

centerra**GOLD**



NEWS RELEASE

Centerra Gold Reports First Quarter Earnings (before Unusual Items) of \$0.11 per share

(This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 9 and in our Cautionary Note Regarding Forward-looking Information on page 10. All figures are in United States dollars.)

Toronto, Canada, May 1, 2008: Centerra Gold Inc. (TSX: CG) today reported first quarter earnings before unusual items of \$23.7 million or \$0.11 per common share based on revenues of \$112.7 million compared to net earnings of \$5.9 million or \$0.03 per common share on revenues of \$82.3 million in the same quarter of last year.

Consolidated gold production for the first quarter of 2008 totaled 120,395 ounces at a total cash cost of \$610 per ounce compared to 133,005 ounces at a total cash cost of \$410 per ounce in the corresponding quarter of 2007. Cash provided by operations, net of working capital changes and other operating items was \$28.0 million compared to \$7.9 million in the first quarter of 2007. (Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP Measures” in the Management’s Discussion and Analysis issued in conjunction with this news release).

During the first quarter of 2008, the Company recorded an unusual item of \$4.5 million resulting in net earnings of \$19.3 million or \$0.09 per share. The unusual item is a \$4.5 million non-cash expense, which represents the incremental value (as of March 31, 2008) associated with the 10 million treasury shares contingently issuable upon closing, pursuant to the framework agreement with the Kyrgyz Government and the Agency Agreement with Cameco Corporation (Cameco) previously announced on August 30, 2007.

As disclosed in the Company’s news release of April 28, 2008, the Government of the Kyrgyz Republic has requested, and Centerra and Cameco have agreed to extend from April 30 until June 1, 2008, the deadline for completion of the transactions contemplated by the framework agreements entered into on August 30, 2007 between Centerra and Cameco and the Government.

First Quarter Highlights

- Extended to June 1, 2008 the deadline for completion of the proposed Kumtor agreement.
- Gatsuurt Project feasibility study approved by Mongolian Government.
- Negotiations commenced with respect to the Gatsuurt Investment Agreement between the Government and the Company.

- Repaired Kumtor ball mill and returned to normal operations with no material impact. Production guidance for 2008 remains unchanged.
- On track to access the SB Zone at Kumtor.
- Temporary production permit received for Boroo heap leach operation, production expected in the second quarter.

Commentary

“After the Mongolian Government’s approval of the feasibility study for the Gatsuert Project, we commenced negotiations regarding an investment agreement for Gatsuert. I am pleased to say that those negotiations are advancing and both sides have adopted a pragmatic and constructive approach. Additionally, during the quarter Kumtor did an excellent job successfully repairing its ball mill in a timely manner. The ball mill restarted earlier than expected and the mill is achieving its anticipated throughput. The Company’s 2008 guidance on gold production and cash costs at Kumtor will not be affected by the ball mill ring gear repair and shell replacement and we are reaffirming our overall guidance for the year. The Kyrgyz Government working group continued their review related to Kumtor and met with management to discuss proposals with respect to the terms governing the project. We expect Parliament to convene on May 29, 2008 and to consider agreements with respect to Kumtor. While we expect discussions to continue, we have communicated to the Government our expectations that the transactions be completed on the terms of the existing framework agreements,” said Len Homeniuk, President and CEO of Centerra Gold.

Financial and Operating Summary

Revenues for the first quarter of 2008 were \$112.7 million compared to \$82.3 million during the same period one year ago. First quarter 2008 revenue reflects a 41% increase in realized gold price (\$909 per ounce in the first quarter of 2008 versus \$645 per ounce in the first quarter of 2007) partially offset by 3,596 less ounces sold in the period.

The Company produced a total of 120,395 ounces of gold in the first quarter of 2008, less than the 133,005 ounces of gold produced in the first quarter of 2007. Lower gold production was mainly due to the reduced gold production at the Boroo mine, partially offset by higher production at the Kumtor mine. Lower gold production at Boroo was attributable to the milling of lower ore grades averaging 2.74 g/t in the first quarter of 2008 compared to 3.91 g/t milled in the same quarter of 2007.

Centerra’s total cash cost per ounce of gold was \$610 in the first quarter compared to \$410 in the first quarter of 2007. The year-over-year increase in unit cash costs was primarily due to a \$142 per ounce increase in operating costs and the impact of lower gold production which increased unit cash cost by \$58 per ounce. First quarter total cash cost increased only \$25 per ounce compared to the fourth quarter 2007 total cash cost of \$585 per ounce due primarily to lower gold production. (Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP Measures” in the Management’s Discussion and Analysis for the three months ended March 31, 2008, issued in conjunction with this news release.)

Cash provided by operations was \$28.0 million for the first quarter of 2008 compared to \$7.9 million for the prior year first quarter. The increase reflects the increased earnings due to higher gold prices.

Capital expenditures in the first quarter of 2008 amounted to \$15.8 million of which \$5.5 million was spent on sustaining capital projects. Centerra's cash position at the end of March 2008 was \$116.1 million, compared to \$105.5 million at December 31, 2007.

