

Letter to Shareholders



MANAGEMENT TEAM

Dear Fellow Shareholders,

Centerra continued its strong financial and operating performance during the past year. 2006 was an eventful year for the Company. Gold prices were up from the previous year creating a strong share price environment enabling the Company to split the stock three-for-one to create increased trading liquidity. A pit wall movement at Kumtor occurred in the summer requiring us to revise our mine development plan. The year's most positive news was the successful drilling program at our mines and exploration properties; particularly, at Kumtor where we added 1.8 million ounces of high-grade underground inferred resources. The best news is that this mineralized structure is open along strike and at depth.

FROM LEFT TO RIGHT SITTING:

David M. Petroff,
Executive Vice President and Chief Financial Officer
Leonard A. Homeniuk,
President and Chief Executive Officer
George R. Burns,
Vice President and Chief Operating Officer

FROM LEFT TO RIGHT STANDING:

Gordon D. Reid,
Vice President, Business Development
Frank H. Herbert,
General Counsel and Corporate Secretary
Ronald H. Colquhoun,
Vice President, Project Development and Engineering
Jeffrey S. Parr,
Vice President, Finance
Ross S. Brown,
Vice President, Human Resources
Ian Atkinson,
Vice President, Exploration



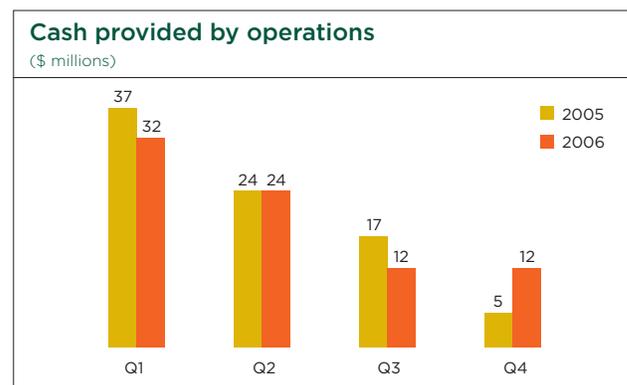
During the year, we replaced all the ounces we mined, so that on a 100 percent basis, proven and probable reserves total 7 million ounces of contained gold at year-end. Additionally, our measured and indicated resources on a 100 percent basis increased 626,000 ounces to a total of 5.6 million ounces of contained gold.

As I mentioned earlier, our greatest operational challenge came from the pit wall movement in July at Kumtor. This impacted our results for the year, with resulting lower gold production and higher costs at Kumtor. Consolidated gold production from our mines was 586,000 ounces in 2006. This compares to 787,000 ounces of gold produced in 2005. On the positive side, Kumtor exceeded our September 2006 revised forecast by over 11,000 ounces and Boroo once again exceeded our expectations.

Regarding total cash costs, while they came in at \$386 per ounce for 2006, above our forecast range of \$370 to \$380 per ounce, we would have improved over our forecast if not for extra costs recorded in December in connection with various settlements at Kumtor.

On the financial front during 2006, Centerra produced just over \$60 million in earnings or \$0.28 per share, which includes a one-time insurance settlement. Also, we generated \$80 million in cash from operations. At the end of the year we had \$186 million of cash in the bank. We also invested in capital assets \$111 million for the future of our operations. We continue to be debt-free and our gold sales remain unhedged allowing us to participate in all of the upside of any rises in the gold price.

For 2006, revenues increased to \$365 million, largely due to the positive movement in the gold prices. Our average realized price reached \$597 per ounce in 2006, up from \$433 per ounce in 2005.



2007 Goals

In 2007, Centerra's goals are focused on extending its excellent health, safety and environmental performance, developing the Gatsuurt deposit and the heap leach facility at Boroo, advancing access to the high-grade SB Zone at Kumtor from the open pit and underground and continuing to aggressively explore for new reserves and resources.



In the Kyrgyz Republic, the new administration and Centerra are actively engaged in discussions regarding outstanding issues with a view to reaching a new agreement regarding all aspects of the Kumtor project. This will benefit the Company, shareholders and the Kyrgyz Republic. In Mongolia, we are optimistic that the Government will ensure the continuation of an attractive investment environment. In fact, we are in negotiations with the Government which will allow us to make substantial additional investments in this country to advance the development of our Gatsuurt deposit and conduct further exploration throughout the country.

