior year period. Total cash cost per ounce of gold was \$178 compared to \$160 in the third quarter of 2003.

For the three months ended September 30, 2004, Centerra revenues rose to \$86.7 million from \$20.6 million in the corresponding period of 2003. This was due to the start-up of operations at the Boroo mine, which was under construction during 2003, an increased ownership interest in the Kumtor mine and a 28% increase in average realized prices to \$398 per ounce.

Gross profit was \$31.2 million in the quarter compared to \$5.1 million a year ago.

For the three months ended September 30, 2004, cash flow from operations was \$29.2 million, almost double the \$15.4 million reported in the same period a year ago.

As of the end of September, all forward sales agreements have been closed and all credit support, previously provided by Cameco, has been removed. During the quarter, the

Company closed forward contracts for 155,000 ounces, including 125,000 ounces in July, which were noted in Centerra's second quarter report. Currently, Centerra does not intend to hedge any of its future production.

## **Exploration**

Exploration at Kumtor has been accelerated with three additional drill rigs added in mid-October bringing the total on site to eight. At Boroo, the Phase 2 drilling program is in progress to further delineate the mineralization.

At Gatsuert, 32 drill holes totaling 3,822 metres were drilled at the Central Zone. Metallurgical test work suggests that high recoveries may be achievable for the deeper transition and fresh sulphide material using the bio-oxidation technology and further test work has been initiated. Based on the preliminary results to date, management is planning to complete a pre-feasibility study during 2005 on the potential development of the property as a stand-alone operation.

At the REN project in Nevada, the \$2.5 million Phase 2 program was approved by the joint venture partners and drilling was initiated in August.

Based on the encouraging results from the drilling programs, particularly at the Kumtor and Gatsuert properties, the Company has increased its exploration program for 2004 by almost \$4.1 million to roughly \$14.5 million.

## **Outlook**

### **Fourth quarter 2004**

Revenues in the fourth quarter are expected to be lower than the third quarter. Production at Kumtor is expected to decline to about 136,000 ounces in the fourth quarter due to a lower average grade of mill feed. Accordingly, the total cash cost is expected to increase to about \$252 per ounce. At Boroo, production is expected to be about 66,000 ounces for the quarter with a total cash cost of about \$150 per ounce.

For the fourth quarter, a \$10 per ounce change in the gold spot price would change revenue by about \$2.0 million, net earnings by about \$1.8 million and cash from operations by about \$1.9 million.

### **Full year 2004 - production - 100% basis**

For the full year, production is forecast at 900,000 ounces, an increase of 33% over 2003. Considering the Kumtor restructuring, Centerra's share of production for the year is expected to be about 607,000 ounces.

Production at Kumtor is expected to amount to 655,000 ounces in 2004 utilizing a milling plan that calls for a mix of lower grade stockpiled ore and higher grade mine ore. Forecast average grade and total cash cost for 2004 are 4.4 grams per tonne (g/t) and \$200 per ounce respectively.

Production at Boroo is expected to be 245,000 ounces of gold in 2004 (including 27,703 ounces produced prior to the start of commercial production on March 1, 2004). Forecast average grade and total cash cost for 2004 are 4.60 g/t and \$143 per ounce respectively.

### **About Centerra**

Centerra is a growth-oriented, pure-play gold company focused on acquiring, exploring, developing and operating gold properties primarily in Central Asia, the former Soviet Union and other emerging markets. The two gold mines operated by the Company are forecast to produce 900,000 ounces in 2004 at a total cash cost of about \$185 per ounce. This would rank Centerra as the largest Western-based gold producer in Central Asia and the former Soviet Union and the fifth largest North American based gold producer. Centerra's shares began trading on the Toronto Stock Exchange (TSX) on June 30, 2004 under the symbol CG. The Company is based in Toronto, Canada.

### **Qualified person**

The technical data under the heading "Exploration" has been prepared under the supervision of and verified by Robert S. Chapman, P. Eng., Vice President of Exploration of Centerra, a "Qualified Person" for the purpose of National Instrument 43-101.

### **Conference call**

Centerra invites you to join its third quarter conference call on Tuesday, October 26, 2004 at 2:00 pm Eastern time. The call is open to all investors and the media. To join the call, please dial **(416) 695-5259** or **(1-877) 888-3855** (Canada and US). Alternatively, an audio feed will be available on [www.centerragold.com](http://www.centerragold.com). A recorded version of the call will be available on [www.centerragold.com](http://www.centerragold.com) shortly after the call, and via telephone until midnight on Tuesday, November 9 by calling (416) 695-5275 or (1-888) 509-0081.

### **For more information:**

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Additional information on Centerra is available on the Company's web site at [www.centerragold.com](http://www.centerragold.com) and at SEDAR at [www.sedar.com](http://www.sedar.com).

## Management's Discussion and Analysis

The following discussion of the financial condition and results of operations of Centerra Gold Inc. (Centerra or the Company) for the three months ended September 30, 2004 should be read in conjunction with the unaudited consolidated financial statements and the notes of the Company for the nine months ended September 30, 2004 as well as the prospectus of the Company dated June 22, 2004 and the financial statements, notes and management's discussion and analysis (Annual MD&A) contained in the prospectus. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and, unless otherwise specified, all figures are in United States dollars. The prospectus, which contains Centerra's Annual MD&A, is available at [www.centerragold.com](http://www.centerragold.com) and [www.sedar.com](http://www.sedar.com).

### Consolidated third quarter results

For accounting purposes, Centerra's consolidated third quarter results reflect fully consolidated interests in the Kumtor and Boroo mines, a 62% interest in the REN and a fully consolidated interest in Gatsurt.