Exploration expenditures for the first quarter were \$4.9 million dollars compared to \$5.3 million in the first quarter of 2007 reflecting lower spending at Kumtor.

Other Corporate Developments

Kyrgyz Republic

The political situation continues to evolve and there continues to be a risk of future political instability which may affect the Kumtor Project. 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 from civil society, presented their views of the Kumtor project and their positions regarding material economic terms for settlement of all disputes. In August 2007, Centerra, Cameco and the Government of the Kyrgyz Republic entered into framework agreements on certain outstanding issues regarding the Kumtor project. The Government submitted the framework agreements for parliamentary approval in early September 2007. Parliament began to deliberate the issue during the first half of October and scheduled its final vote 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, 2007 Centerra, Cameco and the Government agreed to extend the deadline for closing the transactions contemplated by the framework agreements from October 31, 2007 to February 15, 2008. On February 13, 2008, the Company and Cameco received a letter from the Prime Minister of the Kyrgyz Republic requesting an extension of the deadline for completion of the transactions contemplated by the framework agreements on the Kumtor Project from February 15, 2008 to April 30, 2008. The request was the result of continued deliberations of the Parliamentary Committee on International Affairs and Inter-Parliamentary Cooperation, which had primary responsibility for presenting the agreements for Parliamentary ratification. The Parliamentary Committee reached the decision (1) to request that the Government provide definitive agreements with Centerra and Cameco Corporation for the Committee's review; (2) to request that the Government provide to the Committee additional financial and technical information and documents relating to the Kumtor Project, Centerra's non-Kyrgyz Republic assets and other matters; and (3) to recommend to the Government that it request an extension until April 30, 2008 for the

ratification of the proposed transactions with Centerra and Cameco. On February 15, 2008, at the request of the Government, the Company and Cameco agreed to extend the deadline for completion of the transactions contemplated by the framework agreements from February 15, 2008 to April 30, 2008. On April 28, 2008, at the request of the Government, Centerra and Cameco agreed to extend from April 30 until June 1, 2008, the deadline for completion of the transactions contemplated by the framework agreements entered into on August 30, 2007 between Centerra and Cameco and the Government. Between April 23 and 26, 2008, Centerra management met with the working group to discuss the working group's proposals with respect to the terms governing the project. The Prime Minister informed Centerra management that he expects Parliament will convene on May 29, 2008 and will consider agreements governing the project. Centerra and Cameco have communicated to the Government their expectations that the transactions be completed on the terms of the existing framework agreements. The Company expects to have further discussions with the Government and the working group before agreements are submitted to Parliament for ratification.

The framework 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 framework agreement with the Government (Agreement on New Terms) have been previously disclosed.

Between February and April of 2008, Kumtor has been made the subject of several new tax assessments and other proceedings in the Kyrgyz Republic. These include an investigation by the Kyrgyz Republic financial police into alleged tax evasion in relation to the grant of tax exemptions pursuant to the Investment Agreement governing the Kumtor project and an audit by the state tax inspectorate to determine the amount of taxes that Kumtor would have owed for the years 2005 to 2008 had the Investment Agreement and the Concession Agreement relating to the project not been in effect. The financial police have requested, and have been provided by Kumtor with, information and documents relating to the project and have interviewed senior Kumtor personnel. Kumtor has also received assessments from tax authorities relating to value-added taxes, land taxes and customs duties alleged to be owed by Kumtor. Kumtor is cooperating with the relevant authorities and continues to pay all taxes in accordance with applicable laws and the Investment Agreement and believes that there is no basis for these investigations or assessments. Although not a party to the proceeding, Kumtor is also aware of a claim brought by the vice-speaker of the Kyrgyz Parliament against the Government seeking to annul: the Government resolution approving the 2003 restructuring of the project, the Concession Agreement and certain exploration and mining licenses held by Kumtor. The proceeding has been postponed on several occasions and the claim has not yet been heard. Disputes with respect to the project are subject to international arbitration and therefore Centerra does not believe that the courts of the Kyrgyz Republic have jurisdiction with respect to its rights.

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 2006 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 the State. Neither the windfall profit tax nor the strategic deposit provisions will apply to the Boroo mine (which benefits from a Stability Agreement with the Mongolian Government); 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.

In January 2008 Parliament established a working group to prepare draft amendments to the minerals law. Unofficial drafts of these amendments and statements by members of the working group indicated that the amendments under consideration would be in the direction of increased state control, increased restrictions on the transfer and sale of licenses and changes to the definition of strategic deposit, and would provide for state ownership of strategic deposits of at least 51%. In mid-March 2008, the cabinet of ministers approved draft amendments for submission to Parliament, which decided to debate such amendments in the current spring session.

