



## NEWS RELEASE

### Centerra Gold Reports Fourth Quarter Earnings (before Unusual Items) of \$0.05 per Share

*(This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 18 and in our Cautionary Note Regarding Forward-looking Statements on page 19. All figures are in United States dollars.)*

**Toronto, Canada, February 5, 2008:** Centerra Gold Inc. (TSX: CG) today reported 2007 fourth quarter net earnings before unusual items of \$9.7 million or \$0.05 per common share on revenues of \$89.4 million, compared to net earnings of \$1.9 million or \$0.01 per common share on revenues of \$88.4 million in the same quarter of last year, reflecting higher realized gold prices partially offset by reduced production and sales volumes.

During the fourth quarter of 2007, the Company recorded an unusual item totaling \$36.5 million resulting in a net loss of \$26.7 million or \$0.12 per share. The unusual item is a \$36.5 million non-cash expense representing the additional cost, based on the closing price of the Company's shares on December 31, 2007, associated with the expected issuance of 10 million treasury shares pursuant to a preliminary agreement with the Kyrgyz Government previously announced on August 30, 2007. The final cost of the treasury shares will be based on the closing price of the Company's shares on the date of issuance, which will occur following negotiation and signing of definitive agreements.

Consolidated gold production for the fourth quarter of 2007 totaled 132,530 ounces, in line with the Company's third quarter outlook, at a total cash cost of \$585 per ounce compared to 142,291 ounces at a total cash cost of \$473 per ounce in the corresponding quarter of 2006.

For the full year of 2007, net earnings before unusual items were \$39.1 million or \$0.18 per common share on revenues of \$373.5 million and cash provided by operations amounted to \$41.3 million. During the year, the Company recorded unusual items of \$131.6 million resulting in a net loss of \$92.5 million or \$0.43 per share. Consolidated gold production totalled 555,410 ounces in line with the Company's third quarter outlook, at a total cash cost of \$442 per ounce. In the comparable period of 2006, Centerra reported net earnings of \$60.6 million or \$0.28 per common share on revenues of \$364.5 million and cash provided by operations of \$80.3 million. In 2006, consolidated gold production was 586,384 ounces at a total cash cost of \$386 per ounce. The differences reflect Boroo's taxable status in 2007, lower ounces sold and increased costs, partially offset by higher gold prices. After reflecting the unusual items recorded in the third and fourth quarters of 2007, primarily related to the preliminary agreement with the Kyrgyz Government previously announced on August 30, 2007, the Company reported a net loss of \$92.5 million or \$0.43 per share for the twelve month period.

## 2007 Highlights

- Proven and probable ore reserves total 7.0 million ounces of contained gold at the end of 2007. The 718,000 ounces of contained gold mined in 2007 were replaced.
- Measured and indicated resources at the end of 2007 total 5.8 million ounces of contained gold on a 100% project basis (Centerra's share is 5.3 million ounces), an increase of 139,000 ounces over 2006.
- Received official approvals of the Gatsuurt in-situ reserves and resources paving the way to commencement of negotiations of a definitive investment agreement.
- Completed an amended Boroo Stability Agreement which reaffirms the Company's rights to mine the Boroo gold deposit.
- Reached a preliminary agreement with the Government of the Kyrgyz Republic for its full commitment to and support for the long-term operation of the Kumtor gold deposit.
- Received the mining permit for the Sarytor deposit at the Kumtor Project.
- On track to access the higher grade SB Zone in the Kumtor Central Pit mid-2008.
- Commenced construction of the decline at Kumtor to gain underground access to the high-grade SB Zone with underground production targeted to commence in 2010.

## Commentary

“We are very pleased to be making progress on all fronts. During the third quarter, we put in place new agreements with the governments of our respective host countries and made significant advancements on other items including at the operations, where we are successfully managing the technical challenges we have faced,” said Len Homeniuk, President and CEO. “We continue to focus on exploration to grow our business organically. Overall, the Company met its third quarter gold production and cost forecast, producing 555,000 ounces of gold at total cash cost per ounce of \$442.”

“We have negotiated preliminary Kumtor agreements and an amended Boroo Stability Agreement that provide for stable and economically attractive operational environments, which in turn solidifies our presence in both the Kyrgyz Republic and Mongolia. The amended Boroo Stability Agreement and the approval of the Gatsuurt reserves paves the way for us to negotiate a Gatsuurt Investment Agreement, while in the Kyrgyz Republic, the Government's increased shareholding in the Company would further align our interests.”

“Finally, for 2008, we expect to increase gold production by over 40% and we are on track to access the higher-grade SB Zone at Kumtor in the second half, to produce, on a consolidated basis 770,000 to 830,000 ounces of gold. Assuming completion of definitive agreements and transactions with the Kyrgyz Government, total cash cost on a consolidated basis is forecast to be between \$360 and \$400 per ounce (excluding the proposed new Kumtor revenue tax). If the revenue-based Kumtor tax, which is intended to replace corporate income and most other taxes, is included as a royalty, the consolidated total cash cost is expected to be \$420 to \$460 per ounce, assuming an average gold price of \$800 per ounce. The first quarter production at Kumtor will be about the same as the fourth quarter of 2007 with similar ounce production. The significant increase in gold production at Kumtor, will occur in the second half of 2008. We expect Kumtor gold production to about double from the 2007 levels, and at Boroo, 2008 will see the first gold production from the heap leach operation.”

## Reserves and Resources Update

As of December 31, 2007, on a 100% project basis, Centerra's proven and probable reserves totaled 7.0 million ounces of contained gold (Centerra's share is 7.0 million ounces), compared to 7.0 million ounces as of December 31, 2006 (Centerra's share was 6.9 million ounces). Centerra has replaced the 718,000 contained ounces that were mined in 2007.

As of December 31, 2007, on a 100% project basis, Centerra's measured and indicated resources increased 139,000 ounces over the December 31, 2006 figures to total 5.8 million ounces of contained gold (Centerra's share is 5.3 million ounces), compared to 5.6 million ounces (Centerra's share was 5.1 million ounces) as of December 31, 2006.

At Kumtor, 578,000 ounces of reserves were added before accounting for mining 421,000 of contained ounces in 2007. Measured and indicated resources increased by approximately 170,000 ounces of contained gold and inferred resources decreased slightly by 27,000 ounces of contained gold. The increase in reserves is a result of lowering of the cut off grade and changes in pit design. The reserve grade decreased from 4.7 g/t gold to 4.0 g/t gold due to the lowering of the cut off grade from 1.3 g/t gold to 1.0 g/t gold, reflecting the higher gold price used in estimating the reserves. The current pit design at Kumtor assumes that the glacial till and bedrock will be hydrologically depressurized to achieve the pit wall slope angles. Geotechnical work to date has indicated that the till is amenable to depressurization. A program to hydrologically depressurize the till and bedrock has been designed and will be implemented in 2008. This methodology has not previously been tested at Kumtor therefore, to reflect the geotechnical risks and the technical risks associated with implementing the depressurization program, 18.0 million tonnes of proven reserves containing 2.5 million ounces of gold have been reclassified to probable reserves at Kumtor.

The Company is developing a new life of mine plan and has retained Strathcona Mineral Services Limited to prepare an updated technical report for Kumtor, which will be filed on SEDAR in March 2008.

At Boroo, 111,000 contained ounces of reserves were added, before accounting for 297,000 contained ounces of reserves mined in 2007. The change in reserves is a result of a slight increase in the size of the pit design.

At Gatsurt reserves were unchanged as the benefit of the increased gold price was offset by increases in estimated operating costs and royalties. Material increases in potential production costs at Gatsurt could impact the economic recovery of ore from this deposit and ultimately result in a reclassification of reserves.

The 2007 year-end reserves and resources were estimated using a gold price of \$550 per ounce compared to \$475 per ounce in 2006.

**Centerra Gold Inc.**  
**2007 Year-end Reserve and Resource Summary**  
**(as of December 31, 2007)**

| <b>Reserves</b> <sup>(1)</sup> (Tonnes and ounces in thousands) <sup>(11)(12)</sup> |               |             |                     |                 |             |                     |   |             |                     |                                    |                              |
|---|---------------|-------------|---------------------|-----------------|-------------|---------------------|---|-------------|---------------------|------------------------------------|------------------------------|
| Property  | <b>Proven</b> |             |                     | <b>Probable</b> |             |                     | <b>Total Proven and Probable Reserves</b> |             |                     |                                    |                              |
|   | Tonnes        | Grade (g/t) | Contained Gold (oz) | Tonnes          | Grade (g/t) | Contained Gold (oz) | Tonnes                                    | Grade (g/t) | Contained Gold (oz) | Centerra Share (oz) <sup>(3)</sup> | Mining Method <sup>(4)</sup> |
| Kumtor  | 9,888         | 3.8         | 1,223               | 28,546          | 4.0         | 3,679               | 38,434                                    | 4.0         | 4,902               | 4,902                              | OP                           |
| Boroo   | 3,684         | 2.5         | 291                 | 20,405          | 1.2         | 757                 | 24,089                                    | 1.4         | 1,048               | 1,048                              | OP                           |
| Gatsuurt  | -             | -           | -                   | 9,101           | 3.4         | 1,005               | 9,101                                     | 3.4         | 1,005               | 1,005                              | OP                           |
| <b>Total</b>  | <b>13,572</b> | <b>3.5</b>  | <b>1,514</b>        | <b>58,052</b>   | <b>2.9</b>  | <b>5,441</b>        | <b>71,624</b>                             | <b>3.0</b>  | <b>6,955</b>        | <b>6,955</b>                       |                              |

| <b>Measured and Indicated Resources</b> <sup>(2)</sup> (Tonnes and ounces in thousands) <sup>(11)(12)</sup> |                 |             |                     |                  |             |                     |   |             |                     |                                    |                              |
|---|-----------------|-------------|---------------------|------------------|-------------|---------------------|---|-------------|---------------------|------------------------------------|------------------------------|
| Property  | <b>Measured</b> |             |                     | <b>Indicated</b> |             |                     | <b>Total Measured and Indicated Resources</b> |             |                     |                                    |                              |
|   | Tonnes          | Grade (g/t) | Contained Gold (oz) | Tonnes           | Grade (g/t) | Contained Gold (oz) | Tonnes  | Grade (g/t) | Contained Gold (oz) | Centerra Share (oz) <sup>(3)</sup> | Mining Method <sup>(4)</sup> |
| Kumtor <sup>(5)(6)</sup>  | 18,770          | 3.2         | 1,931               | 19,323           | 2.8         | 1,741               | 38,093  | 3.0         | 3,672               | 3,672                              | OP                           |
| Boroo <sup>(5)(8)</sup>   | 452             | 2.0         | 29                  | 5,016            | 1.4         | 225                 | 5,468   | 1.5         | 254                 | 254                                | OP                           |
| Gatsuurt <sup>(9)</sup>   | -               | -           | -                   | 6,238            | 3.0         | 607                 | 6,238   | 3.0         | 607                 | 607                                | OP                           |
| REN <sup>(10)</sup>   | -               | -           | -                   | 2,991            | 12.7        | 1,220               | 2,991   | 12.7        | 1,220               | 767                                | UG                           |
| <b>Total</b>  | <b>19,222</b>   | <b>3.2</b>  | <b>1,960</b>        | <b>33,568</b>    | <b>3.5</b>  | <b>3,793</b>        | <b>52,790</b>                                 | <b>3.4</b>  | <b>5,753</b>        | 5,300                              |                              |

| <b>Inferred Resources</b> <sup>(2)</sup> (Tonnes and ounces in thousands) <sup>(11)(12)</sup> |                 |             |                     |                                    |                              |
|---|-----------------|-------------|---------------------|------------------------------------|------------------------------|
| Property  | <b>Inferred</b> |             |                     | Centerra Share (oz) <sup>(3)</sup> | Mining Method <sup>(4)</sup> |
|   | Tonnes          | Grade (g/t) | Contained Gold (oz) |                                    |                              |
| Kumtor <sup>(5)(6)</sup>  | 778             | 1.8         | 46                  | 46                                 | OP                           |
| Kumtor SB Underground <sup>(7)</sup>  | 2,796           | 20.0        | 1,797               | 1,797                              | UG                           |
| Boroo <sup>(5)(8)</sup>   | 7,723           | 1.0         | 239                 | 239                                | OP                           |
| Gatsuurt <sup>(9)</sup>   | 2,437           | 3.3         | 256                 | 256                                | OP                           |
| REN <sup>(10)</sup>   | 835             | 16.1        | 432                 | 272                                | UG                           |
| <b>Total</b>  | <b>14,569</b>   | <b>5.9</b>  | <b>2,770</b>        | <b>2,610</b>                       |                              |

- (1) The reserves have been estimated based on a gold price of \$550 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 100% and REN 63%.
- (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 \$550 per ounce.
- (6) The open pit reserves and resources at Kumtor are estimated based on a cutoff grade of 1.0 gram per tonne and includes the Central Pit and the Southwest and Sarytor deposits.
- (7) Underground resources occur below the Central pit shell and are estimated based on a cutoff grade of 7.0 grams per tonne.
- (8) The reserves and resources at Boroo are estimated based on a variable cutoff grade depending on the type of material and the associated recovery. The cutoff grades range from 0.2 gram per tonne to 0.8 gram per tonne.
- (9) The reserves and resources at Gatsuurt are estimated using either a 1.2 or 1.9 grams of gold per tonne cutoff grade depending on the type of material and the associated recovery.
- (10) The resources at REN are estimated based on a cutoff 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.