Looking forward in 2007, we are forecasting consolidated gold production on a 100 percent basis to be 20 percent higher than 2006 at 700,000 to 720,000 ounces. Total cash costs overall are forecast to be \$375 to \$385 per ounce.

Mining operations at Kumtor in 2007 will take place in both the Central Pit and the South West Pit. In the Central Pit, mining will be focused on targeting the high-grade mineralization of the SB Zone, for the second half of the year. The mill head grade at Kumtor is expected to increase to average 3.13 grams per tonne in 2007 compared to 2.27 grams per tonne in 2006 and mill recovery is expected to average 79.9 percent compared to 73.0 percent in 2006. Production from the mine is expected to increase to between 450,000 and 460,000 ounces of gold at a total cash cost of \$440 - \$450 per ounce. Growth capital expenditures are expected to be \$40 million. The most

significant expenditures are \$17 million for the development of the SB Zone decline and \$12 million to pre-strip the SB Zone in the Central Pit.

At Boroo, on a 100 percent basis, gold production is expected to be between 250,000 and 260,000 ounces at a total cash cost of between \$250 and \$260 per ounce. The 2007 mine plan will focus on developing the Pit 3 phases and stripping Pit 6 to access oxide ore for blending in the fourth quarter of the year. Mill head grades are expected to average 3.64 grams per tonne compared to 4.25 grams per tonne in 2006, with recoveries remaining constant at 87 percent. Growth capital expenditures are expected to be \$45 million, the new heap leach facility will account for \$20 million and \$25 million will be for advancing the Gatsuurt project.

Going forward, we plan to continue to invest in our properties. We will continue our aggressive exploration program investing \$25 million of which \$15 million is dedicated to Kumtor for further surface exploration. Growth spending in 2007 is expected to total \$85 million, which includes \$40 million at Kumtor and \$45 million at Boroo.

I look forward to substantially growing reserves at Kumtor and an even more supportive environment for the project in the country following the resolution of some outstanding issues, and a successful conclusion to our negotiations in Mongolia to ensure a stable future there.

Our priorities continue to be, firstly, to put in place the Gatsuurt development; secondly, advance the underground access to the Kumtor SB Zone; thirdly, to continue our aggressive exploration program to grow and expand our reserve and resource base; and lastly, to continue to look for new growth opportunities through acquisitions.

Leonard A. Homeniuk
President and Chief Executive Officer
March 19, 2007



2006 Accomplishments

During 2006, Centerra's successful exploration program replaced reserves and significantly expanded resources with the identification of a high-grade underground inferred resource at Kumtor. The Company's operations met or exceeded plans, Kumtor performed in-line with its revised mine plan and Boroo exceeded expectations. Future growth plans include the addition of a heap leach facility at Boroo, commencing an underground exploration and development program at Kumtor and aggressive exploration will continue around the mine sites.



2006 GOAL: IMPROVE PRODUCTIVITY

The Company's productivity was impacted during the year with the pit wall movement at Kumtor. Industry-wide operating costs continue to be impacted by the rising costs of consumables but management continues to focus on managing these rising costs while maintaining safe, efficient mine operations.



2006 GOAL: EXPAND RESERVES AND RESOURCES

Reserves on a 100 basis total 7 million ounces as Kumtor replaced reserves mined and Boroo increased reserves with the approval of the development of the heap leach facility. Resources increased significantly, measured and indicated resources were up 626,000 ounces and inferred resources increased due to the identification at Kumtor of a 1.8 million ounce underground high-grade inferred resource.



2006 GOAL: ADVANCE EXPLORATION

In 2006, \$23 million was successfully invested in an aggressive exploration program around the Company's operations and other exploration properties to further expand the reserve and resource bases. Accordingly, Centerra has forecast to invest \$25 million in 2007 to advance exploration.