Centerra received approvals for Gatsuurt in-situ reserves and resources and feasibility study from the Government of Mongolia on December 27, 2007 and March 11, 2008, respectively. Negotiations with the Government with respect to an investment agreement have begun. However, the political situation in the country continues to be unsettled, which may affect the negotiation process. The country is preparing for Parliamentary elections to be held 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 a claim by Gatsuurt LLC (described below).

During the third quarter of 2007 Centerra Gold Mongolia Limited ("CGM"), a wholly owned subsidiary of the Company, and Gatsuurt LLC (an unrelated arm's length party), reached an agreement in principle to terminate the arbitration proceedings between CGM and Gatsuurt LLC relating to Gatsuurt LLC's claim seeking return to it of the mining license for the Gatsuurt property. CGM has agreed in principle to make a \$3 million payment to Gatsuurt LLC. This amount was accrued during the third quarter of 2007.

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.

In March 2008 an assessment was received from State Inspectors alleging that further tariffs were owed to the local authority for the use of material to construct the tailings dam at the Boroo site and that these amounts were required to be paid immediately in order for the mine to remain in operation. The Company believes that the tariffs have been paid over the life of the dam's construction in accordance with applicable regulations and agreements with the authorities.

Discussions with local state officials are continuing. The impact of this claim on the Company's financial results is not determinable.

On April 29, 2008, Boroo received a temporary 6-month permit to start heap leach production. Final permits and approvals of the heap leach reserves and feasibility study have not yet been obtained.

The Company has signed a collective agreement, effective December 10, 2007 with the newly formed union representing Boroo employees representing national hourly mine employees. The collective agreement expires February 1, 2010.

Operations Update

Kumtor

At the Kumtor mine, gold production was 74,730 ounces in the first quarter of 2008 representing a 13% increase from the same quarter in 2007, due to higher ore grades and increased recovery. This was partially offset by a 19% reduction in throughput. The ore grade in the first quarter averaged 2.42 g/t with a recovery of 74.9% compared to 2.18 g/t with a recovery of 69.7% in the same quarter of 2007. Throughput decreased due to the shutdown of the ball mill for the month of March 2008 for repairs. During this time the mill was reconfigured to run at a reduced rate during the repair. On April 7, 2008, the Company reported that the ball mill at the Kumtor mine had restarted and returned to normal operation. The ball mill restart occurred earlier than expected due to the successful replacement of the ball mill shell ahead of schedule. The mill is achieving its anticipated throughput and the Company's 2008 guidance on gold production and cash costs at Kumtor will not be affected by the ball mill ring gear repair and shell replacement.

Total cash cost per ounce, a non-GAAP measure of production efficiency, increased to \$766 in the first quarter of 2008 from \$639 in the first quarter of 2007, but decreased from \$769 in the fourth quarter of 2007. The increase over the first quarter of 2007 in cash cost is due to an increase in the mining rate in 2008 compared to 2007, allocation of some costs to pre-stripping in 2007, higher revenue-based and other taxes in 2008 due to the higher gold price and higher commodity prices on major mine consumables. The cost of mine consumables has increased in line with other industry participants.

Exploration expenditures totaled \$3.2 million for the first quarter of 2008, which has decreased from \$3.8 million in the first quarter 2007.

During the first quarter of 2008 capital expenditures were \$7.6 million which included \$3.5 million maintenance capital and \$3.8 million invested in growth capital for the SB Zone underground development.

Boroo

At the Boroo mine, gold production was 45,665 ounces in the first quarter of 2008 lower than the first quarter of 2007 due to reduced ore grades, 2.74 g/t in first quarter 2008 versus 3.91 g/t in first quarter 2007 and lower recovery 85.5% compared to 88.2%. Gold production in the first quarter of

2008 was lower than expected due to a delay in the startup of the heap leach facility. The heap leach facility has been mechanically completed but delays in the issuance of the appropriate operations permit has impacted planned gold production from this process. Heap leach ore continues to be stacked on the heap leach facility while permitting for solution application is completed. On April 29, 2008, Boroo received a temporary 6-month permit to start heap leach production. Final permits and approvals of the heap leach reserves and feasibility study have not yet been obtained.

Total cash costs per ounce, a non-GAAP measure of production efficiency, increased to \$354 in the first quarter of 2008 from \$184 in the first quarter of 2007, but was in line with the total cash cost in the fourth quarter of 2007 of \$353 per ounce. The cash cost increased from the same quarter in 2007 primarily due a reduction in ounces produced which accounted for \$112 per ounce, higher mine fleet maintenance costs (\$12 per ounce), higher consumable costs (\$28 per ounce), higher national salaries (\$15 per ounce) and increased royalties (\$22 per ounce). Offsetting this was the costs allocated to pre-stripping in 2007 and certain other costs of \$19 per ounce.

During the first quarter of 2008, capital expenditures were \$7.9 million which included \$1.8 million maintenance capital and \$6.1 million invested in growth capital primarily related to completing the construction of the heap leach facility (\$3.1 million) and \$2.9 million in capitalized pre-stripping of pit 3.