## **Other Corporate Developments**

### **Kyrgyz Republic**

The political situation continues to evolve and there continues to be a risk of future political instability. On February 5, 2008, the Company issued a press release responding to media reports of a criminal tax evasion investigation by Kyrgyz authorities against it and its subsidiary Kumtor Gold Company.

During the first quarter of 2007, the Kyrgyz Parliament began to consider draft legislation that, among other things, challenged the legal validity of Kumtor agreements with the Kyrgyz Republic, proposed recovery of additional taxes on amounts relating to past activities, and provided for the transfer of gold deposits (including Kumtor) to a state-owned entity.

Centerra, Cameco and the Kyrgyz government held discussions in Bishkek from July 16 to 20, 2007. The government's Working Group, chaired by the Minister of Finance, and including members of the government, representatives from the Kyrgyz Parliament and of civil societies, presented their views of the Kumtor project and their positions regarding material economic terms for settlement of all disputes.

In August, Centerra, Cameco and the Government of the Kyrgyz Republic entered into preliminary agreements on certain outstanding issues regarding the Kumtor project.

The Government submitted the preliminary agreements for parliamentary approval in early September 2007. Parliament began to deliberate the issue during the first half of October and scheduled its final voting on the issue for October 22, 2007. On October 21, 2007, the citizens of the Kyrgyz Republic voted in a referendum on drafts of a new constitution and new electoral law proposed by the President of the Kyrgyz Republic. On October 22, 2007, the President dismissed the parliament effective that day. The President signed the new constitution and electoral law into law on October 23, 2007. On October 31, the parties agreed to extend the deadline for closing the transactions contemplated by the agreements from October 31, 2007 to February 15, 2008.

Parliamentary elections were held on December 16, 2007. The political party "Ak-Jol" received the majority of seats (71 out of 90) and under the terms of the new constitution formed the new government.

The new parliament began its regular business after the New Year. Ratification and approval of the agreements entered into by the Government of the Kyrgyz Republic with Cameco and Centerra is on the parliament's agenda; meanwhile the parties have begun work on definitive agreements.

The preliminary agreements are subject to the satisfaction of certain conditions, including approval of the Parliament of the Kyrgyz Republic, Centerra's board of directors and Cameco's board of directors, the negotiation and signing of definitive agreements among Centerra, Cameco and the Government and any required regulatory or other approvals. The terms of Centerra's preliminary agreement with the Government ("Agreement on New Terms") were disclosed in the Company's news release of August 30, 2007. The Agreement on New Terms between Centerra and the Government provides for

the Government's full commitment to and support for Centerra's continuing long-term operation and development of the Kumtor project, provides that Kumtor's current tax regime will be replaced, effective January 1, 2008, with a simplified new tax rate for the Kumtor project applied to proceeds from products sold at the rate of 11% in 2008, 12% in 2009 and 13% thereafter and enlarges the Company's existing concession area by over 25,000 hectares to include all territory covered by the current exploration license. The revised tax regime is expected to provide more cash flow certainty to the Kyrgyz Republic (because taxes will be based on revenue and not income), to be beneficial to the Kumtor project at current gold prices and to reduce the administrative burden to both parties by significantly reducing the complexity of calculating and administering taxes.

Upon the satisfaction of the conditions to completion, Cameco will transfer 32.3 million shares of Centerra to the Kyrgyz Government; 17.3 million of such shares will be held in escrow to be released within four years subject to earlier release in certain circumstances. The Company has entered into an agreement with Cameco to issue 10 million treasury shares of Centerra to Cameco after the transfer of shares by Cameco to the Government. After completion of the transactions, the Kyrgyz Government will own 29.3% of Centerra, Cameco will own 40.5% and the balance, 30.2%, will be held by public shareholders.

Pursuant to an agreement dated December 7, 2006 between the Kyrgyz Government, Kumtor Gold Company (KGC), Centerra and Kyrgyzaltyn relating to payments in connection with the 1998 Barskoon cyanide spill, KGC has advanced to the government a total of \$3.7 million of the total agreed amount of \$4.4 million and accrued the balance of \$0.7 million. This money has been distributed to members of the local communities by a government committee created for such purpose. As part of the new Kumtor Agreement, Centerra has agreed to reconsider the terms of the agreement with a view to forgiving the Government's debt.

## **Mongolia**

The Mongolian Parliament continues to debate changes to mining legislation and the applicability of the windfall profit tax as well as State participation in various mining projects. The windfall tax applies at the rate of 68% on sales of gold above \$500 per ounce. Under the new minerals law, a deposit may be deemed to be a mineral deposit of strategic importance. If a deposit is deemed strategic, the state may take up to a 34% interest in those strategic deposits in respect of which exploration was funded privately, or a 50% interest in those strategic deposits in respect of which exploration was funded by Mongolia. Neither the windfall profit tax nor the strategic deposit provisions will apply to the Boroo mine; however, the Mongolian Government has not yet agreed to provide similar status to the Company's Gatsuurt project and may yet determine Gatsuurt to be of strategic importance.

Centerra received approvals for Gatsuurt in-situ reserves and resources from the Government of Mongolia on December 27, 2007. This paves the way to commencement of negotiations of a definitive investment agreement with the Government. However, the political situation in the country continues to be unsettled, which may affect the negotiation process. The country is preparing for Parliamentary elections in June of 2008.

On March 13, 2007, Centerra suspended its development operations at Gatsuurt, other than those necessary to maintain the property in good standing and comply with permits, pending finalization of the terms of an investment agreement with the Mongolian Government and resolution of the Gatsuurt LLC claim. As at December 31, 2007, the Company has expended an aggregate of \$19 million on the exploration and development of Gatsuurt project of which \$2.3 million has been capitalized. In addition, a further \$2.4 million was expended and capitalized on the acquisition of the Gatsuurt mining licenses. Upon a satisfactory investment agreement being reached and the final settlement of the Gatsuurt LLC claim, the Company expects to begin the development of Gatsuurt. Material increases in potential production costs at Gatsuurt could impact the economic recovery of ore from the deposit and ultimately a decision to develop the project.

The Company has agreed in principle, subject to definitive agreement, on settlement terms with Gatsuurt LLC (which has an NSR interest in the Gatsuurt project), which had challenged Centerra's title to the project in the Mongolian national arbitration court.

On October 17, 2007, Centerra completed the acquisition, for \$8.3 million, of the remaining indirect 5% minority interest in Boroo Gold Company and a net profits interest in the Ikh Dashir alluvial deposit in the vicinity of the Boroo mine.

The Company is in negotiations with the newly formed union representing Boroo employees with respect to a collective agreement.

## Financial Summary

Centerra's unaudited consolidated financial results for the three and twelve months ended December 31, 2007, as set out below.

| Financial Highlights   | Three months ended<br>December 31 |         | Twelve months<br>ended December 31 |         |
|--|-----------------------------------|---------|------------------------------------|---------|
|  | 2007                              | 2006    | 2007                               | 2006    |
| Revenue - \$ millions <sup>(1)</sup>   | 89.4                              | 88.4    | 373.5                              | 364.5   |
| Gross profit - \$ millions <sup>(2)</sup>                                      | 22.2                              | 10.2    | 101.3                              | 89.4    |
| Net earnings before unusual items - \$ millions                                | 9.7                               | 1.9     | 39.1                               | 60.6    |
| Unusual item - \$ millions   | 36.5                              | -       | 131.6                              | -       |
| Net earnings (loss) after unusual items - \$ millions                          | (26.7)                            | 1.9     | (92.5)                             | 60.6    |
| Earnings (loss) per common share after unusual items<br>\$ - basic and diluted | (0.12)                            | 0.01    | (0.43)                             | 0.28    |
|  |                                   |         |                                    |         |
| Cash provided (used) by operations - \$ millions                               | (3.2)                             | 12.3    | 41.3                               | 80.3    |
|  |                                   |         |                                    |         |
| Ounces sold  | 113,264                           | 146,254 | 540,645                            | 610,441 |
| Average realized price - \$/oz <sup>(1)</sup>                                  | 789                               | 604     | 691                                | 597     |
| Gold spot market price - \$/oz – average for period                            | 788                               | 606     | 696                                | 602     |
|  |                                   |         |                                    |         |
| Weighted average shares outstanding – basic – (thousands)                      | 216,318                           | 216,239 | 216,269                            | 216,239 |
|  |                                   |         |                                    |         |
| <b>Operating Highlights</b>  |                                   |         |                                    |         |
| Ounces produced  | 132,530                           | 142,291 | 555,410                            | 586,384 |
| Total cash cost <sup>(3)</sup> - \$/oz   | 585                               | 473     | 442                                | 386     |

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

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

(3) Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP Measure – Total Cash Cost”.

## Fourth Quarter 2007

Revenue in the fourth quarter of 2007 increased slightly to \$89.4 million from \$88.4 million in the same quarter of 2006 due to higher gold price partially offset by fewer of the produced ounces being sold. The Company produced 132,530 ounces of gold in the fourth quarter of 2007 which was less than the 142,291 ounces of gold produced in the fourth quarter of 2006. The lower gold production was mainly due to reduced gold production at the Boroo mine, partially offset by higher production at the Kumtor mine. Lower gold production at Boroo was primarily attributable to milling of lower

grade ore averaging 3.21 g/t in the fourth quarter of 2007 compared to the 4.82 g/t milled in same quarter of 2006.

Gold ounces sold during the quarter were lower than ounces produced as a result of the timing of year-end shipments. The Company's revenue recognition policy requires that title to the gold has passed, which under the Company's sales contracts for Boroo, occurs on the receipt of payment for the gold. The Company shipped approximately 13,955 ounces prior to the year-end for which payment was not received until 2008.

Centerra realized an average gold price of \$789 per ounce for the fourth quarter of 2007, an increase of 31% from the \$604 per ounce realized in the same quarter of 2006. Since Centerra's gold production is unhedged and gold is sold at the prevailing spot price, the increase in average realized gold price was due to higher spot gold prices which averaged \$788 per ounce for the period.

Centerra's total cash cost per ounce was \$585 for the fourth quarter, compared to \$473 recorded in the same period of 2006. The increase mainly reflects increased costs, which are generally pervasive in the industry, combined with lower gold production which increased unit cash costs by \$35 per ounce. (Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measure – Total Cash Cost" in this press release.)

The Company reported a net loss, after unusual items for the fourth quarter of 2007, of \$26.7 million or \$0.12 per share compared to net earnings of \$1.9 million, or \$0.01 per share, for the same quarter of 2006, reflecting the impact of the unusual items recorded in the quarter, reduced production and sales volumes partially offset by higher realized gold prices.

For the three months ended December 31, 2007, cash used by operations was \$3.2 million compared to cash provided by operations of \$12.3 million for the same quarter of 2006, reflecting increased working capital levels during the fourth quarter of 2007, mainly as a result of shipments of gold at the end of the year, but for which payment was not received in the year, and higher parts inventories at the sites due to the increased equipment fleet. This was partially offset by increased earning before unusual items in 2007.