A solid foundation

2006 Year-end Reserve and Resource Summary

(as of December 31, 2006)

RESERVES AND RESOURCES

Reserves ⁽¹⁾											
(Tonnes and ounces in thousands) ⁽¹¹⁾ ⁽¹²⁾											
Property	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 (oz)	Share (oz) ⁽³⁾	Centerra Mining Method ⁽⁴⁾
Kumtor	12,014	4.9	1,893	19,426	4.6	2,852	31,440	4.7	4,745	4,745	OP
Boroo	5,294	2.6	449	19,230	1.3	785	24,523	1.6	1,234	1,173	OP
Gatsuurt	—	—	—	9,101	3.4	1,005	9,101	3.4	1,005	1,005	OP
Total	17,308	4.2	2,342	47,757	3.0	4,642	65,064	3.3	6,984	6,923	

Measured and Indicated Resources ⁽²⁾											
(Tonnes and ounces in thousands) ⁽¹¹⁾ ⁽¹²⁾											
Property	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 (oz)	Share (oz) ⁽³⁾	Centerra Mining Method ⁽⁴⁾
Kumtor ⁽⁵⁾⁽⁶⁾	17,710	3.5	1,964	14,810	3.2	1,538	32,520	3.3	3,502	3,502	OP
Boroo ⁽⁵⁾⁽⁸⁾	680	2.0	45	5,519	1.4	240	6,199	1.4	284	270	OP
Gatsuurt ⁽⁹⁾	—	—	—	6,238	3.0	607	6,238	3.0	607	607	OP
REN ⁽¹⁰⁾	—	—	—	2,991	12.7	1,220	2,991	12.7	1,220	756	UG
Total	18,390	3.4	2,009	29,558	3.8	3,605	47,948	3.6	5,613	5,135	

Inferred Resources ⁽²⁾											
(Tonnes and ounces in thousands) ⁽¹¹⁾ ⁽¹²⁾											
Property	Inferred						Share (oz) ⁽³⁾	Centerra Mining Method ⁽⁴⁾			
	Tonnes	Grade (g/t)	Contained Gold (oz)	Tonnes	Grade (g/t)	Contained Gold (oz)					
Kumtor ⁽⁵⁾⁽⁶⁾	571	2.2	40				40	OP			
Kumtor SB Underground ⁽⁷⁾	2,781	20.5	1,830				1,830	UG			
Boroo ⁽⁵⁾⁽⁸⁾	7,772	1.0	240				228	OP			
Gatsuurt ⁽⁹⁾	2,437	3.3	256				256	OP			
REN ⁽¹⁰⁾	835	16.1	432				268	UG			
Total	14,396	6.0	2,798				2,622				

(1) The reserves have been estimated based on a gold price of \$475 per ounce.

(2) Mineral resources are in addition to reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability when calculated using mineral reserve assumptions.

(3) Centerra's equity interests are: Kumtor 100%, Gatsuurt 100%, Boroo 95% and REN 62%.

(4) "OP" means open pit and "UG" means underground.

(5) Open pit resources occur outside the current ultimate pits which have been designed using a gold price of \$475 per ounce.

(6) The open pit reserves and resources at Kumtor are estimated based on a cut-off grade of 1.3 grams per tonne.

(7) Underground resources occur below the main Kumtor pit shell and are estimated based on a cut-off grade of 7.0 grams per tonne.

(8) The reserves and resources at Boroo are estimated based on a variable cut-off grade depending on the type of material and the associated recovery. The cut-off grades range from 0.2 grams per tonne to 0.8 grams per tonne.

(9) The reserves and resources at Gatsuurt are estimated using either a 1.2 or 1.9 grams of gold per tonne cut-off grade depending on the type of material and the associated recovery. High-grade values were also cut using variable limits ranging from 20 to 45 g/t Au depending on the mineralized zone.

(10) The resources at REN are estimated based on a cut-off grade of 8.0 grams per tonne.

(11) A conversion factor of 31.10348 grams per ounce of gold is used in the reserve and resource estimates.

(12) Numbers may not add up due to rounding.