Exploration Update

Kyrgyz Republic

Drilling activities in the first quarter of 2008 focused on the Kumtor Central Pit, Sarytor and regional exploration targets in the Northeast, Bordoo and Akbel areas.

Kumtor Pit

Drilling 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 holes D1179 and D1185 were completed to test the NE extension of the mineralization intersected in hole D1165, which was completed in the third quarter of 2007, returning assays of 8.6 g/t Au over 13.9 meters. Hole D1179 returned an intersect of 1.4 g/t Au over 4.3 meters and 1.4 g/t Au over 4.7 meters at 3550 meter and 3510 meter elevations, respectively. Hole D1185 intersected 40 meters of moderate-strong alteration with disseminated sulphides, however, the structure did not host any mineralization and there were no significant assays.

Drill hole D1189 on section 186 was drilled at the northeast part of the Central pit, to test for strike extension to mineralization below the highwall of the pit. The hole intersected mineralization in four zones; 1.3 g/t Au over 7.0 meters , 2.0 g/t Au over 4. 0 meters, 90 g/t Au over 1.0 meter and 2.2 g/t Au over 4.0 meters.

True widths for the mineralized zones are typically from 70% to 95% of the stated intercept.

Sarytor

In the first quarter of 2008 diamond drilling was focused on testing the prospective structure on the northwest corner of the Sarytor deposit. Four drill holes were completed to their target depth and one drill hole was stopped due to technical difficulties. Only one hole intersected any significant mineralization, hole SR-08-181 intersected 4.2 g/t Au over 5.1 meters and 1.6 g/t Au over 14.9 meters.

True widths for the mineralized zones are typically from 40% to 95% of the stated intercept.

The regional drill program to test exploration targets at the Northeast prospect, Bordoo prospect area and Akbel area resumed during the first quarter.

A complete listing of the drill results and supporting maps for the Kumtor pit and Sarytor have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') and are available at the company's web site at: www.centerragold.com

Outlook for 2008

For the full year of 2008, Centerra expects consolidated gold production of 770,000 to 830,000 ounces, more than 40% higher than 2007 production levels. Total cash costs are expected to be \$360 to \$400 per ounce in 2008. The forecast total cash cost of production assumes that the Agreement on New Terms is implemented in accordance with its terms. Under such terms the gross revenue charge will be classified as a tax and thus excluded from total cash costs. See "Other Corporate Developments – Kyrgyz Republic".

Gold production for the full year 2008 at the Kumtor mine is forecast to be between 580,000 and 620,000 ounces. Total cash cost for 2008 is expected to be \$350 and \$390 per ounce. Greater than 70% of the ounce production at Kumtor is planned for the second half of 2008, when the high-grade ore in the SB Zone is exposed and being mined.

At Boroo, the Company expects gold production of 190,000 to 210,000 ounces in 2008. Total cash cost is expected to be \$380 to \$420 per ounce in 2008.

Centerra's revenues, earnings and cash flows are sensitive to changes in the gold price. The Company estimates that a \$25 per ounce change in the spot gold price would change aggregate revenues, net earnings and cash from operations by approximately \$17.4 million, \$14.7 million (or \$0.07 per share) and \$14.7 million, respectively. A 10% change in the cost of diesel fuel would result in a \$6 per ounce impact on Centerra's 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 actual results to differ materially and which are discussed under the heading "Caution Regarding Forward-Looking Information".

In particular, material assumptions or factors used to forecast production and costs include the following:

- A gold price of \$800 per ounce,
- Exchange rates:
 - \$1USD:\$1CAD
 - \$1USD:34.5 Kyrgyz Som
 - \$1USD:1,127 Mongolian Tugrik
- prices for fuel oil, reagents and other consumables will remain consistent with current levels,
- mine 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.

For further discussion of the factors that could cause actual results to differ materially, please refer to "Risk Factors" in Centerra's Annual Management's Discussion and Analysis and to Centerra's 2007 Annual Information Form including the section titled "Risk Factors", available on SEDAR at www.sedar.com. For information on forward-looking information see "Caution Regarding Forward-Looking Information".

Exploration and Business Development

Exploration costs are expected to total \$25 million and business development program is forecast at \$5.0 million for 2008 to support merger and acquisition initiatives of the Company for the year.

Capital Expenditures

The capital requirement in 2008 is estimated to be \$78 million, including \$40 million of maintenance capital. Growth capital is forecast at \$38 million, which includes \$23 million for Kumtor (\$16 million for the development of the SB Zone underground decline, \$4 million for two additional haul trucks and \$1 million for replacement of the ball mill ring gear) and \$14 million for Boroo (\$9 million for the pre-strip of Pit 3 and \$5 million to complete heap leach facility). The development of the SB Zone underground decline at Kumtor, pre-stripping of Pit 3 at Boroo and the heap leach facility construction will be capitalized and amortized based on units of production consistent with the Company's accounting policies.

The estimated capital requirement of \$78 million has increased from the Company's prior guidance for 2008 of \$65 million. Maintenance capital has increased \$4 million and growth capital is up \$9 million.