Capital expenditures and accruals in the fourth quarter of 2007 amounted to \$19.7 million of which \$5.0 million was related to sustaining capital projects. Growth capital of \$14.7 million included \$7.4 million for underground development at Kumtor and \$4.1 million for the heap leach facility at Boroo. Centerra's cash position at the end of December 2007 was \$105.5 million, compared to \$186.2 million at December 31, 2006.

In December 2007, Centerra concluded indicative terms for a \$100 - \$150 million revolving credit facility intended to supplement the Company's liquidity. HSBC Bank is the arranging bank for the facility and will act as administrative agent. Closing of the facility is subject to syndication and definitive loan documentation.

## Full Year 2007

Revenue for the first twelve months of 2007 increased by \$9.0 million, or 2%, to \$373.5 million compared to \$364.5 million in the same period of 2006 due to higher gold prices which was partially offset by lower gold production and sales. Centerra realized an average gold price of \$691 per ounce for the year, a significant increase over the \$597 per ounce realized in the same period of 2006 reflecting higher spot prices for gold throughout the year.

Consolidated gold production of 555,410 ounces in the first twelve months of 2007 was lower than the 586,384 ounces reported in the same period of 2006 due to lower production at Boroo from the lower mill grades and recoveries due to an increase in the mining of transition ore. Gold sold in 2007 of 540,645 ounces (300,474 ounces at Kumtor and 240,171 ounces at Boroo) was lower than the 2006 ounces sold of 610,441 (329,534 ounces at Kumtor and 280,907 ounces at Boroo) due to the timing of year-end shipments and lower ounces produced at Boroo resulting from lower grade.

Centerra's total cash cost per ounce of gold was \$442 for 2007, compared to \$386 recorded in the same period of 2006. The increase mainly reflects lower production at the Boroo mine (lower head grades and recovery), combined with increased costs of reagents and consumables, maintenance (primarily due to the ageing equipment fleets) and labour (resulting primarily from the new labour agreement at Kumtor). Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measure – Total Cash Cost" in this press release.

Net earnings before unusual items in 2007 were \$39.1 million (after tax expense of \$19.3 million and minority interest of \$3.2 million) compared to \$60.6 million (after tax recovery of \$5.8 million and minority interest of \$5.0 million) for the same period in 2006. This reflects Boroo's taxable status in 2007, lower ounces sold and increased costs, partially offset by higher gold prices.

Net loss after unusual items in the first twelve months of 2007 was \$92.5 million, or \$0.43 per share, compared to net earnings of \$60.6 million, or \$0.28 per share, in the same period of 2006. The decrease reflects primarily the impact of unusual items recorded in the third and fourth quarters of 2007.

Cash flow provided by operations for the year was \$41.3 million compared to \$80.3 million in the same period of 2006 reflecting lower net earnings before unusual items, increased gold inventory due to the timing of year-end shipments, and increased equipment supplies due to the enlarged fleet at Kumtor. Cash used in investing activities totaled \$132.4 million in the twelve months of 2007 compared to \$96.6 million in the prior year, reflecting increased spending on growth projects at Kumtor and the purchase for \$8.3 million of the 5% minority interest in Boroo and the net profits interest in the Ikh Dashir alluvial deposit near the Boroo mine. Net cash decreased to \$105.5 million from \$186.2 million in the prior year.

During the second quarter of 2007 Centerra Gold Mongolia LLC, a subsidiary of the Company, entered into a \$10 million demand loan facility with HSBC. Funds drawn may be used for the proposed development of the Gatsuurt gold project in Mongolia. The loan is secured by the Gatsuurt mining licenses and related assets, and is guaranteed by Centerra Gold Inc. At December 31, 2007, the full amount available under the facility was drawn. Interest accrues at LIBOR plus 250 basis points.

## Market Update

A significant factor in determining profitability and cash flow from the Company's operations is the price of gold. The spot market gold price was approximately \$834 per ounce at the end of the Company's fourth quarter of 2007, which was also the high for the period. For the three months ended December 31, 2007, the gold price averaged \$788 per ounce compared to \$606 per ounce for the same period in 2006. For the year 2007, the gold price averaged \$696 per ounce compared to \$602 per ounce for 2006.

The Company receives its revenues through the sale of gold in U.S. dollars. The Company has operations in the Kyrgyz Republic and Mongolia, and its corporate head office is in Toronto, Canada. During 2007 denomination of the currencies of Centerra's operating costs and capital expenditures were approximately 41% Kyrgyz som, 34% Mongolian tugrik, and 14% Canadian dollar. In 2007, the U.S. dollar fell against the currencies of the Kyrgyz Republic and Canada by about 2.1% and 7.9%, respectively, and appreciated against the Mongolian currency by 0.5%. The impact of these movements over the twelve months to December 31, 2007 has been to increase costs by an estimated \$2.7 million after allowing for the natural hedge provided by the Canadian dollars held by the Company since the end of the prior year. The Company also purchased for the twelve months to December 31, 2007 approximately 7.1% and 2.5% of its operating supplies from Europe and Australia, respectively. Although these purchases are denominated in U.S. dollars, changes in the value of the U.S. dollar have an impact on the price of those goods. This impact cannot be quantified due to other market forces affecting the prices.

## Operations Update

### Kumtor

| Kumtor Operating Results                      | Three months ended<br>December 31 |             | Twelve months ended<br>December 31 |             |
|---|-----------------------------------|-------------|------------------------------------|-------------|
|   | <u>2007</u>                       | <u>2006</u> | <u>2007</u>                        | <u>2006</u> |
| Sales volume – ounces                         | <b>71,371</b>                     | 66,054      | <b>300,474</b>                     | 329,534     |
| Revenue - \$ millions <sup>(1)</sup>          | <b>56.5</b>                       | 39.2        | <b>209.1</b>                       | 195.9       |
| Average realized price - \$/oz <sup>(1)</sup> | <b>791</b>                        | 594         | <b>696</b>                         | 594         |
| Tonnes mined – 000s                           | <b>31,508</b>                     | 23,018      | <b>114,781</b>                     | 85,421      |
| Tonnes ore mined – 000s                       | <b>1,785</b>                      | 1,048       | <b>5,182</b>                       | 3,887       |
| Tonnes milled – 000s                          | <b>1,394</b>                      | 1,341       | <b>5,545</b>                       | 5,696       |
| Average mill head grade – g/t <sup>(2)</sup>  | <b>2.57</b>                       | 2.20        | <b>2.36</b>                        | 2.27        |
| Recovery - %                                  | <b>72.2</b>                       | 69.7        | <b>72.7</b>                        | 73.0        |
| Ounces produced                               | <b>73,922</b>                     | 62,477      | <b>300,862</b>                     | 303,582     |
| Total cash cost - \$/oz <sup>(3)</sup>        | <b>769</b>                        | 789         | <b>610</b>                         | 544         |
| Capital expenditures - \$ millions            | <b>15.6</b>                       | 52.3        | <b>87.7</b>                        | 95.0        |

<sup>(1)</sup> Net of the effect of gold hedges, closed out in 2004.

<sup>(2)</sup> g/t means grams per tonne gold.

<sup>(3)</sup> Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP Measure – Total Cash Cost”.

In the fourth quarter of 2007, revenue from Kumtor was \$56.5 million compared to \$39.2 million in the same period of 2006. The increase is mainly due to the higher sales volumes and higher realized gold prices. Gold production was 73,922 ounces, compared to 62,477 ounces produced in the fourth quarter of 2006. The higher production was attributable primarily to higher mill head grades averaging 2.57 g/t compared to 2.20 g/t, as well as higher recoveries in the fourth quarter of 2007 compared to the same quarter of 2006.

Revenue for the year was \$209.1 million compared to \$195.9 million in the same period of 2006. Higher revenue is due primarily to a higher average realized gold price of \$696 per ounce in 2007 compared to the average 2006 price of \$594 per ounce. This was partially offset by the lower volume of gold sold in 2007 (29,060 ounces lower than in 2006).

The higher average realized gold price per ounce for both the three and twelve month periods in 2007 was due to higher gold spot prices over the year.

### Costs

Total costs (including DD&A) at Kumtor increased \$11.5 million for the fourth quarter of 2007 compared to the same quarter of 2006 and \$32.3 million for the year compared to the same period of 2006. Costs increased primarily due to higher mine fleet maintenance costs (\$11.6 million compared

to \$7.4 million for the quarters and \$36.0 million compared to \$25.6 million for the year-to-date), higher costs of major mine and mill reagents and consumables (\$18.3 million compared to \$12.3 million for the quarters and \$63.7 million compared to \$46.2 million year-to-date), and higher expenditures on labour in the year (\$51.1 million compared to \$46.1 million). Mine fleet maintenance costs increased due to ageing of the equipment requiring extra maintenance efforts to help ensure availability of the fleet, as well as the costs of maintaining additional new mobile equipment. Major mine and mill reagents and consumables costs increased primarily due to higher prices and higher consumption resulting from an increase in material movement. Expenditures on labour have increased predominantly as a result of the collective bargaining agreement that was entered into in the first quarter of 2007, and the high altitude coefficient adjustment, which increases premiums paid to employees working at the mine site. Depreciation increased in 2007 due to additions to plant and equipment of \$87.7 million.

The ultimate impact of these cost changes on the reported results is dependent on the relative levels of capital and operating activities and the buildup or drawdown of inventories during the periods presented.

Total cash costs per ounce, a non-GAAP measure of production efficiency, for the fourth quarter was \$769 compared to \$789 for the same period in 2006. For the year, total cash cost was \$610 per ounce compared to \$544 per ounce in 2006. The fourth quarter decrease in total cash costs per ounce was due to higher production resulting from a higher average grade (2.57 g/t versus 2.20 g/t) being processed and higher recoveries (72.2% versus 69.7%). The increase in the year's total cash cost per ounce was largely due to higher costs incurred and lower production.

### **Exploration**

Exploration expenditures totaled \$2.8 million for the fourth quarter of 2007 and \$11.7 million for the year, compared to \$3.8 million and \$13.9 million in the same periods in 2006. The expenditures relate primarily to ongoing drilling at the northeastern end of the Central Pit, along with reconnaissance drilling at the Northeast and Bordoo prospects.

### **Capital Expenditures**

During the fourth quarter of 2007 capital expenditures were \$15.6 million, of which \$5.6 million was for sustaining capital, bringing capital expenditures for the twelve months ending December 31, 2007 to a total of \$87.7 million, of which \$18.4 million was for sustaining capital.

### **Waste Dump Movement at Kumtor**

As disclosed in the first quarter of 2007, minor slope movement was detected in the waste dump above the SB Zone highwall in the Central Pit. At that time, the waste dump slopes were designed at a 33 degree angle. An initial geotechnical drilling and analysis program was undertaken in the second quarter to determine whether a lower design slope angle would be required to stabilize the waste dump and, if so, to determine the effect on future production.

In a press release issued on July 19, 2007 Centerra reported that independent geotechnical experts had completed their preliminary analysis of the previously reported high wall waste dump movement and the preliminary findings of the glacial till characterization. They subsequently recommended stabilizing the area by using lower slope angles through the underlying till layer and overlying waste

dump. The lower slope angles required the removal of more waste than previously planned and delayed access to the SB Zone.

Further technical assessment since July of 2007, including additional geotechnical drilling, till analysis, de-watering tests and geophysical surveys now indicates that till layers are approximately 40% thinner than originally thought and that the till appears to be amenable to dewatering and therefore the designed pit wall angle may be able to be steepened to near the original design. A series of geotechnical drill holes converted to pumping wells allowed for two pumping tests to be performed that provided the necessary hydrological information within the warmer and unfrozen tills to conclude that a de-pressurizing and de-watering program may be beneficial to the till consolidation and the slope stability. A till de-pressurizing and till de-watering program has been initiated with guidance from a third party consulting firm and will be undertaken in 2008. With this program in-place, it may be possible to steepen the pit wall angle to near its original design and allow the removal of much less waste than originally expected in July, which may have the impact of lowering costs in future years and maximizing the extraction of the open pit SB Zone ores.