#### Highlights – Centerra

	Three Months Ended		Nine Months Ended	
	Sept 30/04	Sept 30/03	Sept 30/04	Sept 30/03
<b>Financial Highlights</b>				
Revenue - \$ millions	86.7	20.6	159.3	52.5
Gross profit - \$ millions	31.2	5.1	57.8	9.4
Net earnings - \$ millions	28.7	2.8	40.5	2.3
Cash flow from operations - \$ millions	29.2	15.4	63.5	25.3
Sales volume – ounces <sup>(1)</sup>	217,593	63,303	414,754	158,398
Ounces poured <sup>(1)</sup>	235,579	69,043	435,505	156,625
Average realized price - \$/oz	398	312	380	315
Gold spot market price - \$/oz				
Average for period	401	363	401	354
Total cash cost - \$/oz <sup>(2)</sup>	178	160	173	200
Earnings per common share - \$				
Basic and fully diluted	0.40	0.07	0.81	0.06
Weighted average shares outstanding (thousands) <sup>(3)</sup>	71,509	38,149	50,072	38,149

<sup>(1)</sup> Comprising one-third of Kumtor to June 22, 2004 and 100% thereafter, and 100% of Boroo.

<sup>(2)</sup> Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP measure – Total cash cost".

<sup>(3)</sup> For most of the first half of 2004, the number of shares outstanding was 38.1 million. After the IPO, this rose to 72.1 million. As a result, the *weighted average* number of shares outstanding for the nine months to September 30, 2004 was 50.1 million.

## **Gold production and revenue**

Revenue increased to \$86.7 million in the third quarter from \$20.6 million in the same quarter last year. In the third quarter, Centerra's production of 235,579 ounces was significantly higher than the 69,043 ounces produced in the third quarter of 2003 due to two factors:

- At the end of the second quarter of 2004, Centerra increased its ownership of the Kumtor mine from 33.3% to 100% and now reports the full production volume; and
- Commercial production at the Boroo mine began on March 1, 2004.

Centerra realized an average gold price of \$398 per oz for the third quarter, a significant increase over the \$312 per ounce realized in the same quarter in 2003. This increase was due to higher spot gold prices that averaged \$401 per ounce in the third quarter of 2004, compared to \$363 per ounce in the prior year quarter, and a reduction in the Company's hedge position. Centerra did not realize the entire benefit of the increase in spot gold prices as it delivered a portion of its gold production during the quarter into gold hedge contracts at below spot market prices.

The Company closed its remaining hedge positions at Boroo. As of September 30, 2004, Centerra's gold production is completely unhedged. The impact of this and prior closures of Centerra's hedge position is discussed below under "Gold hedging and off-balance sheet obligations".

## **Cost of sales**

Cost of sales increased to \$37.4 million in the third quarter of 2004 from \$11.4 million in the same period of 2003 due to an increased ownership in Kumtor and the start of commercial production at Boroo. On a unit basis, the total cash cost per ounce for 2004 was \$178, up from \$160 in 2003, due to lower gold production at Kumtor reflecting lower grade ore fed to the mill.

## **Depreciation, depletion and reclamation**

Depreciation, depletion and reclamation increased to \$18.0 million in the third quarter of 2004 from \$4.1 million in the prior year quarter due to an increased ownership in Kumtor and the start of commercial production at Boroo. On a per unit basis, depreciation and amortization increased in 2004 to \$83 per ounce from \$65 per ounce in 2003 primarily due to the higher rate of depreciation and amortization at Boroo and the amortization of purchase price adjustments related to the acquisitions that took place in the second quarter of 2004.

## **Exploration**

Exploration and development costs increased to \$3.8 million in the third quarter of 2004 from \$1.5 million in the prior year period.

## **Interest and other**

Interest and other expense reflected a net recovery of \$5.1 million in the third quarter of 2004 compared to net expense of \$0.6 million in the same period in 2003 primarily due to a \$5 million foreign exchange gain on Centerra's Canadian cash balance which appreciated in value as the Canadian dollar strengthened compared to the US dollar. The Company had no outstanding interest-bearing debt during the third quarter.

## **Administration**

Administration costs for the third quarter of 2004 were \$3.5 million compared to \$0.7 million in the same quarter last year. This increase resulted from expenses related to the start-up of Centerra, its development as a stand-alone entity and the reclassification of insurance costs.

## **Net earnings**

Net earnings for the third quarter of 2004 were \$28.7 million or \$0.40 per share compared to \$2.8 million or \$0.07 per share for the same period in 2003. This improvement is primarily due to an increased share of production at Kumtor, the start-up of Boroo and higher realized prices.

## **Liquidity and capital resources**

Cash flow from operations was \$29.2 million for the third quarter of 2004 compared to \$15.4 million for the prior year period. The increase resulted from higher realized gold prices, the increased ownership at Kumtor and the start of commercial production at Boroo.

Cash used in investing activities in the third quarter of 2004 was \$3.6 million, down from \$16.2 million in the same period a year ago when construction of the Boroo mine was underway.

Financing activities contributed cash flow of \$20.0 million in the third quarter of 2004 compared to a use of funds of \$4.2 million in the same period in 2003. The 2004 amount was due to the issuance of 1,875,000 common shares upon the full exercise of the over-allotment option by the underwriters of Centerra's initial public offering.

Cash on hand was \$130.9 million on September 30, 2004 of which \$60 million is held in Canadian funds.

Centerra has sufficient cash to carry out its business plan in 2004, including its growth strategy. This cash comes from the initial public offering of Centerra shares, the exercise of the over-allotment option by the underwriters, operating cash flows, and existing cash reserves.

## **Balance sheet**

### **Property, plant and equipment**

The aggregate book value of property, plant and equipment at September 30, 2004 of \$273.3 million is allocated by site as follows: Kumtor \$161 million and Boroo \$112 million.

### **Share capital**

In the third quarter of 2004, the Company issued 1,875,000 common shares as noted above in relation to the exercise of the over-allotment option. In exchange, the Company received net proceeds of \$20.3 million (Cdn\$27.6 million). As of September 30, 2004, Centerra had 72,079,605 shares outstanding.

At September 30, 2004, Centerra had 104,167 share options outstanding under its stock based incentive plans.

## **Year-to-date results**

The year-to-date results to September 30, 2004 reflect an increased ownership in Kumtor, higher production at Kumtor, the start of commercial production at Boroo and higher realized prices due to a reduced hedge position. This has resulted in higher revenue and earnings compared to the period ended September 30, 2003.