Growing our reserves and production capability

During 2006, the Company continued its drilling activities in and around its two mine sites and at the Gatsuurt deposit. As of December 31, 2006, on a 100 percent project basis, Centerra's proven and probable reserves totalled 7.0 million ounces of contained gold (Centerra's share is 6.9 million ounces), compared to 7.2 million ounces as of December 31, 2005 (Centerra's share was 7.1 million ounces). The Company essentially replaced reserves mined in 2006, having replaced the 742,000 contained ounces that were mined in 2006.

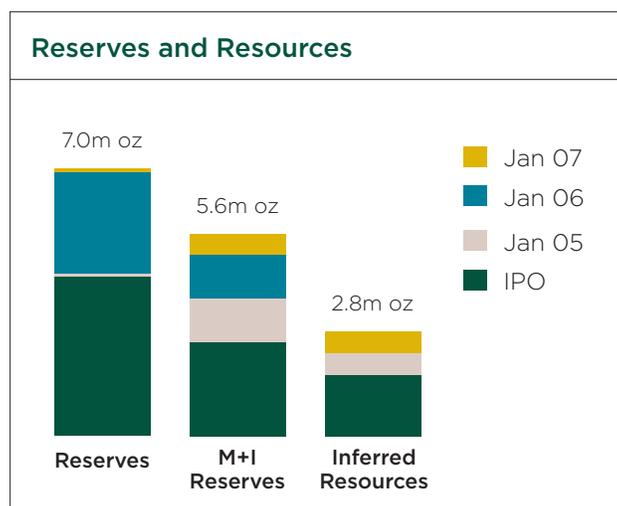
The reserve additions are a result of exploration drilling at the Kumtor mine (including Sarytor) in the Kyrgyz Republic and completion of a positive feasibility study for the development of a heap leach facility at its Boroo mine, in Mongolia. For the Kumtor and Boroo mines, there was only a minimal increase for the year-end reserve

estimate attributable to using a gold price of \$475 per ounce in 2006 to calculate reserves, rather than \$400 per ounce used for the 2005 calculation.

As of December 31, 2006, on a 100 percent project basis, Centerra's measured and indicated resources increased 626,000 ounces over the December 31, 2005 figures to total 5.6 million ounces of contained gold (Centerra's share is 5.1 million ounces), compared to 5.0 million ounces (Centerra's share was 4.5 million ounces) as of December 31, 2005.

At the Kumtor mine, 208,000 ounces of reserves were added before accounting for mining 416,000 contained ounces in 2006. The reserve grade increased by 20 percent from 3.8 grams per tonne to 4.7 grams per tonne due to the higher grade mineralization being delineated in the SB Zone. Measured and indicated resources increased by approximately 500,000 ounces and inferred resources significantly increased by 1.1 million ounces with almost all of this addition being the result of drilling at the SB Zone, which has identified a high-grade underground inferred resource. The SB underground inferred resource, which has been outlined below the current ultimate pit design, is estimated to be 1.8 million ounces of contained gold at an average grade of 20.5 grams per tonne and accounts for almost the entire inferred resource at Kumtor.

At the Boroo mine, 342,000 contained ounces have been added, which replaces reserves mined in 2006.



Assumptions: 100% basis, \$475 Au, cut-off grades range from 0.2g Au/t to 8.0g Au/t



Kumtor

An excellent gold mining operation

Centerra owns 100 percent of the Kumtor gold mine which is located in the Kyrgyz Republic, about 350 kilometres southeast of the capital Bishkek and about 60 kilometres north of the border with the People's Republic of China. It is the largest gold mine operated in Central Asia by a Western-based company, having produced more than 5.8 million ounces of gold between 1997 and the end of 2006.

The Company's involvement in Kumtor began in 1992 when an agreement to evaluate and develop the Kumtor gold deposit was entered into with the Government of the Kyrgyz Republic. The Kumtor area, located in the prolific Tien Shan gold belt, had a long history of intermittent exploration dating back to the late 1920s, but the actual discovery of the deposit was made in 1978.

Today, 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.