Administration

Annual corporate and administration expenses without unusual items are expected to amount to approximately \$38 million in 2008. The forecast includes a \$2.0 million increase over the year-end disclosure related to arrangement of a credit facility.

Corporate Income Taxes

The corporate income tax rate for Boroo for 2008, and subsequent years pursuant to an amended Stability Agreement entered into in the third quarter of 2007, is 25% for income in excess of 3 billion tugriks (about \$2.5 million at current exchange rates) and 10% for income up to that amount.

The corporate income tax rate for Kumtor as provided in its Investment Agreement is 10%, however, pursuant to an agreement with the Government of the Kyrgyz Republic entered into in the third quarter of 2007, taxes for Kumtor for 2008 and later years would be computed by reference to proceeds from products sold, rather than by reference to income, at the rate of 11% of revenues in 2008, 12% in 2009, and 13% thereafter. The implementation of the terms of the agreement with the Government of the Kyrgyz Republic is subject to completion of definitive agreements, and approvals of Kyrgyz Parliament and Centerra's and Cameco's boards. Until those definitive agreements are signed, and approvals are received, Kumtor will continue to operate under the terms of its Investment Agreement, and report corporate income taxes accordingly.

Qualified Person

The new drilling results for Kumtor in this news release and on Centerra's website and the other scientific and technical information 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.

The Kumtor deposit is described in Centerra's most recently filed Annual Information Form (the "AIF") and in a technical report dated March 28, 2008 prepared in accordance with NI 43-101. The AIF and technical report have been filed on SEDAR at 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 described in the technical report.

Cautionary Note Regarding Forward-looking Information

Statements contained in this news release including those under the heading "Outlook for 2008", and the documents incorporated by reference herein, contain statements which are not current statements or historical facts and are "forward-looking information" within the meaning of applicable Canadian securities laws. All statements, other than statements of historical fact, contained or incorporated by reference in this news release constitute forward-looking information. Wherever possible, words such as "plans", "expects" or "does not expect", "budget", "forecasts", "projections", "anticipate" or "does not anticipate", "believe", "intent", "potential", "strategy", "schedule", "estimates" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or

“will” be taken, occur or be achieved and other similar expressions have been used to identify forward-looking information. These forward-looking statements relate to, among other things Centerra’s expectations regarding, future growth, results of operations (including, without limitation, future production and sales, and operating and capital expenditures), performance (both operational and financial), business and political environment and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities.

Although the forward-looking information in this news release reflects Centerra’s current beliefs on the date of this news release based upon information currently available to management and based upon what management believes to be reasonable assumptions, Centerra cannot be certain that actual results, performance, achievements, prospects and opportunities, either expressed or implied, will be consistent with such forward-looking information. By its very nature, forward-looking information necessarily involves significant known and unknown risks, assumptions, uncertainties and contingencies that may cause Centerra’s actual results, assumptions, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking information. These risks and uncertainties include, among other things, risks relating to gold prices, replacement of reserves, reduction in reserves related to geotechnical risks, ground movements, political risk, nationalization risk, changes in laws and regulations, civil unrest, labour unrest, legal compliance costs, reserve and resource estimates, production estimates, exploration and development activities, competition, operational risks, environmental, health and safety risks, costs associated with reclamation and decommissioning, defects in title, seismic activity, cost and availability of labour, material and supplies, increases in production and capital costs, permitting and construction to raise the tailings dam height and increase the capacity of the existing Kumtor tailing dam, illegal mining, enforcement of legal rights, decommissioning and reclamation cost estimates, future financing and personnel. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See “Risk Factors” in the Company’s most recently filed Annual Information Form and Annual Management’s Discussion and Analysis available on SEDAR at www.sedar.com.

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this news release. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward-looking information. Forward-looking information is as of April 30, 2008. Centerra assumes no obligation to update or revise forward-looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

About Centerra

Centerra is a growth-oriented, gold mining company focused on acquiring, exploring, developing and operating gold properties primarily in Central Asia, the former Soviet Union and other emerging markets worldwide. 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 first-quarter conference call on Thursday, May 1, 2008 at 11:00 a.m. Eastern Time. The call is open to all investors and the media. To join the call, please dial (212) 231-2900 (International callers) or (800) 909-4891 (Toll-Free North American). Alternatively, an audio feed web cast will be available on www.centerragold.com. A recording of the call will be available on www.centerragold.com shortly after the call, and via telephone until midnight on Monday, May 12, 2008 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21381361.

For more information:

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Additional information on Centerra is available on the Company's web site at www.centerragold.com and at SEDAR at www.sedar.com.

MDA and Financial Statements and Notes follow

Centerra Gold Inc.