Revenue for the nine months ended September 30, 2004 increased to \$159.3 million from \$52.5 million in the same period in 2003. As a result of these significantly higher revenues, net earnings were \$40.5 million or \$0.81 per share in the first nine months of 2004 compared to \$2.3 million or \$0.06 per share in the comparable 2003 period. Gross profit was \$57.8 million in the 2004 period versus \$9.4 million in 2003.

Cash flow from operations for the nine months ended September 30, 2004 was \$63.5 million compared to \$25.3 million for the year earlier period.



## Contractual obligations

There have been no significant changes from the contractual obligations identified in the Annual MD&A included in the prospectus except as disclosed in Centerra's 2004 second quarter report and, in addition, the Phase 2 program at the REN project was approved by the joint venture partners. Centerra's share of the \$2.5 million program is \$1.6 million.

## Gold hedging and off-balance sheet obligations

As of September 30, all forward sales agreements have been closed and all credit support, previously provided by Cameco, has been removed. Centerra currently intends that its gold production will remain unhedged.

The deferred charges, net of deferred revenue, related to the closing of the hedges, will be recognized in future periods. At September 30, 2004, they totaled \$8.0 million and are expected to be amortized as follows:

### Recognition of Deferred Charges (net of deferred revenue)

<i>\$ millions</i>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
2004	--	--	--	(0.2)	(0.2)
2005	2.2	1.0	1.1	1.1	5.4
2006	1.9	(0.6)	0.4	0.6	2.3
2007	0.5	--	--	--	0.5
Total					8.0

## Market Update

The average spot market gold price during the third quarter was \$401 per ounce and \$416 at the end of the period. This compares to \$396 at June 30, 2004 and \$354 at the end of the third quarter of 2003. For the first half of October, 2004, spot gold prices traded in the range of \$411 to \$422 per ounce.

## Mine Operations

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

### Kumtor – 100% basis

The Kumtor open pit mine, located in the Kyrgyz Republic, is the largest gold mine in Central Asia operated by a Western-based producer. It has been operating since 1997. Kumtor has not had a lost time accident (LTI) in 2004 and has now accumulated 2.9 million man-hours without an LTI.

Kumtor Operating Results	Three Months Ended		Nine Months Ended	
	Sept 30/04	Sept 30/03	Sept 30/04	Sept 30/03
Sales volume – ounces	148,706	189,909	496,142	475,193
Revenue - \$ millions	58.5	59.2	183.6	149.6
Tonnes mined - 000s	21,111	21,108	63,237	56,685
Tonnes ore mined – 000s	829	1,334	1,974	3,432
Tonnes milled - 000s	1,446	1,466	4,271	4,267
Average grade - g/t <sup>(1)</sup>	4.27	5.20	4.55	4.17
Recovery - %	83.0%	83.4%	82.6%	82.6%
Ounces recovered	164,609	204,535	515,641	472,394
Ounces poured	166,805	207,128	518,627	469,875
Total cash costs - \$/oz <sup>(2)</sup>	192	160	185	200
Capital expenditures - \$ millions	1.0	3.4	3.8	10.5

<sup>(1)</sup> g/t means grams per tonne.

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

### Revenue

In the third quarter of 2004, revenue declined to \$58.5 million as lower production was only partly offset by an increase in the average realized price to \$394 per ounce. Production was 166,805 poured ounces, 19% lower than the prior year quarter due primarily to lower ore grade averaging 4.27 g/t compared to 5.20 g/t in 2003.

The higher average realized price was due to higher gold spot prices and the elimination of hedges in the second quarter.

## Cost of sales

In the third quarter of 2004, the cost of sales was \$28.4 million, a decrease of \$5.8 million over the same period in 2003.

Total cash costs per ounce increased to \$192 in the third quarter of 2004 from \$160 for the same quarter in 2003, a direct result of a lower average grade fed to the mill.

## Exploration

In the third quarter of 2004, exploration expenditures were \$1.8 million. The expenditures relate primarily to ongoing drilling in the immediate vicinity of the open pit and in the Southwest Zone (encompassing the former Southwest Extension). See also “Exploration program update”.

## Boroo - 100% basis

The Boroo open pit gold mine began the commissioning phase in November 2003 and was brought into commercial production on March 1, 2004. In the third quarter of 2004, Boroo surpassed 750,000 hours of work without an LTI.

	<b>Three Months Ended</b>	<b>Nine Months Ended</b>
<b>Boroo Operating Results</b>	<b>Sept 30/04</b>	<b>Sept 30/04</b>
Sales volume – ounces <sup>(1)</sup>	68,887	150,236
Revenue - \$ millions	28.2	57.4
Tonnes mined – 000s	3,292	8,139
Tonnes ore mined – 000s	454	1,108
Tonnes milled – 000s	471	1,098
Average grade (g/t)	5.25	4.57
Recovery - %	93.0%	93.2%
Ounces recovered <sup>(1)</sup>	74,009	150,510
Ounces poured <sup>(1)</sup>	68,774	151,426
Total cash cost - \$/oz <sup>(2)</sup>	135	135
Capital expenditures - \$ millions	2.7	5.5

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

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

## **Revenue**

In the third quarter of 2004, sales of 68,887 ounces of gold and an average realized gold price of \$409 per ounce generated revenue of \$28.2 million. Sales for the first nine months of 2004 were 150,236 ounces, with an average realized gold price of \$382 per ounce generating revenue of \$57.4 million. Production in the third quarter at Boroo was 68,774 poured ounces and to September 30, 2004 was 151,426 ounces, higher than expected due to grades greater than anticipated in the ore reserve model.

## **Cost of sales**

In the third quarter of 2004, cost of sales was \$9.0 million. Total cash costs were \$135 per ounce in the third quarter as well as for the first nine months of the year.

## **Exploration**

In the third quarter of 2004, exploration expenditures were \$0.5 million to drill test targets in the immediate mine area and \$0.7 million on exploration licenses held in Mongolia. See also "Exploration program update".