Production (100%)	1998	1999	2000	2001	2002	2003	2004	2005	2006
Ore mined (thousands of tonnes)	5,349	8,054	6,518	5,606	5,141	4,634	3,303	6,135	3,887
Ore milled (thousands of tonnes)	5,254	5,298	5,498	5,470	5,611	5,631	5,654	5,649	5,696
Average mill feed grade (grams/tonne)	4.8	4.5	4.7	5.2	3.7	4.5	4.4	3.4	2.3
Recovery (%)	78.5	79.4	81.5	83.1	78.1	82.6	82.1	81.2	73.0
Gold poured ⁽¹⁾ (thousands of ounces)	646	610	670	753	529	678	657	501	304
Unit Production Total Cash Cost⁽²⁾									
Per tonne milled - (\$)	22.20	20.60	18.60	19.50	20.40	24.00	23.24	24.40	28.99
Per ounce - (\$)	181	179	153	141	216	191	200	274	544

Notes:

(1) Centerra's equity interest is 100% following the 2004 IPO.

(2) Total cash cost per ounce is a non-GAAP measure and is described under "Non-GAAP Measure - Total Cash Cost" in the Management's Discussion and Analysis accompanying this annual report.



**AGGRESSIVE
EXPLORATION**

**FOCUS ON
UNDERGROUND
ACCESS**

Focus on accessing SB Zone

During the past year, production and costs were impacted by lower ore grades and recoveries reflecting the fact that the mill feed was primarily sourced from the low-grade stock piles and the Southwest Pit as result of a change in the mine development plan following a pit wall movement in July 2006. Mining and milling continued at full capacity during the year, but safety concerns identified in the engineering analysis undertaken after the pit wall movement required a new mining sequence. The new mine development plan deferred production from the high-grade stockwork area in the north part of the pit as mine equipment was redeployed to pre-strip the southern part of the pit, to gain access to the higher grade SB Zone. The higher grade ore from the SB Zone is expected to report to the mill in the second half of 2007.

Growing reserves and mine life

An exciting future at Kumtor is becoming evident as an aggressive exploration and drilling program continues to add reserves and resources. From the 2006 exploration expenditures of \$14 million, the reserve grade at Kumtor increased by 20 percent, from 3.8 grams per tonne to 4.7 grams per tonne gold, reflecting the higher grade mineralization being delineated in the SB Zone. As well, the exploration program identified in the SB Zone, a 1.8 million ounce high-grade underground inferred resource, which has been outlined below the current ultimate pit design, with an average grade of 20.5 grams per tonne. The SB Zone remains open at depth and along strike. The Company announced a two-year \$36 million underground exploration and development program, which will commence in 2007 and provide access via a decline to define and explore the resource at depth and give access for future underground mining.



Boroo

Continuing to exceed expectations

Centerra Gold has a 95 percent equity interest in Boroo, which is located 110 kilometres northwest of Ulaanbaatar, Mongolia's capital. Although this is a relatively remote part of the world, Boroo is within three kilometres of the all-weather Ulaanbaatar-Irkutsk highway and enjoys easy access to the Trans-Mongolian railway. This open pit operation began commercial production on March 1, 2004 and has produced more than 800,000 ounces of gold by the end of 2006. In 2007, a three-million tonne per annum heap leach facility will be constructed to process low-grade ores at the Boroo mine.

Additionally, the Boroo facility will process ore from the Gatsuurt deposit, Centerra's major development project, following negotiations with the Government of an investment agreement covering the Gatsuurt deposit. Gatsuurt is approximately 35 kilometres from the Boroo mine and the Company plans to truck the Gatsuurt ore for processing at Boroo, where the mill will need to be modified to accommodate the ore. The ore at Gatsuurt is refractory and therefore requires bio-oxidation to liberate the gold which will allow recoveries of approximately 87 percent. First, the higher grade oxide ore from Boroo and Gatsuurt will be processed together then followed by the Gatsuurt sulphide ore.

Notes:

- (1) Total cash cost per ounce is a non-GAAP measure and is described under "Non-GAAP Measure - Total Cash Cost" in the Management's Discussion and Analysis accompanying this annual report, and represents post-commissioning production costs from March 1, 2004.
- (2) Gold poured in 2003 and 2004 includes pre-commissioning production for December 2003 and January and February of 2004.
- (3) Centerra's equity interest is 95%.
- (4) In December 2006, a decision was reached to construct a 3 million tonne per year heap leach operation to process low-grade ore at the Boroo site. The heap leach pad is expected to be in operation in the second half of 2007. As of December 2006, over 4 million tonnes of low-grade material (with grades of approximately 0.6 g/t) had already been mined and stock piled. This material is not included in the ore tonnage mined to date and was previously considered waste. The heap leach tonnage was included in the year-end reserve statement. No cost has been associated to this material in the December 2006 inventory.