Management's Discussion and Analysis ("MD&A")

For the period ended March 31, 2008

The following discussion has been prepared as of April 30, 2008, and is intended to provide a review of the financial position and results of operations of Centerra Gold Inc. ("Centerra" or the "Company") for the three month period ended March 31, 2008 in comparison with those as at March 31, 2007. This discussion should be read in conjunction with the unaudited interim consolidated financial statements and the notes of the Company for the three month period ended March 31, 2008. This MD&A should also be read in conjunction with the Company's audited annual consolidated financial statements for the three years ended December 31, 2007, the related MD&A included in the 2007 Annual Report, and the 2007 Annual Information Form. The financial statements of Centerra are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and, unless otherwise specified, all dollar amounts are in United States dollars. The Company's 2007 Annual Report and Annual Information Form are available at www.centerragold.com and on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

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Consolidated Financial Results

Centerra's consolidated financial results for the three month period ended March 31, 2008 reflect fully consolidated interests in the Kumtor and Boroo mines, a 63% interest in the REN joint venture and a 100% interest in the Gatsuurt project.

Highlights

Financial Summary	Three Months Ended March 31			
	2008	2007	Change	% Change
Revenue - \$ millions	112.7	82.3	30.4	37%
Cost of sales - \$ millions ⁽¹⁾	50.5	45.6	4.9	11%
Net earning before unusual items - \$ millions	23.7	5.9	17.8	302%
Unusual items - \$ millions	4.5	0.0	4.5	NA
Net earnings after unusual items - \$ millions	19.3	5.9	13.4	227%
Earnings per common share after unusual items - \$ - basic and diluted	0.09	0.03	0.06	200%
Cash provided by operations - \$ millions	28.0	7.8	20.2	259%
Weighted average common shares outstanding - basic (thousands) ⁽²⁾	216,318	216,239	79	0%
Weighted average common shares outstanding - diluted (thousands) ⁽²⁾	226,648	216,559	10,409	5%
Gold sold – ounces	123,975	127,571	(3,596)	(3%)
Gold produced – ounces	120,395	133,005	(12,610)	(9%)
Cost of sales - \$/oz sold	408	357	51	14%
Total cash cost ⁽³⁾ - \$/oz produced	610	410	200	49%
Total production cost ⁽³⁾ - \$/oz produced	720	492	225	46%
Average realized gold price - \$/oz	909	645	264	41%
Average gold spot price - \$/oz	927	650	277	43%

(1) Cost of sales excludes regional office administration to conform to new disclosure requirements.

(2) As of April 30, 2008, the Company had 216,318,188 common shares issued and outstanding.

(3) Total cash cost and total production cost are non-GAAP measures and are discussed under "Non-GAAP Measures".

Three Month Period Ended March 31, 2008 compared with the Three Month Period Ended March 31, 2007

Gold Production and Revenue

Revenue in the first quarter of 2008 increased to \$112.7 million from \$82.3 million in the same quarter last year reflecting higher realized gold prices partially offset by fewer ounces sold (123,975 ounces in the first quarter of 2008 compared with 127,571 ounces in the same period of 2007). Gold production for the quarter was 120,395 ounces which was less than the 133,005 ounces of gold reported in the first quarter of 2007. The Boroo mine produced 21,133 fewer ounces of gold than in the first quarter of 2007. This was partially offset by an increase of 8,523 ounces of gold at the Kumtor mine. Lower gold production at Boroo was primarily attributable to the milling of lower grade ore averaging 2.74 g/t in the first quarter of 2008 compared to 3.91 g/t milled in the same quarter of 2007.

Centerra realized an average gold price of \$909 per ounce for the first quarter of 2008; an increase of 41% from the \$645 per ounce realized in the same quarter in 2007. Since Centerra's gold production is unhedged and gold is sold at the prevailing spot price, the increase in the average realized gold price was due to higher spot gold prices, which averaged \$927 per ounce for the period compared to \$650 per ounce for the same period in 2007.

Cost of Sales

Cost of sales in the quarter was \$50.5 million, which is higher than the same quarter of 2007 (\$45.6 million) due to increased operating costs.

At Kumtor, operating costs increased \$15 million in the first quarter of 2008. This was due to an increase in the mining rate in 2008 compared to 2007, allocation of some costs to pre-stripping in 2007, higher revenue-based and other taxes in 2008 due to the higher gold price and higher commodity prices on major mine consumables. The cost of mine consumables has increased in line with other industry participants. See "Mine Operations – Kumtor".

Although consolidated cost of sales increased, Kumtor's cost of sales is \$1.2 million less than the same period last year, primarily due to the processing and sale of inventory from 2006 during the first quarter of 2007. Inventory from 2006 reflected high costs resulting from the pit wall movement in July 2006. Increased costs in the first quarter of 2008, described above, have reduced the impact of the higher cost inventory in the first quarter of 2007.

Boroo's cost of sales has increased by approximately \$6.1 million due primarily to the increased cost of mine consumables, labour, royalties and maintenance. 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. Maintenance costs have increased because of the ageing equipment fleet.