## **Exploration program update**

In the Kyrgyz Republic, work continued on Centerra's exploration program as follows:

- At the Kumtor mine site, 15 drill holes, for a total of 6,244 metres, tested for extensions to mineralization in the immediate vicinity of the open pit at the northend, underground and southend target areas.
- In the Southwest Zone (encompassing the former Southwest Extension), 30 drill holes were completed for a total of 5,481 metres. Most holes were drilled to in-fill between existing holes and upgrade the drilling density. In general, they have confirmed the continuity of the known mineralization.
- Based on the above results, the exploration programs at Kumtor were accelerated and three additional drill rigs were added in mid-October bringing the total to eight on site. The exploration program has been increased by \$2.1 million for a total of \$6.5 million for 2004. Updated reserve and resource estimates as of December 31, 2004 are expected during the first quarter of 2005.

In Mongolia, work continued on Centerra's exploration program as follows:

- At the Boroo mine site, a phase 2 drill program is in progress to further delineate the mineralization in the northern end of Pit 6, between Pits 3 and 5, and along the northern and western edges of Pit 3. During the quarter, 18 holes totaling 2,417 metres have been completed. An updated reserve and resource estimate as of December 31, 2004 is expected during the first quarter of 2005.

- Assay results from exploration drill programs completed during the third quarter in the general Boroo district and at the Ulaan Bulag target area did not identify any new significant mineralized areas.
- At Gatsuurt, 26 drill holes totaling 1,298 metres tested the shallow oxide resource at the Central Zone. In general, the drill holes confirmed the continuity of the mineralization identified by pre-existing holes. Four of an additional six wide-spaced drill holes, which tested the mineralization to depths of 150 to 200 metres, confirmed the mineralization extends to depth. Metallurgical test work suggests that high recoveries may be achievable for the deeper transition and fresh sulphide material using bio-oxidation technology and further test work has been initiated. Based on the preliminary results to date, management is planning to complete a pre-feasibility study during 2005 on the potential development of the property as a stand-alone operation. If Gatsuurt proceeds as a stand-alone operation, the need to truck oxide ore to Boroo would be eliminated.
- Based on the above results, an accelerated drill program has been approved to systematically delineate the Gatsuurt Central Zone mineralization to depths of 170 metres below surface. The program was initiated in early October and will utilize three drills to complete 17,500 metres of drilling. The exploration program has been increased by \$2.0 million for a total of \$3.5 million in 2004. A new resource estimate as of December 31, 2004 is expected during the first quarter of 2005

At REN in Nevada, the \$2.5 million Phase 2 program was approved by the joint venture partners and drilling was initiated in August. During the quarter, five reverse circulation pre-collars and four diamond drill holes have been completed totaling 4,338 metres. Assays received for three of four diamond drill holes, which tested targets beyond the limits of the JB Zone, returned weak, anomalous gold values. The drilling program will continue into the fourth quarter.

The technical data under the heading "Exploration program update" and "Outlook for 2004 – Exploration" has been prepared under the supervision of and verified by Robert S. Chapman, P. Eng., Vice President of Exploration of Centerra, a "qualified person" for the purpose of National Instrument 43-101.

## **Other Corporate Developments**

### **Appointment to the Board**

Effective October 5, 2004, Mr. Ularbek Mateyev was appointed to the Company's board of directors. He is the President of Kyrgyzaltyn JSC, which owns 16% of Centerra's shares. Previously, Mr. Mateyev was Vice Prime-Minister of the Kyrgyz Republic and served as Head of the Department of Social Matters, Press and State Administration; Head of the Department of Local Industry and Trade; Head of the Department of the Mining Industry of the Kyrgyz Government; and Chairman of the State Agency on

Energy (Power). He graduated from the Moscow Energy Institute as an electrical/mechanical engineer in 1975.

## Other Financial Information

### Related party transactions

#### Cameco Corporation

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

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

As a result of the above items, the balance owing to Cameco at September 30, 2004 was \$2.7 million with \$177,000 of services provided by Cameco during the third quarter.

#### Kyrgyzaltyn and the Government of the Kyrgyz Republic

The table below summarizes the management fees, royalties and concession payments paid by the KGC to Kyrgyzaltyn or the Government of the Kyrgyz Republic and the amounts paid by Kyrgyzaltyn to KGC according to the terms of the gold and silver sale agreement as described on page 43 in the prospectus.

Related Parties in the Kyrgyz Republic	Quarters Ended September 30	
	2004	2003
	(\$ thousands)	
Management fees to Kyrgyzaltyn	\$223	\$212
Royalty and concession payments to Kyrgyz Republic <sup>(1)</sup>	595	760
Total	\$818	\$972
Gross gold and silver sales to Kyrgyzaltyn	\$59,977	\$68,346
Deduct: refinery and financing charges	(646)	(763)
Net sales revenue received from Kyrgyzaltyn	\$59,331	\$67,583

<sup>(1)</sup>The royalty was eliminated effective January 1, 2004 as part of the Kumtor restructuring. See pages 98 and 99 of Centerra's prospectus dated June 22, 2004.

## 2004 Quarterly consolidated financial results

The financial results for each of the first three quarters of the year are shown below.

<b>Key results by quarter</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
Revenue - \$ millions	25.7	46.9	86.7
Net earnings - \$ millions	7.7	4.1	28.7
Earnings per share - \$	0.20	0.10	0.40
Cash provided by operations - \$ millions	3.3	31.0	29.2

### Non-GAAP measure

#### Total cash cost

This MD&A presents information about total cash cost of production of an ounce of gold for the operating properties of Centerra. Except as otherwise noted, total cash cost per ounce is calculated by dividing total cash costs, as determined using the industry standard published by the Gold Institute, by gold ounces produced for the relevant period. The Gold Institute is a non-profit international association of miners, refiners, bullion suppliers and manufacturers of gold products, which has developed a uniform format for reporting costs on a per ounce basis.

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

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

## Outlook for 2004

Since June 30, 2004, Centerra's main operating and exploration ownership interests have included a 100% interest in Kumtor mine, a 95% interest in Boroo mine, and in exploration properties, a 62% interest in REN and a 100% interest in Gatsuurt. Prior to that time, Centerra's predecessor held a one-third interest in Kumtor and a 53% interest in Boroo. For accounting purposes, Centerra's consolidated third quarter results reflect fully consolidated interests in the Kumtor and Boroo mines, a 62% interest in REN and a fully consolidated interest in Gatsuurt.