Production (100%)	2003	2004	2005	2006
Ore mined (thousands of tonnes)	145	1,884	2,865	3,082⁽⁴⁾
Ore milled (thousands of tonnes)	113	1,850	2,231	2,387
Average mill feed grade (grams/tonne)	2.9	4.5	4.2	4.3
Recovery (%)	97.0	93.7	91.5	87.0
Gold poured (thousands of ounces) ^{(2) (3)}	4	246	286	283
Unit Production Total Cash Cost⁽¹⁾				
Per tonne milled - (\$)	—	17.57	23.49	25.77
Per ounce - (\$) ⁽¹⁾	—	149	183	217



**REPLACING
RESERVES**

**EXCEEDING
EXPECTATIONS**

Solid operating performance

In 2006, the Boroo mine exceeded the Company's forecast producing 283,000 ounces of gold at a total cash cost of \$217 per ounce. While continuing to perform well, gold production was one percent lower than 2005 due to lower recoveries. There were higher total cash costs resulting from higher consumable prices and increased mining and milling activity, which increased consumption of grinding media and higher costs for rental of drilling and loading equipment.

Successful replacement of reserves

During the past year, 342,000 contained ounces of gold were added to reserves, which replaced reserves mined in 2006. The majority of the reserve increase was due to the inclusion of heap leach material in reserves following the positive results from the heap leach feasibility study and the decision to develop a heap leach facility at the site.

Boroo is expected to complete construction of its heap leach pad in the third quarter of 2007. A total of 1.7 million tonnes of low-grade material is expected to be stacked on the new heap leach pad in the second half of the year. This three-million tonne per year operation is expected to have recovery rates on average for all material types of between 50 percent and 60 percent.

Growth and Exploration



GROWTH AND EXPLORATION

Promising Opportunities

During 2006, the Company continued its drilling activities in and around its two mine sites and at the Gatsuurt deposit spending \$23 million on exploration. 2006 was an excellent year for Centerra's exploration programs, resulting in replacing reserves at Kumtor and Boroo and significantly increasing resources through the discovery of a high-grade underground inferred resource at Kumtor.

Kyrgyz Republic

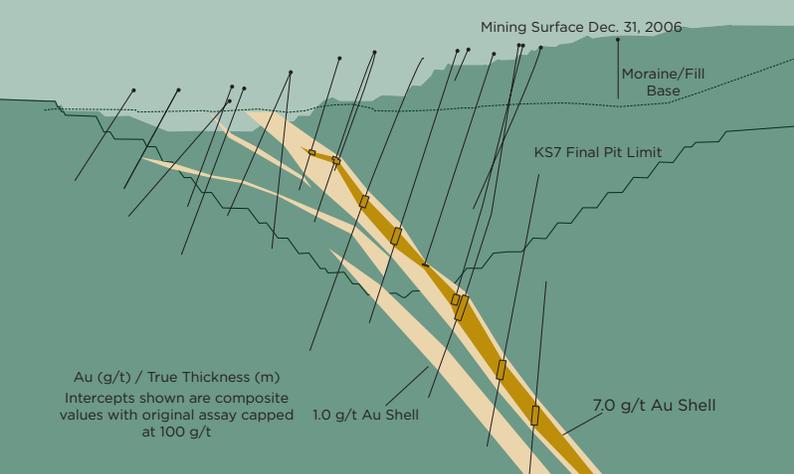
Exploration at Kumtor continued in 2006 with expenditures of \$14 million. Extensive drilling in the southern part of the Central Pit tested the strike and down dip extensions of the high-grade SB Zone identified in 2005. Results of drilling at the SB Zone, identified a high-grade underground inferred resource, which has been outlined below the current ultimate pit design and is estimated to contain 1.8 million ounces of gold at an average grade of 20.5 grams per tonne. The high-grade zone remains open along strike to the south and in the down dip direction.