## Boroo

| <b>Boroo Operating Results</b>                 | <b>Three months ended<br/>December 31</b> |                    | <b>Twelve months ended<br/>December 31</b> |                    |
|--|---|--------------------|--|--------------------|
|  | <b><u>2007</u></b>                        | <b><u>2006</u></b> | <b><u>2007</u></b>                         | <b><u>2006</u></b> |
| Sales volume – ounces                          | <b>41,893</b>                             | 80,200             | <b>240,171</b>                             | 280,907            |
| Revenue - \$ millions                          | <b>32.9</b>                               | 49.2               | <b>164.4</b>                               | 168.6              |
| Average realized price - \$/oz                 | <b>786</b>                                | 613                | <b>684</b>                                 | 600                |
| Tonnes mined – 000s <sup>(1)</sup>             | <b>5,662</b>                              | 5,277              | <b>21,159</b>                              | 18,577             |
| Tonnes mined heap leach – 000s                 | <b>782</b>                                | -                  | <b>3,601</b>                               | -                  |
| Tonnes ore mined direct mill feed – 000s       | <b>725</b>                                | 803                | <b>2,362</b>                               | 3,082              |
| Tonnes milled – 000s                           | <b>650</b>                                | 606                | <b>2,549</b>                               | 2,387              |
| Average mill head grade-(g/t) <sup>(2,3)</sup> | <b>3.21</b>                               | 4.82               | <b>3.62</b>                                | 4.25               |
| Recovery - % <sup>(2)</sup>                    | <b>85.5</b>                               | 85.2               | <b>85.3</b>                                | 87.0               |
| Ounces produced                                | <b>58,608</b>                             | 79,814             | <b>254,548</b>                             | 282,802            |
| Total cash cost - \$/oz <sup>(4)</sup>         | <b>353</b>                                | 225                | <b>244</b>                                 | 217                |
| Capital expenditures - \$ millions             | <b>4.0</b>                                | 3.6                | <b>31.9</b>                                | 13.5               |

(1) Includes heap leach material of 782,267 tonnes with an average grade of 0.88 g/t in the fourth quarter of 2007 and 3,601,144 tonnes with an average grade of 0.92 g/t in the twelve months ended 2007.

(2) Excludes heap leach ore.

(3) g/t means grams per tonne gold.

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

At the Boroo mine, in the fourth quarter of 2007, revenue decreased to \$32.9 million from \$49.2 million in the same period in 2006, reflecting the higher year-over-year realized gold price offset by a lower sales volume. At the 2007 year-end the Company had produced 13,955 ounces of gold for which title had not passed to the purchaser. As a result, Boroo did not recognize these ounces as revenue. Gold production in the fourth quarter of 2007 was 58,608 ounces, compared to 79,814 ounces in the same quarter of 2006, reflecting a decrease in produced gold available for sale due primarily to lower mill head grades. Overall, the recovery of gold at Boroo has been negatively affected by the changing metallurgical nature of ore in Pit #3 which is more refractory than the oxide ores mined in previous quarters.

Revenue overall for 2007 was \$164.4 million compared to \$168.6 million in 2006, due to higher realized gold prices partially offset by reduced sales volumes.

### **Costs**

Total costs (including DD&A) at Boroo increased by \$1.9 million for the fourth quarter of 2007 compared to the same quarter of 2006. Full year costs were unchanged year over year overall. Costs increased primarily due to higher mine fleet maintenance costs (\$3.9 million compared to \$1.2 million for the quarters and \$9.0 million compared to \$5.3 million for the full year), major mine and mill reagents and consumables (\$6.3 million compared to \$4.8 million for the quarters and \$19.9 million compared to \$16.6 million for the full year). Royalties paid in respect of the Boroo operation increased as a result of amendments in the third quarter of 2007 to the stability agreement with the Mongolian Government which increased the royalty rate from 2.5% to 5% effective August 3, 2007. The increased royalty rate, as well as, an increase in the average realized sale price resulted in a \$1.4 million increase in royalty costs for 2007 compared to 2006 (\$1.8 million compared to \$1.2 million for the 2007 and 2006 quarters, respectively). Increased maintenance costs resulted from the aging equipment fleet. Major mine and mill reagents and consumables costs increased primarily due to higher prices.

The ultimate impact of these cost changes on the reported results is dependant on the relative levels of capital and operating activities and the buildup or drawdown of inventories during the periods presented.

Total cash costs per ounce, a non-GAAP measure of production efficiency, increased to \$353 in the fourth quarter of 2007, compared to \$225 in the fourth quarter of 2006 (\$244 per ounce for the full year of 2007 compared to \$217 per ounce in 2006). This was primarily due to a decrease in produced ounces along with increased costs of maintenance and major mine and mill reagents and consumables.

### **Exploration**

Exploration expenditures in the fourth quarter of 2007 at Boroo totaled \$0.6 million (\$0.2 million in 2006) and \$1.1 million for the full year (\$1.0 million in 2006). Total expenditures for Mongolia, including Boroo site exploration, for the fourth quarter was \$1.3 million (\$1.0 million in 2006) and \$2.6 million for the full year (\$4.0 million in 2006).

## **Capital Expenditures**

During the fourth quarter of 2007 capital expenditures were \$4.0 million relating primarily to the construction of the heap leach facility. For 2007 capital expenditures were \$31.9 million of which \$6.5 million was for sustaining capital.

## **Exploration Update**

Exploration activities continued to produce positive results during the fourth quarter with expenditures of \$5.6 million bringing the total expenditures for the year to \$19.1 million.

## **Kyrgyz Republic**

### **Kumtor Pit**

During the fourth quarter of 2007, drilling in the area of Central Pit focused on wide-spaced drill testing for strike and down dip extensions to the main mineralized horizons in a relatively un-drilled area to the northeast of the pit high-wall. Drill hole D1175 intersected 1.6 g/t over 3.3 metres and 2.08 g/t over 16.6 metres at 3,575 metres elevation and 3,475 metres elevation, respectively. These intersections extend the known mineralization a further 210 metres down dip on this section.

Hole D1177 was targeted to test the northerly extension of the Kumtor structure and the up dip extension of the mineralization encountered in hole D1133A, which was drilled in the first quarter and returned assays of 2.1 g/t gold over 17.4 metres, 5.5 g/t gold over 5.9 metres and 3.8g/t gold over 6 metres. Drill hole D1177 was terminated early due to technical drilling problems and failed to reach the target.

Two drill holes were completed in the Central Pit area to test the down dip extension of the Stockwork Zone to verify the results of Soviet drill holes. Drill holes D1178 and D1186 were drilled to confirm the known mineralized zones and potential underground resource blocks at the northeast end of the Central Pit. The holes returned intersections of 13.34 g/t over 9.0 metres, 1.5 g/t over 4.0 metres, 4.24 g/t over 7.4 metres, 6.55 g/t over 2.5 metres, 7.13 g/t over 39.0 metres, 2.12 g/t over 12.5 metres in D1178 and 2.25 g/t over 4.6 metres, 10.02 g/t over 34.0 metres in hole D1186. The mineralized intercepts are between 3,785 – 3,640 metres and 3,840 – 3,805 metres elevation, which is 30 - 250 metres below the current pit contour. These recent results confirm the location of the mineralization with slightly higher grades than the intercepts in the Soviet holes.

A complete listing of the drill results and supporting maps for the Kumtor pit are available at the Company's web site at: [www.centerragold.com](http://www.centerragold.com)

## **Outlook for 2008**

For the full year of 2008, Centerra is forecasting consolidated gold production of 770,000 to 830,000 ounces, more than 40% higher than 2007 production levels. Centerra's overall total cash cost is forecast to be \$420 to \$460 per ounce. This forecast assumes completion of definitive agreements and transactions with the Kyrgyz Republic concerning Kumtor (discussed above in "Other Corporate Developments – Kyrgyz Republic) with effect from January 1, 2008. This forecast treats the proposed new Kumtor revenue-based tax as a royalty and therefore includes it in total cash costs. If the new Kumtor revenue-based tax is treated similar to a tax on income and excluded from total cash cost per ounce, the consolidated unit cost would be forecast to be \$360 to \$400 per ounce.

Mining operations at Kumtor in 2008 will be primarily in the Central Pit where mining will be focused in the south section targeting the high-grade mineralization of the SB Zone. The mill head grade at Kumtor is expected to increase to average 4.11 g/t in 2008 compared to 2.36 g/t in 2007 and mill recovery is expected to average 82.6% compared to 72.7% in 2007. Production from the mine is expected to increase to between 580,000 and 620,000 ounces of gold at a total cash cost of \$350 to \$390 per ounce, excluding the new revenue based tax (\$430 - \$470 per ounce if the new revenue based tax is reflected as a royalty and included in total cash cost). The majority, greater than 70%, of the ounce production is planned for the second half of 2008 once the high-grade SB Zone is exposed and being mined. The establishment of the depressurization and dewatering programs do not impact the production guidance for 2008. But, as the warmer un-frozen tills are exposed by mining activities in 2009, the depressurization and dewatering programs will need to be fully functional to allow the geotechnical consolidation of the tills and to mine at the planned pit wall angles in 2009 and there after.

No work is planned to be carried out in the north section of the Central Pit.

The Company is currently working on a new life of mine plan and is preparing an updated NI 43-101 technical report for Kumtor, which will be filed on SEDAR in March 2008.

At Boroo, 2008 mine production will be sourced from Pit 3 and Pit 6. Total gold production, including heap leach production, for the year is expected to be 190,000 to 210,000 ounces. The estimated mill head grade is 2.78 g/t with an estimated recovery of 78.8%. A total of 3.0 million tonnes of lower grade material (0.69 g/t) will be stacked for leaching on the newly constructed heap leach pads. The stacking of the leach pad began in the last quarter of 2007 and the first cell will be ready for solution application in the first quarter of 2008. Total cash cost for the Boroo site in 2008 is expected to be \$380 to \$420 per ounce.

The Company expects total capital expenditures for 2008 to be approximately \$68 million which includes \$36 million of maintenance capital. Growth capital is expected to be \$31 million, which includes \$21 million at Kumtor (\$15 million for the underground development of the SB Zone decline and \$4 million for additional haul trucks) and \$10 million at Boroo (primarily pre-stripping).

Exploration costs are expected to total \$25 million and administrative costs are expected to total \$36 million in 2008.

In terms of sensitivity of results for 2008, a \$25 per ounce change in the gold spot price is anticipated to increase the Company's aggregate revenues, net earnings and cash from operations by approximately \$21 million, \$17.3 million (\$0.08 per share) and \$17.3 million, respectively. A 10% change in the cost of diesel fuel results in a \$10 per ounce impact on total cash cost per ounce.

*The production and cost forecasts for 2008 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause results to differ materially which are discussed under the heading "Cautionary Note Regarding Forward-looking Statements".*

*In particular, material assumptions used to forecast production and costs are:*

- *A gold price of \$800 per ounce,*
- *Exchange rates:*
  - *\$1USD:\$1CAD*
  - *\$1USD:37 Som*
  - *\$1USD:1,127 Tugrik*
- *prices for fuel oil, reagents and other consumables will remain consistent with current levels,*
- *production at the Kumtor pit being maintained at current levels ensuring access to the SB Zone as planned,*
- *no delays in or interruption of scheduled production from our mines, including due to natural phenomena, labour disputes or other development and operation risks,*
- *the Company's schedule for permitting and approvals and start-up of the Boroo heap leach is achieved as planned,*
- *definitive agreements and transactions with the Kyrgyz Government are completed as anticipated, and*
- *all necessary permits, licences and approvals are received in a timely manner.*

## **Qualified Person**

The new drilling results for Kumtor in this news release and on Centerra's website and the scientific and technical information, and resource and reserve estimates in this news release were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and were reviewed, verified and compiled by Centerra's geological and mining staff under the supervision of Ian Atkinson, Certified Professional Geologist, Centerra's Vice President, Exploration, who is the qualified person for the purpose of NI 43-101.

## **Other Information**

The Kumtor deposit is described in Centerra's Annual Information Form (the "AIF") for the year ended December 31, 2006 and in a technical report dated March 9, 2006 prepared in accordance with NI 43-101. The AIF and technical report have been filed on SEDAR at [www.sedar.com](http://www.sedar.com). The

technical report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site are the same as, or similar to, those described in the technical report.