### Production

In the fourth quarter of 2004, the total ounces of gold poured at the Kumtor and Boroo mines is expected to be about 202,000 ounces, approximately 14% lower than in the third quarter due to lower ore grades.

For the full year, production is forecast at 900,000 ounces, an increase of 33% over 2003, reflecting the start of commercial production at Boroo on March 1, 2004. As a result of the acquisitions that occurred in late June 2004, Centerra's share of production for the year is expected to be about 607,000 ounces.

Centerra's share of total production	2004				
	Q1	Q2	Q3	Forecast Q4	Forecast Year
<i>Ounces except where noted</i>					
Kumtor production	173,003	178,819	166,805	136,000	655,000
Centerra's % interest	33%	33%	100%	100%	--
Centerra's share of Kumtor's production	57,668	59,606	166,805	136,000	420,000
Boroo production	46,980	63,375	68,774	66,000	245,000
Centerra's % share	53.4%	53.4%	95%	95%	--
Centerra's share of Boroo's production	25,087	33,842	65,334	63,000	187,000
Centerra's share of total production	82,755	93,448	232,139	199,000	607,000

Production at Kumtor is expected to decline 3% from 2003 levels to 655,000 ounces in 2004 utilizing a milling plan that calls for a mix of lower grade stockpiled ore and higher grade mine ore. The resulting expected average feed grade in 2004 of 4.4 g/t is lower than the ore grade of 4.5 g/t in 2003. Kumtor's total cash cost is projected to be about \$200 per ounce in 2004 compared to \$192 per ounce in 2003.



## Total cash cost

<i>\$ per ounce</i>	Q1	Q2	Q3	Forecast Q4	Forecast Year
Kumtor	180	182	192	252	200
Boroo	135	135	135	150	143
Consolidated	163	164	178	218	185

Production at Boroo is expected to be 245,000 ounces of gold in 2004 (including 27,703 ounces produced prior to the start of commercial production on March 1, 2004). Forecast average grade and total cash cost for 2004 are 4.60 g/t and \$143 per ounce respectively.

## Revenue

For the year, revenue is forecast to increase in 2004 over 2003 due to increases in total production and the average realized price for gold. In the fourth quarter, revenues are expected to be lower than the immediately preceding quarter. None of Centerra's forecast gold sales are hedged for the remainder of the year. For the fourth quarter, a \$10 per ounce change in the gold spot price would change revenue by about \$2.0 million, net earnings by about \$1.8 million and cash from operations by about \$1.9 million.

## Exploration

Centerra is on track to spend its projected \$14.5 million on exploration activities in 2004. Activities at Kumtor, Boroo, Gatsuurt and REN for the fourth quarter are planned:

### Kumtor

- Testing will continue for targets beneath the level of the current ultimate pit at Kumtor and along strike extensions to the deposit.
- Drilling programs at the Southwest Zone will continue to in-fill between existing holes and will test along strike and down dip of the known mineralized horizons.
- A geophysical interpretation is in progress on induced potential survey results recently collected over the Akbel and Bordoo-Sarytor target areas.
- Updated resource and reserve estimates for Kumtor and the Southwest Zone are expected to be completed by the first quarter of 2005.

### Mongolia

- The main exploration activities will be drilling programs at both Boroo and Gatsuurt. Geological and geochemical results from other target areas are being evaluated and may present other early stage drill targets.
- Work will continue on baseline studies and assessing road access to the Gatsuurt area from Boroo. Bio-oxidation test work on transition and fresh sulphide mineralization is in progress and additional flotation testwork is planned. An updated reserve estimate

for Boroo and a resource estimate for Gatsuurt are expected to be completed by the first quarter of 2005.

## **REN**

- Deep drilling will continue on the REN project.
- Injection water tests are in progress in a deep water monitor well.

## **Corporate tax rate**

Exposure to corporate income taxes is not expected to be material in 2004 due to the availability of tax loss carryforwards to offset taxable income in the Kyrgyz Republic and a three-year tax holiday on income earned in Mongolia.

## **Capital expenditures**

Capital expenditures for Kumtor and Boroo are expected to be \$14.7 million in 2004. To the end of the third quarter, \$9.3 million has been spent on these programs.

For the year, capital expenditures at Kumtor are expected to be \$6.5 million with \$1.6 million for expansion of the tailings dam and the remainder on sustaining capital expenditures. At Boroo, capital expenditures will be about \$8.2 million, which includes \$3.5 million for construction of an extension to the tailings dam and \$2.3 million for a permanent camp for employees.

## **Caution regarding forward-looking statements**

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

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

- end -

**Centerra Gold Inc.**  
**Consolidated Financial Statements**  
**For the Nine Months Ended September 30, 2004**  
**(Unaudited)**  
**(\$ US)**

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

	As at	
	Sept 30/04	Dec 31/03
<b>Assets</b>		
Current assets		
Cash	\$ 130,876	\$ 10,101
Accounts receivable	4,591	6,232
Inventories	12,736	1,603
Supplies and prepaid expenses	37,808	11,441
Current portion of long-term receivables, investments and other	-	32,499
	<u>186,011</u>	<u>61,876</u>
Property, plant and equipment	273,291	142,404
Long-term receivables, investments and other	9,596	30,577
Future income tax asset	5,619	926
	<u>288,506</u>	<u>173,907</u>
<b>Total assets</b>	<u>\$ 474,517</u>	<u>\$ 235,783</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 22,850	\$ 13,846
Current portion of long-term debt	-	38,351
	<u>22,850</u>	<u>52,197</u>
Long-term debt	-	18,140
Provision for reclamation	18,678	7,112
	<u>41,528</u>	<u>77,449</u>
Minority interest	1,619	8,770
<b>Shareholders' equity</b>		
Share capital [note 3]	362,152	120,831
Contributed surplus	29,503	29,503
Retained earnings (deficit)	39,715	(770)
	<u>431,370</u>	<u>149,564</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 474,517</u>	<u>\$ 235,783</u>

Commitments and contingencies [note 4]

See accompanying notes to the consolidated financial statements.