At Sarytor, a satellite deposit located about four kilometres from the Kumtor mill, upon completion of the 2006 drilling program reserves totalled 296,000 contained ounces of gold at an average grade of 3.8 grams per tonne.

In 2007, exploration in the main Kumtor Pit will focus on testing strike and dip extensions of the high-grade SB Zone and the NB Zone, further delineate and extend the mineralization in the Sarytor deposit and explore other target areas on the property such as Bordoo and Akbel.

Mongolia

For the year 2006, \$1.0 million was spent on exploration in the immediate Boroo mine area. In addition to the drilling program at Boroo, \$1.2 million was spent on Mongolian licenses (excluding Boroo and Gatsuurt). Reserves at Boroo increased in 2006 as the result of the inclusion of lower grade heap leach material in the reserves following the positive results from the heap leach feasibility study and decision to develop a heap leach facility at Boroo.



Kumtor SB Zone Cross Section

Outline of the newly discovered, high-grade SB Zone. The mineralization currently remains open at depth and along strike to the south.

- > 1 g/t Au Mineralized zone
- > 7 g/t Au Mineralized zone
- Location of drill collars

At the Boroo mine, the 2007 exploration program will focus on generating and testing targets for additional mineralization around the Boroo operating facilities. At the Gatsuurt deposit, trenching and drilling of targets near the deposit is planned for 2007 in addition to target generation work. Exploration activities will continue to evaluate Centerra's significant land position in Mongolia.

Nevada

Drilling of known mineralization at REN continued in 2006 with total exploration expenditures of \$3.2 million (Centerra's share \$2.0 million). A new discovery of the 105 Zone as well as extending the JB Zone to the north resulted in a 323,000 ounce increase in contained gold in the indicated and inferred resource categories. Exploration drilling identified under-explored areas of favourable alteration and mineralization along important control structures which will be further evaluated.

Outlook for 2007

In 2007, Centerra will continue focused exploration programs around its mines and exploration projects to further expand the reserve and resource bases. The Company has budgeted \$25 million to fund its exploration activities in 2007. These activities include an aggressive exploration program at the Kumtor mine (\$15 million), target generation programs at the Boroo mine, around the Gatsuurt project and on our extensive land holdings in Mongolia. Generative programs will continue in Central Asia, Russia and China.





Corporate Responsibility

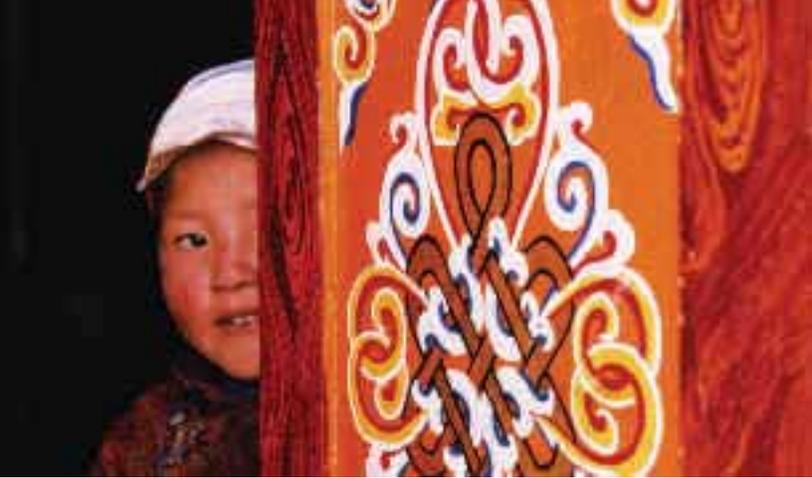
Centerra's commitment to sustainable development extends well beyond outstanding safety and environmental performances. Centerra continues to conduct itself in the Kyrgyz Republic and Mongolia as a responsible corporate citizen, promoting a high level of responsibility in workers' safety, environmental protection and sustainable development. Centerra is strongly committed to improving the social and community infrastructure in countries where we operate so that the economic well-being, skills, knowledge and career opportunities of people in the community are better now and after the eventual closure of the mines.