The Boroo deposit is described in the AIF and a technical report dated May 13, 2004 prepared in accordance with NI 43-101, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). The technical report describes the exploration history, geology and style of gold mineralization at the Boroo deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Boroo site are the same as, or similar to, those described in the technical report.

The Gatsuurt deposit is described in the AIF and in a technical report dated May 9, 2006 prepared in accordance with NI 43-101. The AIF and technical report have been filed on SEDAR at [www.sedar.com](http://www.sedar.com). The technical report describes the exploration history, geology and style of gold mineralization at the Gatsuurt deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Gatsuurt project are the same as, or similar to, those described in the technical report.

The REN project is described in the AIF and in a technical report dated June 15, 2004 prepared in accordance with NI 43-101. The AIF and technical report have been filed on SEDAR at [www.sedar.com](http://www.sedar.com). The technical report describes the exploration history, geology and style of gold mineralization at the REN project. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at REN are the same as, or similar to, those described in the technical report.

### **Cautionary Note Regarding Forward-looking Statements**

Certain information contained or incorporated by reference herein which are not historical facts are "forward-looking statements" within the meaning of certain securities laws, including the Securities Act (Ontario). Such forward-looking statements 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. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the 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; procurement of required capital equipment and operating parts and supplies; increases in production and capital costs; equipment failure; unexpected geological or hydrological conditions; inability to enforce legal rights; defects in title; litigation or arbitration proceedings in which third parties claim title to properties or assets of the Company; 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; the speculative nature of exploration and development, including the risks of obtaining necessary permits and approvals from

government authorities; changes in national and local government legislation, taxation, controls, regulations, policies and political or economic developments in Canada, the United States, Mongolia, Kyrgyzstan, or other countries in which we do or may carry on business in the future; employee relations; and other development and operating risks.

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

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

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

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

Centerra has not adjusted resources figures included herein in consideration of these risks and, therefore, Centerra can give no assurances that any resource estimate will ultimately be reclassified as proven and probable reserves.

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

Centerra estimates the future mine life of its operations. Centerra can give no assurance that mine life estimates will be achieved. Failure to achieve these estimates could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

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

## **Non-GAAP Measure - Total Cash Cost**

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

Total cash costs, as defined in the Gold Institute Standard, include mine operating costs such as mining, processing, administration, royalties and production taxes, but exclude amortization, reclamation costs, financing costs and capital, development and exploration. Certain amounts of stock-based compensation have been excluded as well.

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-over-year changes in production costs, which in turn affect profitability and cash flow.

## Total Cash Cost per Ounce can be reconciled as follows:

| Centerra Gold Inc.<br>TOTAL CASH COST<br>RECONCILIATION (unaudited)<br>(\$ millions, unless otherwise specified) | Three months ended<br>December 31, |         | Twelve months ended<br>December 31, |          |
|--|------------------------------------|---------|-------------------------------------|----------|
|  | 2007                               | 2006    | 2007                                | 2006     |
| <b><i>Centerra:</i></b>  |                                    |         |                                     |          |
| Cost of sales, as reported   | \$ 56.3                            | \$ 66.9 | \$ 226.7                            | \$ 236.9 |
| Adjust for:  |                                    |         |                                     |          |
| Refining fees & by-product credits   | -                                  | 0.1     | 0.3                                 | 0.3      |
| Non-operating costs  | 1.6                                | (3.0)   | 2.3                                 | (4.8)    |
| Inventory movement   | 19.6                               | 3.3     | 16.3                                | (5.8)    |
| Total cash cost - 100%   | \$ 77.5                            | \$ 67.3 | \$ 245.6                            | \$ 226.6 |
| Ounces poured - 100% (000)   | 132.5                              | 142.3   | 555.4                               | 586.4    |
| Total cash cost per ounce  | \$ 585                             | \$ 473  | \$ 442                              | \$ 386   |
| <b><i>Kumtor:</i></b>  |                                    |         |                                     |          |
| Cost of sales, as reported   | \$ 43.5                            | \$ 50.1 | \$ 176.4                            | \$ 177.2 |
| Adjust for:  |                                    |         |                                     |          |
| Refining fees & by-product credits   | -                                  | -       | 0.1                                 | (0.1)    |
| Non-operating costs  | 2.0                                | (3.1)   | 2.3                                 | (4.6)    |
| Inventory movement   | 11.3                               | 2.3     | 4.8                                 | (7.4)    |
| Total cash cost - 100%   | \$ 56.8                            | \$ 49.3 | \$ 183.6                            | \$ 165.1 |
| Ounces poured - 100% (000)   | 73.9                               | 62.5    | 300.9                               | 303.6    |
| Total cash cost per ounce  | \$ 769                             | \$ 789  | \$ 610                              | \$ 544   |
| <b><i>Boroo:</i></b>   |                                    |         |                                     |          |
| Cost of sales, as reported   | \$ 12.8                            | \$ 16.8 | \$ 50.3                             | \$ 59.7  |
| Adjust for:  |                                    |         |                                     |          |
| Refining fees & by-product credits   | -                                  | 0.1     | 0.2                                 | 0.4      |
| Non-operating costs  | (0.4)                              | 0.1     | -                                   | (0.2)    |
| Inventory movement   | 8.3                                | 1.0     | 11.5                                | 1.6      |
| Total cash cost - 100%   | \$ 20.7                            | \$ 18.0 | \$ 62.0                             | \$ 61.5  |
| Ounces poured - 100% (000)   | 58.6                               | 79.8    | 254.5                               | 282.8    |
| Total cash cost per ounce  | \$ 353                             | \$ 225  | \$ 244                              | \$ 217   |

## **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. Centerra is a leading North American based gold producer and the largest Western-based gold producer in Central Asia and the former Soviet Union. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is based in Toronto, Canada.

## **Conference Call**

Centerra invites you to join its fourth-quarter, year-end conference call on Wednesday, February 6, 2008 at 11:00 a.m. Eastern Time. The call is open to all investors and the media. To join the call, North American participants should dial the toll-free number (800) 926-9793. International participants may access the call at (212) 231-2901. Alternatively, an audio feed web cast will be available on [www.centerragold.com](http://www.centerragold.com). A recording of the call will be available on [www.centerragold.com](http://www.centerragold.com) shortly after the call, and via telephone until midnight on Wednesday, February 13, 2008 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21373117.

## **For more information:**

John W. Pearson  
Director Investor Relations  
(416) 204-1241  
[john.pearson@centerragold.com](mailto:john.pearson@centerragold.com)  
[www.centerragold.com](http://www.centerragold.com)

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).

**Centerra Gold Inc.**

**Consolidated Financial Statements**

**For the Twelve Months and Quarter Ended December 31, 2007**

**(Unaudited)**

**(Expressed in United States Dollars)**

**Centerra Gold Inc.**  
**Consolidated Balance Sheets**  
**(Expressed In thousands of United States Dollars)**

|   | December 31,<br>2007 | December 31,<br>2006 |
|---|----------------------|----------------------|
|   | (Unaudited)          |                      |
| <b>Assets</b>                                     |                      |                      |
| Current assets                                    |                      |                      |
| Cash and cash equivalent                          | \$ 105,482           | \$ 186,159           |
| Amounts receivable                                | 18,021               | 24,006               |
| Inventories                                       | 124,155              | 83,714               |
| Prepaid expenses                                  | 21,230               | 24,737               |
|   | <u>268,888</u>       | <u>318,616</u>       |
| Property, plant and equipment                     | 373,841              | 305,366              |
| Goodwill (note 8)                                 | 148,540              | 154,586              |
| Long-term receivables and other                   | 6,632                | 6,778                |
| Future income tax asset                           | 16,467               | 8,901                |
|   | <u>545,480</u>       | <u>475,631</u>       |
| <b>Total assets</b>                               | <b>\$ 814,368</b>    | <b>\$ 794,247</b>    |
| <b>Liabilities and Shareholders' Equity</b>       |                      |                      |
| Current liabilities                               |                      |                      |
| Accounts payable and accrued liabilities          | \$ 42,482            | \$ 59,379            |
| Taxes payable                                     | -                    | 2,968                |
| Short-term debt (note 3)                          | 10,000               | -                    |
|   | <u>52,482</u>        | <u>62,347</u>        |
| Provision for reclamation (note 4)                | 20,868               | 16,532               |
| Non-controlling interest (note 8)                 | -                    | 9,829                |
| <b>Shareholders' equity</b>                       |                      |                      |
| Share capital (note 5)                            | 523,107              | 522,383              |
| Contingent common shares issuable (note 7)        | 126,794              | -                    |
| Contributed surplus (note 5)                      | 30,767               | 30,257               |
| Retained earnings                                 | 60,350               | 152,899              |
|   | <u>741,018</u>       | <u>705,539</u>       |
| <b>Total liabilities and shareholders' equity</b> | <b>\$ 814,368</b>    | <b>\$ 794,247</b>    |

Commitments and Contingencies (notes 7 and 11)

The accompanying notes form an integral part of these consolidated financial statements.

**Centerra Gold Inc.**  
**Consolidated Statements of Earnings and Retained Earnings**  
**(Unaudited)**  
**(Expressed In thousands of United States Dollars)**

|   | <b>Three Months Ended</b> |                     | <b>Twelve Months Ended</b> |                     |
|---|---------------------------|---------------------|----------------------------|---------------------|
|   | <b>December 31,</b>       | <b>December 31,</b> | <b>December 31,</b>        | <b>December 31,</b> |
|   | <b>2007</b>               | <b>2006</b>         | <b>2007</b>                | <b>2006</b>         |
| <b>Revenue from Gold Sales</b>  | <b>\$ 89,371</b>          | <b>\$ 88,404</b>    | <b>\$ 373,462</b>          | <b>\$ 364,520</b>   |
| <b>Expenses</b>   |                           |                     |                            |                     |
| Cost of sales   | 56,307                    | 66,865              | 226,714                    | 236,915             |
| Depreciation, depletion and amortization  | 10,499                    | 11,076              | 44,161                     | 39,662              |
| Accretion and reclamation expense (note 4)  | 333                       | 275                 | 1,334                      | (1,453)             |
| Exploration and business development (note 6)   | 5,586                     | 7,084               | 20,440                     | 25,702              |
| Other income and expenses   | (660)                     | (1,733)             | (5,795)                    | (23,362)            |
| Administration  | 10,399                    | 9,456               | 24,980                     | 27,220              |
|   | <b>82,464</b>             | <b>93,023</b>       | <b>311,834</b>             | <b>304,684</b>      |
| <b>Earnings (loss) before unusual items , income taxes and non controlling interest</b> | <b>6,907</b>              | <b>(4,619)</b>      | <b>61,628</b>              | <b>59,836</b>       |
| Unusual items (note 7)  | <b>36,460</b>             | <b>-</b>            | <b>131,637</b>             | <b>-</b>            |
| <b>Earnings (loss) before income taxes and non-controlling interest</b>                 | <b>(29,553)</b>           | <b>(4,619)</b>      | <b>(70,009)</b>            | <b>59,836</b>       |
| Income tax expense (recovery) (note 9)  | (2,999)                   | (8,118)             | 19,322                     | (5,771)             |
| Non-controlling interest  | 160                       | 1,630               | 3,218                      | 5,007               |
| <b>Net earnings (loss)</b>  | <b>(26,714)</b>           | <b>1,869</b>        | <b>(92,549)</b>            | <b>60,600</b>       |
| Retained earnings, beginning of period  | 87,064                    | 151,030             | 152,899                    | 92,299              |
| <b>Retained earnings, end of period</b>   | <b>60,350</b>             | <b>152,899</b>      | <b>60,350</b>              | <b>152,899</b>      |
| <b>Basic and diluted earnings (loss) per common share (note 10)</b>                     | <b>\$ (0.12)</b>          | <b>\$ 0.01</b>      | <b>\$ (0.43)</b>           | <b>\$ 0.28</b>      |

See accompanying notes to the consolidated financial statements.