**Centerra Gold Inc.**

**Consolidated Statements of Earnings and Retained Earnings (Deficit)**

(Unaudited)

(In Thousands of US\$)

	Three Months Ended		Nine Months Ended	
	Sept 30/04	Sept 30/03	Sept 30/04	Sept 30/03
<b>Revenue from</b>				
Gold sales	\$ 86,675	\$ 19,719	\$ 157,690	\$ 49,863
Management fees	-	907	1,642	2,629
	<u>\$ 86,675</u>	<u>\$ 20,626</u>	<u>\$ 159,332</u>	<u>\$ 52,492</u>
<b>Expenses</b>				
Cost of sales	37,430	11,378	68,222	32,659
Depreciation, depletion and reclamation	17,998	4,145	33,345	10,452
Exploration	3,753	1,518	7,620	4,550
Interest and other	(5,144)	554	(3,503)	987
Administration	3,504	676	4,033	2,351
	<u>57,541</u>	<u>18,271</u>	<u>109,717</u>	<u>50,999</u>
<b>Earnings from operations</b>	29,134	2,355	49,615	1,493
Other expense [note 2d]	(317)	-	3,830	90
<b>Earnings before income taxes and minority interest</b>	29,451	2,355	45,785	1,403
Income tax expense (recovery)	147	1	693	(109)
Minority interest	580	(397)	4,607	(743)
<b>Net earnings</b>	28,724	2,751	40,485	2,255
Retained earnings (deficit), beginning of period	10,991	(10,330)	(770)	(9,834)
<b>Retained earnings (deficit), end of period</b>	<u>\$ 39,715</u>	<u>\$ (7,579)</u>	<u>\$ 39,715</u>	<u>\$ (7,579)</u>
<b>Basic earnings per common share [note 5]</b>	<u>\$ 0.40</u>	<u>\$ 0.07</u>	<u>\$ 0.81</u>	<u>\$ 0.06</u>

See accompanying notes to the consolidated financial statements.

**Centerra Gold Inc.**  
**Consolidated Statements of Cash Flows**  
(Unaudited)  
(In Thousands of US\$)

	Three Months Ended		Nine Months Ended	
	Sept 30/04	Sept 30/03	Sept 30/04	Sept 30/03
<b>Operating activities</b>				
Net earnings	\$28,724	\$2,751	\$40,485	\$2,255
Items not requiring (providing) cash:				
Depreciation, depletion and reclamation	17,998	4,145	33,345	10,452
Deferred charges recognized	50	2,796	7,157	5,569
Loss on settlement of debt	(317)	-	4,373	-
Other expense	-	-	(541)	90
Minority interest	580	(397)	4,607	(743)
Other operating items	(17,797)	6,102	(25,903)	7,668
<b>Cash provided by operations</b>	<b>29,238</b>	<b>15,397</b>	<b>63,523</b>	<b>25,291</b>
<b>Investing activities</b>				
Acquisition of net business assets, net of cash acquired	-	-	(2,697)	-
Additions to property, plant and equipment	(3,599)	(16,220)	(7,491)	(49,169)
Net commissioning recoveries	-	-	4,223	-
Redemption of shares, Cameco Ireland	-	-	22,900	-
<b>Cash provided by (used in) investing</b>	<b>(3,599)</b>	<b>(16,220)</b>	<b>16,935</b>	<b>(49,169)</b>
<b>Financing activities</b>				
Proceeds of share issue	20,329	-	84,746	-
Increase in long-term debt	-	-	-	10,000
Repayment of long-term debt	-	-	(41,509)	-
Advances from (to) parent company	(312)	(4,230)	(2,920)	6,458
<b>Cash provided by (used in) financing</b>	<b>20,017</b>	<b>(4,230)</b>	<b>40,317</b>	<b>16,458</b>
Increase (decrease) in cash during the period	45,656	(5,053)	120,775	(7,420)
Cash at beginning of the period	85,220	17,898	10,101	20,265
<b>Cash at end of the period</b>	<b>\$ 130,876</b>	<b>\$ 12,845</b>	<b>\$ 130,876</b>	<b>\$ 12,845</b>
<b>Supplemental cash flow disclosure</b>				
Interest paid	\$ -	\$ 108	\$ 1,637	\$ 393
Income taxes paid	\$ -	\$ -	\$ 71	\$ 117

See accompanying notes to the consolidated financial statements.

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

**1. Basis of Presentation**

The consolidated financial statements of Centerra Gold Inc. (“Centerra”) have been prepared by management in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements have been prepared to reflect the transactions described below with respect to the transfer of assets from Cameco Gold Inc. (“Cameco Gold”, considered the predecessor company of Centerra for purposes of financial reporting), the restructuring agreement between Cameco Gold and Kyrgyzaltyn JSC (“Kyrgyzaltyn”), the acquisition of substantially all of the minority interest in AGR Limited (“AGR”), a subsidiary previously controlled by Cameco Gold through a 56% ownership interest, and the initial public offering of Centerra.

Under the terms of the restructuring agreement referred to above, Cameco Gold contributed its one-third interest in Kumtor Gold Company (“KGC”), its subordinated shareholder loan to KGC, a controlling interest in AGR, whose primary asset is a 95% interest in the Boroo gold project, its shareholder loan to AGR, a 62.14% ownership interest in the REN project in Nevada and \$11 million in cash. Kyrgyzaltyn contributed its two-thirds interest in KGC.

In accordance with Canadian generally accepted accounting principles relating to transfers of assets between entities under common control, the book values reflected on the Centerra financial statements for the assets contributed from Cameco Gold will be equal to the carrying value of those assets in the Cameco Gold financial statements.

In addition, for periods prior to the transactions described below, the financial position, results of operations and cash flows of Centerra reflect the financial position, results of operations and cash flows of Cameco Gold.

**2. Restructuring of Centerra**

**(a) Transfer of gold interests from Cameco Gold**

Pursuant to the the restructuring agreement between Cameco Gold and Kyrgyzaltyn, the major assets contributed to Centerra by Cameco Gold included its 1/3 interest in KGC, a 56% interest in AGR, shareholder loans to KGC and AGR, a 73% interest in the Gatsuurt exploration property in Mongolia, a 62.14% interest in the REN exploration project in Nevada and \$11 million in cash.