Health, Safety and Environmental Performance

Centerra's operations and projects are required to have documented health, safety and environmental management systems in place and in 2006 these systems were verified by independent third-party auditors.

The Boroo operation has implemented a "Safe Production" program that has driven safety leadership and responsibility throughout the organization, including workers and long-term contractors. In 2006, Boroo achieved more than one year and 2,000,000 hours worked without a lost-time injury and only one medical aid injury. Although Kumtor achieved a commendable lost-time injury frequency of 0.29 for employees and long-term contractors, the operation experienced a fatality in April 2006 when an employee was caught in an avalanche while accessing a remote yet critical radio communications station. His co-worker was unharmed.

A key component to the operations' contingency plans is to practice and test their emergency response procedures. The skill of Boroo's emergency response team (ERT) was demonstrated on January 15, 2007, when they helped save the lives of four trapped underground miners at a nearby underground mining operation even though the operation is located about 84 kilometres from Boroo and is not a Centerra property. The four trapped



**SOCIAL
SUPPORT**

**PROTECTING
THE
ENVIRONMENT**

miners were artisanal miners who became trapped after the ground collapsed in a vertical shaft in the underground workings. Under the supervision of government officials, the Boroo team worked for 34 hours straight to help free the miners. Ultimately, all of the miners were successfully rescued. Senior government officials expressed appreciation of the key and decisive role the Boroo Gold Company played in the rescue operation.

Environmental protection programs have been integrated into both operations. There were no environmental non-compliance events in 2006. Boroo operates a zero-discharge to the environmental tailings management facility. Kumtor has a long history of contributing to conservation and biodiversity programs in the Kyrgyz Republic, including the International Snow Leopard Trust, the Sarychat-Ertash National Park Biodiversity Program, and the Fish Restocking Program in the Son-Kul and Issyk-Kul Lakes.

Community development programs

One of the many programs Centerra participates in and is very proud of is its five-year partnership with World Vision Canada to improve the health of Mongolian children. This program combats rickets and anaemia and improves capacity amongst health professionals and nutrition workers, so that prevention and treatment strategies can be effectively implemented.

September 2006 was the completion of the first full year of the five-year partnership and during the year many positive results occurred including the distribution of more than 243,000 packets of Sprinkles (a nutritional supplement) to more than 8,000 children; distributing more than 12,400 vitamin D tablets to over 6,600 children, of whom 980 had rickets; over 13,700 pregnant women received bottles of iron syrup and over 129,300 iron tablets were distributed to some 4,600 anaemic children. During this period, two health facilitators and 28 nutrition workers were hired and training was provided to 100 doctors and 150 nurses. The community's knowledge of micronutrient and health issues improved with 273 nutrition



ECONOMIC OPPORTUNITIES

education and rehabilitation sessions held and there was a 45 percent increase in the number of children with no deviation from the acceptable standard for height and weight.

In Mongolia and Kyrgyzstan there is extensive support for the traditional community development initiatives such as refurbishing schools, medical facilities, sports facilities and sponsoring cultural events. In both countries Centerra sponsors a number of programs designed to improve the economic infrastructure, expand the industry and business sector and increase the skills and knowledge of younger people so they can effectively find placement in the workforce.

Some of these successful initiatives were:

- funding of micro loan programs to develop small businesses and agricultural co-operatives;
- establishment of co-operative farming groups and the purchase of tractors, combine harvestors and other agricultural machinery;
- establishment of a road construction company and the purchase of road construction equipment to maintain local roads;
- repairing of bridges;
- upgrading of drinking and hot water systems;
- reconstruction of street lighting in local villages;
- provision of seeds and seedlings for agricultural projects;
- implementation of a graduate internship program where Kumtor will employ new graduates so they can get appropriate work experience to attain gainful, full-time employment;
- development of a two-year education program for young boys to gain skills as heavy-duty truck mechanics, drivers, industrial equipment repairmen and welding and electrical engineers. The curriculum is based on North American standards and was developed in conjunction with the Northern Alberta Institute of Technology in Canada. Ongoing practical job training sessions are provided at Kumtor.