**Centerra Gold Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(Expressed In thousands of United States Dollars)**

|   | <b>Three Months Ended</b> |                     | <b>Twelve Months Ended</b> |                     |
|---|---------------------------|---------------------|----------------------------|---------------------|
|   | <b>December 31,</b>       | <b>December 31,</b> | <b>December 31,</b>        | <b>December 31,</b> |
|   | <b>2007</b>               | <b>2006</b>         | <b>2007</b>                | <b>2006</b>         |
| <b>Operating activities</b>                       |                           |                     |                            |                     |
| Net earnings (loss)                               | \$ (26,714)               | \$ 1,869            | \$ (92,549)                | \$ 60,600           |
| Items not involving cash:                         |                           |                     |                            |                     |
| Depreciation, depletion and amortization          | 10,499                    | 11,076              | 44,161                     | 39,662              |
| Accretion and reclamation expense                 | 333                       | 275                 | 1,334                      | (1,454)             |
| Deferred charges recognized                       | -                         | 564                 | 557                        | 2,266               |
| Contingent common shares issuable (note 7)        | 36,460                    | -                   | 126,794                    | -                   |
| Forgiven loan (note 7)                            | -                         | -                   | 1,843                      | -                   |
| Future income tax expense                         | (7,838)                   | (10,196)            | (7,566)                    | (8,930)             |
| Non-controlling interest                          | 160                       | 1,630               | 3,218                      | 5,007               |
| Other operating items                             | 6                         | 38                  | 361                        | (2,141)             |
|   | <b>12,906</b>             | <b>5,256</b>        | <b>78,153</b>              | <b>95,010</b>       |
| (Increase) decrease in working capital            | <b>(16,100)</b>           | <b>7,083</b>        | <b>(36,853)</b>            | <b>(14,676)</b>     |
| <b>Cash provided (used) by operations</b>         | <b>(3,194)</b>            | <b>12,339</b>       | <b>41,300</b>              | <b>80,334</b>       |
| <b>Investing activities</b>                       |                           |                     |                            |                     |
| Additions to property, plant and equipment        | <b>(18,223)</b>           | <b>(42,483)</b>     | <b>(125,409)</b>           | <b>(96,645)</b>     |
| Proceeds from disposition of fixed assets         | -                         | 4                   | -                          | 53                  |
| Acquisition of non-controlling interests (note 8) | <b>(7,000)</b>            | <b>(7,000)</b>      | <b>(7,000)</b>             | <b>-</b>            |
| <b>Cash used in investing</b>                     | <b>(25,223)</b>           | <b>(42,479)</b>     | <b>(132,409)</b>           | <b>(96,592)</b>     |
| <b>Financing activities</b>                       |                           |                     |                            |                     |
| Proceeds from short term debt                     | -                         | -                   | <b>10,000</b>              | -                   |
| Issuance of common shares for cash                | -                         | -                   | <b>432</b>                 | -                   |
| <b>Cash provided by financing</b>                 | <b>-</b>                  | <b>-</b>            | <b>10,432</b>              | <b>-</b>            |
| (Decrease) Increase in cash during the period     | <b>(28,417)</b>           | <b>(30,140)</b>     | <b>(80,677)</b>            | <b>(16,258)</b>     |
| Cash at beginning of the period                   | <b>133,899</b>            | <b>216,299</b>      | <b>186,159</b>             | <b>202,417</b>      |
| <b>Cash at end of the period</b>                  | <b>\$ 105,482</b>         | <b>\$ 186,159</b>   | <b>\$ 105,482</b>          | <b>\$ 186,159</b>   |

**Centerra Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**(Expressed in thousands of United States Dollars)**

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**1. Basis of Presentation**

These unaudited interim consolidated financial statements of Centerra Gold Inc. ("Centerra") have been prepared by management in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") for interim financial statements. Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with Canadian GAAP have been condensed or excluded. As a result, these unaudited interim consolidated financial statements do not contain all disclosures required to be included in the annual consolidated financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements and notes thereto for the year ended December 31, 2006.

Centerra's ownership interests at December 31, 2007 consist of a 100% interest in the Kumtor mine, a 100% interest in the Boroo mine, a 100% interest in the Gatsuert property and a 62% interest in the REN deposit.

**2. Changes in accounting policies:**

These unaudited interim consolidated financial statements are prepared following accounting policies consistent with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2006, except for the following changes in accounting policies:

**a. Accounting changes:**

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

**Centerra Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**(Expressed in thousands of United States Dollars)**

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**2. Changes in accounting policies (continued):**

**b. Financial instruments:**

Effective on January 1, 2007, the Company adopted the recommendations of CICA Handbook Section 1530, Comprehensive Income ("Section 1530") and Section 3855, Financial Instruments - Recognition and Measurement ("Section 3855"). These sections provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. Section 1530 provides standards for the reporting and presentation of comprehensive income, which represents the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian GAAP.

Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated. The adoption of these Handbook Sections had no impact on opening retained earnings.

Under Section 3855, financial instruments must be classified into one of five categories: held-for trading, held-to-maturity, loans and receivables, available-for sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

Upon adoption of these new standards, the Company designated its cash and cash equivalents as held-for trading, which are measured at fair value. Any marketable securities that are not cash equivalents will be classified as available-for-sale securities measured at fair value and the resulting gain or loss will be recognized in other comprehensive income until the financial asset is derecognized or impaired at which point all related cumulative gains or losses will be recognized in the consolidated statement of operations and deficit.

Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities and debenture, are classified as other financial liabilities. The Company has neither available for sale, nor held to maturity instruments.

As at December 31, 2007 the fair values of the Company's assets and liabilities approximate their carrying values due to the relatively short maturity of these instruments.

**Centerra Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**(Expressed in thousands of United States Dollars)**

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**2. Changes in accounting policies (continued):**

The adoption of these new standards translated into an increase in accumulated other comprehensive income of \$0.6 million relating to deferred hedging losses at January 1, 2007. These amounts have been fully recognized in earnings during the three months ended March 31, 2007.

**c. Non-monetary transactions:**

Effective January 1, 2007, the Company adopted the new recommendations of CICA Handbook Section 3831, Non-monetary Transactions prospectively. This standard requires all non-monetary transactions be measured at fair value unless they meet one of four criteria. Commercial substance replaces culmination of the earnings process as the test for fair value measurement. A transaction has commercial substance if it causes an identifiable and measurable change in the economic circumstances of the entity. The adoption of this standard had no impact on the Company's financial statements.

**d. Equity**

Effective January 1, 2007, the Company adopted the new recommendations of CICA Handbook section 3251, "Equity" prospectively. This standard establishes requirements for the presentation of equity and changes in equity during the reporting period.

**e. New pronouncements**

In June 2007, the CICA issued new Handbook Section 3031, Inventories. This standard provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-downs to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories and allows for reversals of write downs. The effective date of this new standard applies to fiscal years beginning January 1, 2008. The impact that the adoption of Section 3031 will have on the Company's future results of operations and financial condition is not known or reasonably estimable at this time.

On December 1, 2006, the CICA issued Section 3862, Financial Instruments - Disclosures; Section 3863, Financial Instruments - Presentation; and Section 1535, Capital Disclosures. These new standards are applicable for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Section 3862 on financial instrument disclosures, provides guidance on disclosures about risks associated with both recognized and unrecognized financial instruments and how these risks are managed and is consistent with Section 3861. The new Section removes duplicative disclosures and simplifies the disclosures relating to concentrations of risk, credit risk, liquidity risk and price risk currently found in Section 3861. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital. The Company plans to adopt these standards on January 1, 2008.

**Centerra Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**(Expressed in thousands of United States Dollars)**

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**3. Short-term debt**

On June 1, 2007 Centerra Gold Mongolia LLC (CGMC), one of the Company's subsidiaries, signed a demand credit facility agreement for \$10 million with HSBC Bank USA for purposes of developing the Gatsuurt gold deposit. The credit facility may be drawn down, converted or rolled over under the credit facility between a Base Rate Loan and LIBOR Loan. Interest is payable quarterly at base rate plus 2% per annum for a Base Rate Loan and at LIBOR rate plus 2.5% for a LIBOR Loan. The facility is secured by the Gatsuurt mining licenses and guaranteed by Centerra Gold Inc.

As December 31, 2007, CGMC has drawn \$10 million under the LIBOR loan facility. Interest on this loan of \$0.2 million and \$0.5 million has been charged to earnings during the three month and twelve month period ended December 31, 2007.

**4. Asset Retirement Obligations**

Following is a reconciliation of the total consolidated liability for asset retirement obligations:

|  | <b>Three Months Ended</b> |                  | <b>Twelve Months Ended</b> |                  |
|--|---------------------------|------------------|----------------------------|------------------|
|  | <b>Dec 31/07</b>          | <b>Dec 31/06</b> | <b>Dec 31/07</b>           | <b>Dec 31/06</b> |
| (Thousands of \$US)                                    |                           |                  |                            |                  |
| Balance, beginning of period                           | <b>\$20,622</b>           | \$ 16,286        | <b>\$16,532</b>            | \$ 17,897        |
| Liabilities incurred / (settled)                       | <b>(88)</b>               | (29)             | <b>(235)</b>               | 89               |
| Revisions in estimated timing and amount of cash flows | -                         | -                | <b>3,237</b>               | (2,589)          |
| Accretion expense                                      | <b>333</b>                | 275              | <b>1,334</b>               | 1,135            |
| Balance, end of period                                 | <b>\$20,868</b>           | \$ 16,532        | <b>\$20,868</b>            | \$ 16,532        |

An increase to the present value of the closure cost estimate at the Boroo mine site of \$3.2 million were recorded during the first half of 2007, following the completion of a regularly scheduled closure cost update study.

A reduction in the present value of the obligation of \$2.6 million recorded in the second quarter 2006 reflected the planned delay in the reclamation spending at Kumtor due to the significant new reserves announced at the beginning of the year.

**Centerra Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**(Expressed in thousands of United States Dollars)**

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**5. Shareholders' Equity**

**a) Share capital**

Centerra is authorized to issue an unlimited number of common shares, class A non-voting shares and preference shares with no par value. As at December 31, 2007 the number of outstanding shares is as follows:

| <b>Number Issued</b>                      | (Number of Shares) | (Thousands of \$US) |
|---|--------------------|---------------------|
| Balance at January 1, 2006 and 2007       | <b>216,238,815</b> | <b>\$ 522,383</b>   |
| Shares issued for stock options exercised | <b>79,373</b>      | <b>724</b>          |
| Balance at December 31, 2007              | <b>216,318,188</b> | <b>\$523,107</b>    |

**b) Contributed surplus**

The following summarizes movements in contributed surplus:

| (Thousands of \$US)                       | <b>Three Months Ended</b> |                  | <b>Twelve Months Ended</b> |                  |
|---|---------------------------|------------------|----------------------------|------------------|
|   | <b>Dec 31/07</b>          | <b>Dec 31/06</b> | <b>Dec 31/07</b>           | <b>Dec 31/06</b> |
| Balance at beginning of period            | <b>\$30,593</b>           | \$30,119         | <b>\$30,257</b>            | \$ 29,739        |
| Stock options exercised                   | -                         | -                | <b>(90)</b>                | -                |
| Compensation cost for equity based awards | <b>174</b>                | 138              | <b>600</b>                 | 518              |
| Balance at end of period                  | <b>\$30,767</b>           | \$30,257         | <b>\$30,767</b>            | \$ 30,257        |