Assets and liabilities totaling \$27,205,000, included in Cameco Gold’s financial statements, were not contributed to Centerra as part of the reorganization. The share capital of Centerra has been adjusted to reflect these assets and liabilities, as noted below.

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

In addition to the transfer of assets from Cameco Gold, Cameco Corporation converted \$64,180,000 of Centerra's inter-company debt and advances into equity.

	(Thousands of \$US)
Share capital of Cameco Gold, presented on a continuity of interests basis	\$ 120,831
Adjustment for net assets retained by Cameco Gold	(27,205)
Conversion of inter-company debt and advances to equity	64,180
	<u>\$ 157,806</u>

**(b) Acquisition of 2/3 interest in KGC**

Pursuant to the restructuring agreement between Cameco Gold and Kyrgyzaltyn, Centerra acquired an additional 2/3 interest in KGC, resulting in KGC becoming a wholly owned subsidiary. The purchase price consisted of \$11,000,000 in cash, the contribution of a promissory note receivable and common shares of Centerra. The acquisition was accounted for using the purchase method and the results of operations are included, as to 100%, in the consolidated financial statements from June 22, 2004. Previously, Cameco Gold's one-third interest was accounted for by the proportionate consolidation method.

The values assigned to the net assets acquired are as follows:

	(Thousands of \$US)
Cash and other working capital	\$ 32,565
Property, plant and equipment	129,641
Subordinated debt	(22,713)
Net assets acquired	<u>\$ 139,493</u>
Financed by:	
Cash	\$ 11,000
Note receivable from Kyrgyzaltan	4,000
Settlement of shareholder subordinated loan	43,993
Common shares	80,500
	<u>\$ 139,493</u>



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

**(c) Acquisition of additional 43.7% in AGR Ltd**

Effective June 30, 2004, Centerra acquired an additional 43.7% interest in AGR, resulting in Centerra's interest in AGR rising to 99.9%. The purchase price was satisfied through the issuance of Centerra common shares. The acquisition was accounted for as a step purchase and the results of operations are already included as it was already a consolidated subsidiary.

The values assigned to the net assets acquired are as follows:

	(Thousands of \$US)
Reduction of minority interest	\$ 11,758
Mark to market loss on hedge contracts	(5,766)
Property, plant and equipment	23,808
Net assets acquired	\$ 29,800
Financed by:	
Common shares	\$ 29,800

**(d) Exchange of KGC subordinated debt**

Effective June 30, 2004, Centerra exchanged common shares and \$13,770,000 in cash in exchange for the subordinated debt of KGC.

	(Thousands of \$US)
Fair value of exchange amount:	
Common shares issued	\$ 20,300
Cash	13,770
	34,070
Net book value of subordinated debt acquired	(29,697)
Loss on exchange of debt	\$ 4,373

The loss is included in Other expense on the Income Statement

**(e) Initial Public Offering**

Under its initial public offering, Centerra issued 5,000,000 common shares to the public on June 30, 2004 for net proceeds of \$53,417,000 after deducting the underwriter's fees of 5%. On July 28, 2004, the underwriters to the initial public offering of Centerra exercised their over-allotment option to acquire an additional 1,875,000 shares for net proceeds of \$20,329,000.

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

**3. Share Capital**

Centerra is authorised to issue an unlimited number of common shares with no par value.

<b>Number Issued</b>	<b>2004</b> (Number of Shares)
Beginning of period	100
Issued:	
Cameco Gold (note 2(a))	38,148,971
Kyrgyzaltyn (note 2(b))	18,789,717
AGR minority shareholders (note 2(c))	5,204,605
IFC / EBRD agency lenders to KGC (note 2(d))	3,061,212
Initial public offering (note 2(e))	6,875,000
<b>End of period</b>	<b>72,079,605</b>

<b>Amount</b>	<b>2004</b> (Thousands of \$US)
Beginning of period	\$ -
Share capital on restructuring:	
Cameco Gold share capital	120,831
Centerra share capital before restructuring	120,831
Adjustment to Cameco Gold (note 2(a))	36,975
Common shares issued to Cameco Gold	157,806
Kyrgyzaltan (note 2(b))	80,500
AGR minority shareholders (note 2(c))	29,800
IFC / EBRD agency lenders to KGC (note 2(d))	20,300
Initial public offering for cash (note 2(e))	73,746
<b>End of period</b>	<b>\$362,152</b>

The adjustment to share capital related to Cameco Gold reflects the increase from Cameco Gold's historical share capital value to the carrying value of the assets and liabilities transferred from Cameco Gold to Centerra as part of the restructuring agreement. As at September 30, 2004 a total of 104,167 stock options were outstanding, with a strike price of Cdn \$15.50 per share, and 56,250 performance share units and 13,014 deferred share units were outstanding.

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

**4. Commitments and Contingencies**

An action against Cameco Corporation, Cameco Gold, Kumtor Operating Company (“KOC”) and certain other parties commenced in a Canadian court by certain dependents of nine persons seeking damages, in the amount of Cdn \$20,700,000 (USD \$16,300,000) plus interest and costs including punitive damages in connection with the death of the said nine persons in a helicopter accident in Kyrgyzstan on October 4, 1995 is continuing. This action is being defended by the insurers of Cameco Corporation. Management is of the opinion, after review of the facts with counsel, that the outcome of this action will not have a material financial impact on Centerra’s financial position.

**5. Earnings Per Share Amounts**

The weighted average of shares outstanding is comprised of the shares issued to Cameco Gold under the restructuring, reflected on a continuity of interests basis, plus the incremental effect of the shares issued under the transactions described in note 2, and as set out below.

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>Sept 30/04</b>	<b>Sept 30/03</b>	<b>Sept 30/04</b>	<b>Sept 30/03</b>
Weighted average common shares outstanding	71,509	38,149	50,072	38,149
<b>Basic earnings per common share</b>	<b>\$0.40</b>	<b>\$0.07</b>	<b>\$0.81</b>	<b>\$0.06</b>

**6. Related Party Transactions**

**Cameco Corporation**

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

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

As a result of the above items, the balance owing to Cameco at September 30, 2004 was \$2.7 million and \$177,000 of services were provided by Cameco under the services agreement during the third quarter.