Cost of sales per ounce increased by \$51 to \$408 compared to \$357 for the same period in 2007. This reflects an increase of \$63 per ounce in the costs associated with sold ounces, partially offset by \$12 per ounce reflecting the reduction of total ounces sold.

The Company's total cash cost per ounce produced was \$610, up from \$410 in the first quarter of 2007. This increase is primarily due to increased operating costs of \$142 per ounce, described above, and decreased gold production which had the impact of increasing unit cash cost by \$58. See "Mine Operations – Kumtor" and "Mine Operations – Boroo".

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization for the first quarter of 2008 increased to \$10.5 million from \$9.9 million in the same quarter of 2007, mainly due to Kumtor's expanded truck fleet. On a per unit basis, depreciation, depletion and amortization for the first quarter of 2008 was \$85 per ounce sold compared to \$76 per ounce sold in the same quarter of 2007, primarily reflecting the addition of capital equipment and lower sales volumes.

Accretion and Reclamation Expense

Accretion and reclamation expense in the first quarter of 2008 was unchanged from the same quarter in 2007 at \$0.3 million.

Exploration

Exploration costs in the first quarter of 2008 decreased to \$4.9 million from \$5.3 million in the same quarter of 2007 reflecting lower exploration spending at Kumtor.

Capital Expenditures

Capital expenditures of \$15.8 million in the first quarter of 2008 included \$5.5 million of maintenance capital and \$10.3 million invested in growth capital primarily related to the SB Zone underground development at Kumtor (\$3.8 million), completion of the heap leach facility at Boroo (\$3.1 million) and pit 3 pre-stripping (\$2.9 million) at Boroo.

Corporate Administration

Corporate administration costs for the first quarter 2008 were \$6.5 million compared to \$4.3 million in the same quarter of 2007. The increase is primarily due to \$1.4 million of higher stock-based compensation expense reflecting a 7% increase in the share price in the first quarter of 2008, compared to a 20% decrease in the share price in the same quarter of 2007.

Income Tax Expense

Income tax in the amount of \$8.7 million was expensed in the quarter compared to \$4.5 million in the first quarter of 2007. The \$4.2 million increase in income tax in the first quarter of 2008 is primarily the result of Kumtor generating taxable income, while in the first quarter 2007 a loss for tax purposes was incurred.

In accordance with an amendment to the Stability Agreement concluded with the Mongolian Government in the third quarter of 2007, the income tax rate generally applicable to Boroo for the term of the Stability Agreement is 25% for income in excess of 3 billion tugriks (about \$2.5 million at the current exchange rate) and 10% for income up to that amount.

The income tax rate applicable to Kumtor is 10% under its existing Investment Agreement. The Company has entered into an agreement (the “Agreement on New Terms”) with the Government of the Kyrgyz Republic (see the Company’s news release of August 30, 2007 and 2007 annual filings), pursuant to which the parties agreed on revised terms with respect to Kumtor. The Agreement on New Terms, which is subject to the satisfaction of certain conditions, and the negotiation and signing of definitive agreements, provides that Kumtor will be subject to tax on proceeds from products sold, rather than income, at the rate of 11% in 2008, 12% in 2009, and 13% thereafter. Subject to the terms of these definitive agreements, any remaining future tax asset recorded by Kumtor as at March 31, 2008 may not be realizable, in which case there would be a charge to future earnings. As at March 31, 2008 there are \$3.5 million future tax assets at Kumtor. Until the satisfaction of all conditions and the negotiation and signing of definitive agreements Kumtor will continue to calculate and pay tax based on its existing Investment Agreement.

Losses incurred in the North American segment, including the expense incurred in respect of the issuance of 10 million treasury shares on implementation of the Agreement on New Terms (See “Unusual Items” below), have not been tax effected.

Net Earnings Before Unusual Items

Net earnings before unusual items for the quarter were \$23.7 million after tax or \$0.11 per share, compared to \$5.9 million or \$0.03 per share for the same period in 2007, reflecting increased revenue due to higher gold prices, which is partially offset by higher expenses and income taxes and the full ownership of Boroo following the purchase in October 2007 of the 5% minority interest.

Unusual Items

In connection with the Agreement on New Terms, the Company entered into an agency agreement with Cameco Corporation (“Cameco”), the majority shareholder of the Company, on August 30, 2007 (the “Agency Agreement”) which provides for the issuance of 10 million treasury shares (the “Treasury Shares”) to Cameco. Based on the closing price of the Company’s shares on March 31, 2008, which were \$0.45 per share more than at the 2007 year-end, the revaluation of the Treasury Shares resulted in an additional expense of \$4.5 million in the first quarter. The issuance of the Treasury Shares is subject to completion of the transactions and agreements contemplated by the Agreement on New Terms. The final cost of the Treasury Shares, once the transactions and agreements have been completed, will be equal to the closing price of the Company’s shares on the date of issuance. See “Other Corporate Developments – Kyrgyz Republic”.