**Centerra Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**(Expressed in thousands of United States Dollars)**

**5. Shareholders' Equity (continued):**

**c) Stock-based compensation**

The impact of Stock-Based Compensation is summarized as follows:

| (Millions of US\$<br>except as indicated)    | Number<br>outstanding<br>Dec 31/07 | Expense            |           |                     |           | Liability   |           |
|--|------------------------------------|--------------------|-----------|---------------------|-----------|-------------|-----------|
|  |                                    | Three months ended |           | Twelve months ended |           | Dec 31/07   | Dec 30/06 |
|  |                                    | Dec 31/07          | Dec 31/06 | Dec 31/07           | Dec 31/06 |             |           |
| (i) Centerra stock options                   | <b>1,002,489</b>                   | <b>1.0</b>         | 0.7       | <b>0.3</b>          | 1.6       | <b>1.2</b>  | 1.7       |
| (ii) Centerra performance share units        | <b>595,080</b>                     | <b>1.9</b>         | 2.0       | <b>1.7</b>          | 3.9       | <b>4.0</b>  | 5.4       |
| (ii) Centerra annual performance share units | <b>122,911</b>                     | <b>0.6</b>         | 0.3       | <b>1.7</b>          | 3.3       | <b>1.2</b>  | 0.8       |
| (iv) Deferred share units                    | <b>197,351</b>                     | <b>1.0</b>         | 0.5       | <b>0.9</b>          | 1.0       | <b>2.5</b>  | 1.6       |
| (v) Cameco stock options                     | <b>73,200</b>                      | <b>(0.4)</b>       | 0.6       | <b>0.1</b>          | 2.4       | <b>2.3</b>  | 4.1       |
|  |                                    | <b>4.1</b>         | 4.1       | <b>4.7</b>          | 12.2      | <b>11.2</b> | 13.6      |

Movements in the number of options and units' year-to-date are summarized as follows:

|   | Number<br>outstanding<br>Dec 31/06 | Issued  | Exercised | Forfeited | Number<br>outstanding<br>Dec 31/07 |
|---|------------------------------------|---------|-----------|-----------|------------------------------------|
| (i) Centerra stock options                    | 879,321                            | 322,471 | (79,373)  | (119,930) | 1,002,489                          |
| (ii) Centerra performance share units         | 726,733                            | 283,222 | (304,794) | (110,081) | 595,080                            |
| (iii) Centerra annual performance share units | 173,098                            | 201,955 | (223,583) | (28,559)  | 122,911                            |
| (iv) Deferred share units                     | 142,093                            | 55,258  | -         | -         | 197,351                            |
| (v) Cameco stock options                      | 129,600                            | -       | (56,400)  | -         | 73,200                             |

**Centerra Stock Option Issue**

On May 8, 2007, Centerra granted 261,317 stock options at a strike price of Cdn \$11.17 per share. The compensation expense associated with this stock option series was calculated using the Black-Scholes valuation model, assuming a 6-year term, 39% volatility and a risk-free rate of return of 4.8%, and is being charged against net income over its vesting period.

On December 19, 2007, 61,154 stock options were granted at a strike price of Cdn \$11.43 per share. The compensation expense associated with these stock options was calculated using the Black-Scholes valuation model, assuming a 6-year term, 32% volatility and a risk-free rate of return of 3.92%, and is being charged against net income over its vesting period.

**Centerra Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**(Expressed in thousands of United States Dollars)**

**6. Exploration and Business Development**

|  | <b>Three Months Ended</b> |                  | <b>Twelve Months Ended</b> |                  |
|--|---------------------------|------------------|----------------------------|------------------|
|  | <b>Dec 31/07</b>          | <b>Dec 31/06</b> | <b>Dec 31/07</b>           | <b>Dec 31/06</b> |
| (Thousands of \$US)                        |                           |                  |                            |                  |
| Exploration costs                          | \$ 5,586                  | \$ 6,626         | \$ 19,087                  | \$ 22,947        |
| Business development and feasibility costs | -                         | 458              | 1,353                      | 2,755            |
|  | \$ 5,586                  | \$ 7,084         | \$ 20,440                  | \$ 25,702        |

**7. Unusual Items**

|                                      | <b>Three Months Ended</b> |                  | <b>Twelve Months Ended</b> |                  |
|--------------------------------------|---------------------------|------------------|----------------------------|------------------|
|                                      | <b>Dec 31/07</b>          | <b>Dec 31/06</b> | <b>Dec 31/07</b>           | <b>Dec 31/06</b> |
| (Thousands of \$US)                  |                           |                  |                            |                  |
| a) Contingent issuable common shares | \$ 36,460                 | -                | \$ 126,794                 | -                |
| b) Claim settlement                  | -                         | -                | 3,000                      | -                |
| c) Forgiven loan                     | -                         | -                | 1,843                      | -                |
|                                      | \$ 36,460                 | -                | \$ 131,637                 | -                |

**a) Contingent issuable common shares**

On August 30, 2007, the Company entered into an agreement (the “Agreement on New Terms”) with the Government of the Kyrgyz Republic, pursuant to which the parties have agreed on revised terms with respect to the Kumtor Project. The Agreement on New Terms is subject to satisfaction of certain conditions, including approvals by the Kyrgyz Parliament and Centerra’s board of directors and the completion and signing of definitive agreements, all on or before February 15, 2008. The Agreement on New Terms provides that Kumtor will be subject to tax on proceeds from sold products (gross revenue) rather than on income, at the rate of 11% in 2008, 12% in 2009 and 13% thereafter. After completion and signing of definitive agreements, Cameco Corporation (“Cameco”) will transfer 32.3 million shares of the Company to the Kyrgyz Government, 17.3 million of which will be held in escrow to be released within 4 years subject to certain conditions. The Company has entered into an agreement with Cameco pursuant to which the Company will issue 10 million treasury shares (the “Treasury Shares”) to Cameco on completion and signing of the definitive agreements. The issuance of treasury shares will result in a 4.6% dilution to Centerra's shareholders. The Company will record a one-time pre-tax loss equal to the market value of the treasury shares.

The value associated with the issuing of Treasury shares by the Company was accounted as an expense with the corresponding obligation to issue 10 million treasury shares reflected as contingent issuable common shares within Shareholder’s Equity. The associated expense and contingent issuable common shares are valued at the market closing price of the Company’s shares at December 31, 2007.

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**7. Unusual Items (continued)**

On closing of the agreement the value of the shares issued will be valued at the closing market price of the Company and the balance in the contingent issuable common shares will be reduced with a corresponding increase in share capital. Any increase or decrease in the value over the value at December 31, 2007 will result in a corresponding increase or decrease in the expense recorded at December 31, 2007 with the offsetting entry recorded to share capital.

**b) Claim Settlement**

During the third quarter Centerra Gold Mongolia Limited ("CGM") a subsidiary wholly owned by the Company, and Gatsuurt LLC (an unrelated third party), reached an agreement in principle to terminate the arbitration proceedings between CGM and Gatsuurt LLC. The arbitration proceedings have been suspended pending the out-come of on going settlement discussions. In anticipation of a possible settlement, CGM has recorded a \$3 million provision against third quarter earnings.

**c) Forgiven loan**

Pursuant to an agreement dated December 7, 2006 between the Government of the Kyrgyz Republic, KGC, Centerra and Kyrgyzaltyn, KGC has paid and accrued a total of \$4.4 million (\$3.7 million advanced and \$0.7 million accrued) as at December 31, 2007. One half of the total (\$2.2 million) is in the form of a loan repayable no later than 2010 and is secured by shares of Centerra owned by Kyrgyzaltyn. The balance (\$2.2 million) is forgivable in 2012 if there is no event of default under existing agreements between KGC, Centerra and the Government of the Kyrgyz Republic.

In connection with the August 30, 2007 agreement described in note 7(a), the Company has agreed to reconsider the terms of the agreement with a view to forgiving the entire amount of the \$4.4 million advance. The Company recorded this loan forgiveness as an expense in the income statement

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**8. Acquisition of Non-Controlling interest**

On October 17, 2007, the Company completed the acquisition of the 5% non-controlling interest in Boroo Mongolia Mining Corporation Limited, the parent company of Boroo Gold Limited the owner and operator of the Boroo mine, along with certain other assets in Mongolia for total consideration of \$8.3 million. As a result, Centerra owns 100% of the Boroo mine.

The allocation of the purchase price is as follows;

|                          |          |
|--------------------------|----------|
| Prepaid Royalties        | \$ 1,300 |
| Non-controlling interest | 7,000    |
|                          | <hr/>    |
|                          | \$ 8,300 |

As a result of this transaction, the residual book value of the non-controlling interest of \$6.0 million was applied against goodwill.

**9. Income Tax Expense**

While income tax in the amount of \$3.0 million was recovered in the three month period ended December 31, 2007, \$19.3 million was expensed for the twelve month period ended December 31, 2007, (recovery of \$8.1 million and \$5.8 million in the three month and twelve month periods ended December 31, 2006).

Boroo's income tax provision reflects the fact that on August 3, 2007, Boroo entered into an amended Stability Agreement which resulted in Boroo being taxable at a 25% rate throughout 2007. In addition, a review of Boroo's future tax asset resulted in a reduction in the tax provision for the fourth quarter of 2007 in the amount of \$5.0 million, \$4.3 million for the full year, arising from a reduction in the requirement for a valuation allowance.

On August 30, 2007 the Company entered into an agreement with the Kyrgyz Government whereby, on implementation of the provisions of the agreement, Kumtor will be subject to tax computed by reference to proceeds from products sold, rather than by reference to income. The agreement is expected to be effective January 1, 2008. Should the effect of the implementation of the terms of this agreement be that none of Kumtor's \$5.6 million future tax asset as at December 31, 2007 could be applied to future years, the whole amount would be written off.

As in prior periods, losses incurred in the North American segment have not been tax effected.

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**10. Earnings (Loss) Per Share Amounts**

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

|  | <b>Three Months Ended</b> |                  | <b>Twelve Months Ended</b> |                  |
|--|---------------------------|------------------|----------------------------|------------------|
|  | <b>Dec 31/07</b>          | <b>Dec 31/06</b> | <b>Dec 31/07</b>           | <b>Dec 31/06</b> |
| Basic weighted average number of common shares outstanding (Thousands)   | <b>216,318</b>            | 216,239          | <b>216,269</b>             | 216,239          |
| Diluted weighted average number of common shares outstanding (Thousands) | <b>216,318</b>            | 216,558          | <b>216,269</b>             | 216,547          |
| <b>Basic and diluted earnings (loss) per common share</b>                | <b>\$(0.12)</b>           | \$0.01           | <b>\$(0.43)</b>            | \$0.28           |

**11. Commitments and Contingencies**

**Kyrgyz Republic operations**

As at December 31, 2007, Kumtor had entered into contracts to purchase capital equipment and operational supplies totalling \$21 million which are expected to be settled over the next twelve months.

**Mongolia operations**

The Mongolian parliament continues to debate recent changes to mining legislation and the applicability of the windfall profit tax as well as state participation in various mining projects. The windfall tax applies at the rate of 68% on sales of gold above \$500 per ounce. Under the new minerals law, a deposit may be deemed to be a mineral deposit of strategic importance. If a deposit is deemed strategic, the state may take up to a 34% interest in those strategic deposits in respect of which exploration was funded privately, or up to a 50% interest in those strategic deposits in respect of which exploration was funded by Mongolia. On February 6, 2007, Parliament designated the Boroo deposit as strategic but resolved that Mongolia would take no interest, as the deposit would continue to be subject to the terms of the existing amended Stability Agreement. While the Mongolian government has acknowledged that neither the windfall profit tax nor the strategic deposit provisions will apply to the Boroo mine, it has not yet agreed to provide similar protection to the Company's Gatsuurt project and may yet determine Gatsuurt to be of strategic importance.

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**11. Commitments and Contingencies (continued)**

**Mongolia operations (continued)**

On December 27, 2007, the Company received written approvals for Gatsuurt in-situ reserves and resources from the Government of Mongolia. This paves the way to commencement of negotiations of a definitive investment agreement with the Government. However, the political situation in the country continues to be unsettled, which may affect the negotiation process. The country is preparing for Parliamentary elections in June of 2008.

Pursuant to an agreement between Centerra Gold Mongolia Limited (“CGM”) and Gatsuurt LLC, an arm’s length Mongolian limited liability company, under which CGM acquired the Gatsuurt licenses, CGM agreed to transfer the license that covers the Central Zone of the Gatsuurt property to Gatsuurt LLC if CGM did not complete a feasibility study by December 31, 2005. CGM completed a feasibility study in December 2005. In early 2006 Gatsuurt LLC informed Centerra that it does not believe that CGM complied with its obligation. In December 2006, Gatsuurt LLC began proceedings in the Mongolian National Arbitration Court (“MNAC”) alleging non-compliance by CGM and seeking the return of the license.