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

**Kyrgyzaltyn and the Government of the Kyrgyz Republic**

The table below summarizes the management fees, royalties and concession payments paid by KGC to Kyrgyzaltyn or the Government of the Kyrgyz Republic and the amounts paid by Kyrgyzaltyn to KGC according to the terms of the gold and silver sales agreement as described on page 43 in the prospectus.

Related parties in the Kyrgyz Republic	Three months ended Sept 30, 2004	Nine months ended Sept 30, 2004
Management fees to Kyrgyzaltyn	\$223	\$744
Royalty and concession payment payments to Republic	595	1,985
	\$818	\$2,729
Gross gold and silver sales to Kyrgyzaltyn	\$59,977	\$198,808
Deduct: refinery and financing charges	(646)	(2,037)
Net sales revenue received from Kyrgyzaltyn	\$59,331	\$196,771

**7. Segmented Information**

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

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

**Three months ended September 30, 2004**

(millions)	<b>Kyrgyz Republic</b>	<b>Mongolia</b>	<b>North America</b>	<b>Total</b>
Revenue	\$ 58.5	\$ 28.2	\$ -	\$ 86.7
Expenses				
Products and services sold	28.4	9.0	-	37.4
Depreciation, depletion and reclamation	11.1	6.9	-	18.0
Exploration	1.8	1.3	0.7	3.8
Interest and other	2.7	1.0	(9.2)	(5.4)
Administration	0.5	1.0	2.0	3.5
<b>Earnings before income taxes and minority interest</b>	<b>13.9</b>	<b>9.0</b>	<b>6.5</b>	<b>29.4</b>
Income tax expense	0.1	-	-	0.1
Minority interest	-	0.6	-	0.6
<b>Net earnings</b>	<b>\$ 13.8</b>	<b>\$ 8.4</b>	<b>\$ 6.5</b>	<b>\$ 28.7</b>
<b>Assets</b>	<b>\$ 271.7</b>	<b>\$ 140.3</b>	<b>\$ 62.5</b>	<b>\$ 474.5</b>
<b>Capital expenditures for the quarter</b>	<b>\$ 1.0</b>	<b>\$ 2.7</b>	<b>\$ -</b>	<b>\$ 3.7</b>

**Three months ended September 30, 2003**

(millions)	<b>Kyrgyz Republic</b>	<b>Mongolia</b>	<b>North America</b>	<b>Total</b>
Revenue	\$ 20.6	\$ -	\$ -	\$ 20.6
Expenses				
Products and services sold	11.4	-	-	11.4
Depreciation, depletion and reclamation	4.2	-	-	4.2
Exploration	0.2	0.5	0.8	1.5
Interest and other	1.5	0.6	(1.6)	0.5
Administration	-	0.2	0.4	0.6
<b>Earnings before income taxes and minority interest</b>	<b>3.3</b>	<b>(1.3)</b>	<b>0.4</b>	<b>2.4</b>
Income tax expense (recovery)	-	-	-	-
Minority interest	-	(0.4)	-	(0.4)
<b>Net earnings (loss)</b>	<b>\$ 3.3</b>	<b>\$ (0.9)</b>	<b>\$ 0.4</b>	<b>\$ 2.8</b>
<b>Assets</b>	<b>\$ 108.0</b>	<b>\$ 84.9</b>	<b>\$ 73.4</b>	<b>\$ 266.3</b>
<b>Capital expenditures for the quarter</b>	<b>\$ 3.4</b>	<b>\$ 12.8</b>	<b>\$ -</b>	<b>\$ 16.2</b>

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

**Nine months ended September 30, 2004**

(millions)	<b>Kyrgyz Republic</b>	<b>Mongolia</b>	<b>North America</b>	<b>Total</b>
Revenue	\$ 101.9	\$ 57.4	\$ -	\$ 159.3
Expenses				
Products and services sold	49.0	19.2	-	68.2
Depreciation, depletion and reclamation	18.1	15.2	-	33.3
Exploration	2.4	1.9	3.3	7.6
Interest and other	5.9	3.4	(8.9)	0.4
Administration	0.5	1.1	2.4	4.0
<b>Earnings before income taxes and minority interest</b>	<b>26.0</b>	<b>16.6</b>	<b>3.2</b>	<b>45.8</b>
Income tax expense	0.7	-	-	0.7
Minority interest	-	4.6	-	4.6
<b>Net earnings</b>	<b>\$ 25.3</b>	<b>\$ 12.0</b>	<b>\$ 3.2</b>	<b>\$ 40.5</b>
<b>Assets</b>	<b>\$ 271.7</b>	<b>\$ 140.3</b>	<b>\$ 62.5</b>	<b>\$ 474.5</b>
<b>Capital expenditures for the year to date</b>	<b>\$ 2.0</b>	<b>\$ 5.5</b>	<b>\$ -</b>	<b>\$ 7.5</b>

**Nine months ended September 30, 2003**

(millions)	<b>Kyrgyz Republic</b>	<b>Mongolia</b>	<b>North America</b>	<b>Total</b>
Revenue	\$ 52.5	\$ -	\$ -	\$ 52.5
Expenses				
Cost of sales	32.7	-	-	32.7
Depreciation, depletion and reclamation	10.5	-	-	10.5
Exploration	0.5	1.1	2.9	4.5
Interest and other	4.0	1.5	(4.4)	1.0
Administration	-	0.5	1.8	2.3
<b>Earnings before income taxes and minority interest</b>	<b>4.8</b>	<b>(3.1)</b>	<b>(0.3)</b>	<b>1.5</b>
Income tax expense (recovery)	-	-	(0.1)	(0.1)
Minority interest	-	(0.7)	-	(0.7)
<b>Net earnings (loss)</b>	<b>\$ 4.8</b>	<b>\$ (2.4)</b>	<b>\$ (0.2)</b>	<b>\$ 2.3</b>
<b>Assets</b>	<b>\$ 108.0</b>	<b>\$ 84.9</b>	<b>\$ 73.4</b>	<b>\$ 266.3</b>
<b>Capital expenditures for the year to date</b>	<b>\$ 10.5</b>	<b>\$ 38.4</b>	<b>\$ 0.3</b>	<b>\$ 49.2</b>