CGM believes that the Gatsuurt LLC claim is without merit and on July 10, 2007 filed a petition with Mongolia’s District Court contesting the jurisdiction of the MNAC. In its first hearing on procedural matters, held on July 20, 2007, the MNAC decided to suspend its proceedings, pending a decision by the Mongolian District Court as to MNAC’s jurisdiction. On July 25, 2007, the Mongolian District Court returned CGM’s petition, without a decision on the jurisdictional issue, to permit CGM to supplement its submissions. All proceedings were suspended in August 2007 pending the outcome of settlement discussions. The Company and Gatsuurt LLC have agreed in principle the terms for settlement of the dispute, although definitive legally binding agreements are not yet in place.

**12. 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.

Costs associated with the enhancement of internal controls at Centerra (as prescribed by the Sarbanes-Oxley Act) were shared with Cameco up to February 28, 2007 to a prescribed amount. During the twelve month period ended December 31, 2007, approximately \$0.3 million (\$4.8 million twelve month period ended December 31, 2006) was paid by Cameco.

A net payable balance to Cameco of \$0.9 million was outstanding at December 31, 2007 (\$3.3 million receivable from Cameco at December 31, 2006).

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**12. Related Party Transactions (continued)**

**Other**

The Company paid approximately \$137,000 Cdn and \$ 551,000 Cdn during the three month and twelve month periods ended December 31, 2007 (\$97,000 Cdn and \$590,000 Cdn in the three month and twelve month periods ended December 31, 2006) to Ms Marina Stephens, a lawyer and the spouse of President and Chief Executive Officer, Mr Homeniuk. Ms Stephens provides certain designated legal and business advisory services related to international operations.

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

Revenues from the Kumtor gold mine are subject to a management fee of \$1.50 per ounce based on sales volumes, payable to Kyrgyzaltyn, a shareholder of the Company.

The table below summarizes 100% of the management fees, royalties and concession payments paid by Kumtor to Kyrgyzaltyn or the Government of the Kyrgyz Republic and the amounts paid by Kyrgyzaltyn to Kumtor according to the terms of a Gold and Silver Sales Agreement between Kumtor Operating Company ("KOC"), Kyrgyzaltyn and the Government of the Kyrgyz Republic.

|   | <b>Three Months Ended</b>  |                   |
|---|----------------------------|-------------------|
|   | <b>Dec 31/07</b>           | <b>Dec 31/06</b>  |
| Management fees to Kyrgyzaltyn              | \$ 107                     | \$ 99             |
| Concession payments to the Kyrgyz Republic  | 286                        | 264               |
|   | <b>\$ 393</b>              | <b>\$ 363</b>     |
| Gross gold and silver sales to Kyrgyzaltyn  | \$ 56,754                  | \$ 39,149         |
| Deduct: refinery and financing charges      | (288)                      | (266)             |
| Net sales revenue received from Kyrgyzaltyn | <b>\$ 56,466</b>           | <b>\$ 38,883</b>  |
|   | <b>Twelve Months Ended</b> |                   |
|   | <b>Dec 31/07</b>           | <b>Dec 31/06</b>  |
| Management fees to Kyrgyzaltyn              | \$ 451                     | \$ 494            |
| Concession payments to the Kyrgyz Republic  | 1,202                      | 1,318             |
|   | <b>\$ 1,653</b>            | <b>\$ 1,812</b>   |
| Gross gold and silver sales to Kyrgyzaltyn  | \$ 210,637                 | \$ 198,906        |
| Deduct: refinery and financing charges      | (1,217)                    | (1,480)           |
| Net sales revenue received from Kyrgyzaltyn | <b>\$ 209,420</b>          | <b>\$ 197,426</b> |

## **12. Related Party Transactions (continued)**

### **Kyrgyzaltyn and the Government of the Kyrgyz Republic(continued)**

Kyrgyzaltyn and Kumtor have agreed, pursuant to a Gold Payment Agreement effective December 22, 2005 as amended (the "GPA") and most recently extended effective from November 15, 2007, that until the earlier of (i) May 15, 2008 and (ii) the date on which at least \$12 million of proceeds from the sale of shares of Centerra currently owned by Kyrgyzaltyn have been deposited into a special purpose gold payment account of Kyrgyzaltyn, Kyrgyzaltyn will have 12 days to pay for gold shipped from the Kumtor mine. Kyrgyzaltyn shall pay interest on unpaid amounts equal to one half of LIBOR plus 0.125%. Prior to the effective date of the GPA, Kumtor shipped gold to Kyrgyzaltyn on a pre-paid basis. Commencing November 15, 2007, Kyrgyzaltyn shall sell as soon as practicable the number of Shares required to yield gross proceeds from sales of those Shares of not less than \$12,000,000. Sales of Shares shall in any event be completed by May 15, 2008 or such other date as may be agreed by the parties.

These proceeds, which will continue to be held by Kyrgyzaltyn, will fund a gold payment facility, which facility will be used by Kyrgyzaltyn to resume the prior practice of pre-paying for gold. While the GPA is in effect the obligations of Kyrgyzaltyn to Kumtor are secured by a pledge of Centerra shares owned by Kyrgyzaltyn.

As at December 31, 2007, \$14.1 million was outstanding under this agreement (December 31, 2006 – \$8.3 million).

## **13. Segmented Information**

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

### **Geographic Segmentation of Revenue**

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

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**13. Segmented Information (continued)**

**Three months ended December 31, 2007**

| (\$ millions)  | <b>Kyrgyz<br/>Republic</b> | <b>Mongolia</b> | <b>North<br/>America</b> | <b>Total</b>     |
|--|----------------------------|-----------------|--------------------------|------------------|
| Revenue  | \$ 56.5                    | \$ 32.9         | \$ -                     | \$ 89.4          |
| Expenses   |                            |                 |                          |                  |
| Cost of sales  | 43.5                       | 12.8            | -                        | 56.3             |
| Depreciation, depletion and amortization   | 7.6                        | 2.7             | 0.2                      | 10.5             |
| Accretion and reclamation expense  | 0.3                        | 0.1             | -                        | 0.4              |
| Exploration and business development   | 3.1                        | 1.3             | 1.2                      | 5.6              |
| Interest and other   | 0.5                        | (1.9)           | 0.7                      | (0.7)            |
| Administration   | 0.7                        | 0.4             | 9.3                      | 10.4             |
| <b>Earnings (loss) before unusual items,<br/>income taxes and Non-controlling interest</b> | <b>0.8</b>                 | <b>17.5</b>     | <b>(11.4)</b>            | <b>6.9</b>       |
| Unusual Items  |                            |                 |                          | 36.5             |
| <b>Earnings (loss) before income taxes and<br/>Non-controlling interest</b>                |                            |                 |                          | <b>(29.6)</b>    |
| Income tax expense (recovery)  |                            |                 |                          | (3.0)            |
| Non-controlling interest   |                            |                 |                          | 0.1              |
| <b>Net earnings (loss)</b>   |                            |                 |                          | <b>\$ (26.7)</b> |
| <b>Capital expenditures for the quarter</b>  | <b>\$ 15.6</b>             | <b>\$ 3.8</b>   | <b>\$ 0.2</b>            | <b>\$ 19.6</b>   |

**Three months ended December 31, 2006**

| (\$ millions)  | <b>Kyrgyz<br/>Republic</b> | <b>Mongolia</b> | <b>North<br/>America</b> | <b>Total</b>   |
|--|----------------------------|-----------------|--------------------------|----------------|
| Revenue  | \$ 39.3                    | \$ 49.1         | \$ -                     | \$ 88.4        |
| Expenses   |                            |                 |                          |                |
| Cost of sales  | 50.1                       | 16.8            | -                        | 66.9           |
| Depreciation, depletion and amortization   | 5.9                        | 5.0             | 0.2                      | 11.1           |
| Accretion and reclamation expense  | 0.2                        | 0.1             | -                        | 0.3            |
| Exploration and business development   | 3.9                        | 1.1             | 2.1                      | 7.1            |
| Interest and other   | 0.7                        | (1.6)           | (0.9)                    | (1.8)          |
| Administration   | 0.7                        | 0.3             | 8.4                      | 9.4            |
| <b>Earnings (loss) before unusual items,<br/>income taxes and Non-controlling interest</b> | <b>(22.2)</b>              | <b>27.4</b>     | <b>(9.8)</b>             | <b>(4.6)</b>   |
| Unusual Items  |                            |                 |                          | -              |
| <b>Earnings (loss) before income taxes and<br/>Non-controlling interest</b>                |                            |                 |                          | <b>(8.1)</b>   |
| Income tax expense (recovery)  |                            |                 |                          | (8.1)          |
| Non-controlling interest   |                            |                 |                          | 1.6            |
| <b>Net earnings (loss)</b>   |                            |                 |                          | <b>\$ 1.9</b>  |
| <b>Capital expenditures for the quarter</b>  | <b>\$ 52.3</b>             | <b>\$ 4.7</b>   | <b>\$ -</b>              | <b>\$ 57.0</b> |

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**13. Segmented Information (continued)**  
**Year ended December 31, 2007**

| (\$ millions)  | Kyrgyz Republic | Mongolia       | North America | Total            |
|--|-----------------|----------------|---------------|------------------|
| Revenue  | \$ 209.1        | \$ 164.3       | \$ -          | \$ 373.4         |
| Expenses   |                 |                |               |                  |
| Cost of sales  | 176.4           | 50.3           | -             | 226.7            |
| Depreciation, depletion and amortization   | 27.6            | 15.7           | 0.9           | 44.2             |
| Accretion and reclamation expense  | 0.9             | 0.4            | -             | 1.3              |
| Exploration and business development   | 12.1            | 2.6            | 5.7           | 20.4             |
| Interest and other   | 2.0             | (6.4)          | (1.4)         | (5.8)            |
| Administration   | 2.7             | 1.6            | 20.7          | 25.0             |
| <b>Earnings (loss) before unusual items, income taxes and Non-controlling interest</b> | <b>(12.6)</b>   | <b>100.1</b>   | <b>(25.9)</b> | <b>61.6</b>      |
| Unusual Items  |                 |                |               | 131.6            |
| <b>Earnings (loss) before income taxes and Non-controlling interest</b>                |                 |                |               | <b>(70.0)</b>    |
| Income tax expense (recovery)  |                 |                |               | 19.3             |
| Non-controlling interest   |                 |                |               | 3.2              |
| <b>Net earnings (loss)</b>   |                 |                |               | <b>\$ (92.5)</b> |
| <b>Capital expenditures for the year</b>   | <b>\$ 87.7</b>  | <b>\$ 32.7</b> | <b>\$ 0.3</b> | <b>\$ 120.7</b>  |

**Year ended December 31, 2006**

| (\$ millions)  | Kyrgyz Republic | Mongolia       | North America | Total           |
|--|-----------------|----------------|---------------|-----------------|
| Revenue  | \$ 195.9        | \$ 168.6       | \$ -          | \$ 364.5        |
| Expenses   |                 |                |               |                 |
| Cost of sales  | 177.2           | 59.7           | -             | 236.9           |
| Depreciation, depletion and amortization   | 19.5            | 19.7           | 0.5           | 39.7            |
| Accretion and reclamation expense  | (1.6)           | 0.2            | -             | (1.4)           |
| Exploration and business development   | 14.3            | 5.2            | 6.2           | 25.7            |
| Interest and other   | (11.5)          | (2.6)          | (9.3)         | (23.4)          |
| Administration   | 2.7             | 1.4            | 23.1          | 27.2            |
| <b>Earnings (loss) before unusual items, income taxes and Non-controlling interest</b> | <b>(4.7)</b>    | <b>85.0</b>    | <b>(20.5)</b> | <b>59.8</b>     |
| Unusual Items  |                 |                |               | -               |
| <b>Earnings (loss) before income taxes and Non-controlling interest</b>                |                 |                |               | <b>59.8</b>     |
| Income tax expense (recovery)  |                 |                |               | (5.8)           |
| Non-controlling interest   |                 |                |               | 5.0             |
| <b>Net earnings (loss)</b>   |                 |                |               | <b>\$ 60.6</b>  |
| <b>Capital expenditures for the year</b>   | <b>\$ 95.0</b>  | <b>\$ 15.1</b> | <b>\$ 1.1</b> | <b>\$ 111.2</b> |