Net Earnings After Unusual Items

Net earnings after unusual items for the first quarter of 2008 were \$19.3 million, or \$0.09 per share, compared to net earnings of \$5.9 million, or \$0.03 per share for the same quarter of 2007, reflecting the unusual items discussed above.

Liquidity and Capital Resources

Cash provided from operations was \$28 million for the first quarter of 2008 compared to \$7.8 million for the same quarter of 2007, reflecting increased earnings due to higher gold prices,

partially offset by higher working capital levels in the first quarter of 2008 compared to the same period in 2007. Working capital increased by \$8.7 million due to a decrease in payables, and an increase in inventory resulting from the timing of gold shipments. Supplies inventory also increased in the quarter reflecting the expanded equipment fleet at Kumtor.

Cash used in investing activities in the first quarter of 2008 was \$17.4 million for capital spending, compared to \$44.1 million in the same quarter of 2007. In the first quarter of 2008, Centerra spent and accrued \$5.5 million on sustaining capital projects and \$10.3 million on growth projects. Expenditures on growth projects at Kumtor included \$3.8 million on the SB Zone underground development while sustaining capital was \$3.5 million. At Boroo, sustaining capital projects were \$1.8 million and growth capital included \$2.5 million in Pit 3 pre-stripping and \$3.1 million for the heap leach project. Kumtor made significant expenditures on expanding its mine fleet in the first quarter of 2007.

As at March 31, 2008, the Company had entered into contracts to purchase capital equipment and operational supplies totalling \$7.2 million (Kumtor \$2.8 million, Boroo \$4.4 million). These contracts are expected to be settled over the next twelve months.

During the second quarter of 2007 Centerra Gold Mongolia LLC (CGM), entered into a \$10 million demand loan facility with HSBC Bank. 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. As at March 31, 2008, the full amount available under the facility was drawn. Interest accrues at LIBOR plus 250 basis points and is paid quarterly in arrears.

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 and administrative agent for the facility. Closing of the facility is subject to favourable market conditions, syndication, definitive loan documentation and finalizing the Agreement on New Terms in Kyrgyzstan.

Cash on hand was \$116.1 million at the end of the first quarter of 2008, compared to \$105.5 million at December 31, 2007.

The Company has sufficient cash to carry out its operational business plan for 2008. For information on forward-looking information see "Caution Regarding Forward-Looking Information".

Asset Retirement Obligations

The total future asset retirement obligations were estimated by management based on the Company's ownership interest in all mines and facilities, estimated costs to reclaim the mine sites and facilities and the estimated timing of the costs to be incurred in future periods.

The Company has estimated the net present value of the total asset retirement obligations to be \$21.9 million as at March 31, 2008 (December 31, 2007 - \$20.9 million). These payments are expected to commence over the next 3 to 5 years. The Company used an average credit adjusted risk free rate of 8% to calculate the present value of the asset retirement obligations.

During the first quarter 2008, the closure study at Boroo was updated by an independent consultant. The future decommissioning and reclamation costs for the Boroo mine are now estimated to be \$8.6 million. As a result, an increase of \$0.6 million to Boroo's asset retirement obligation was recorded in the quarter ended March 31, 2008 (\$1.9 million - March 31, 2007).

The Company's future undiscounted decommissioning and reclamation costs for the Kumtor mine have been estimated to be \$21.0 million before salvage value of \$14.9 million. A review of the closure cost estimate for Kumtor is being updated by an independent consultant and is expected to be finalized in the second quarter of 2008. Any resulting adjustment to the asset retirement obligation at Kumtor will be recorded during the second quarter.

Share capital

As of April 30, 2008, Centerra had 216,318,188 shares outstanding and 1,239,573 share options outstanding under its stock option plan with exercise prices between Cdn\$5.17 and Cdn\$14.29 per share, and with expiry dates between 2012 and 2016.

Under the Agency Agreement with Cameco, the Company has agreed to issue 10 million treasury shares to Cameco in connection with the transfer of Centerra shares by Cameco to the Government of the Kyrgyz Republic. See "Unusual Items" and "Other Corporate Developments – Kyrgyz Republic".

Gold hedges

The Company had no gold hedges in place in the first quarter of 2008 and as a result no deferred charges were recognized.

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 based on the London PM fix was approximately \$934 per ounce at the end of the first quarter of 2008. For the three months ended March 31, 2008, the gold price averaged \$927 per ounce compared to \$650 per ounce for the same period in 2007.

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 the first quarter of 2008, the denomination of the currencies of Centerra's operating costs and capital expenditures were approximately 43% in Kyrgyz som, 26% in Mongolian tugrik and 22% in Canadian dollars. In the first quarter of 2008, the currencies of the Kyrgyz Republic and Canada fell against the U.S. dollar by approximately 1.8% and 1.3%, respectively, from their value at December 31, 2007; the Mongolian tugrik / U.S. dollar exchange rate was virtually unchanged. The impact of these movements over the three months to March 31, 2008 has been to reduce costs by an estimated \$0.5 million after allowing for the natural hedge provided by the som, Canadian dollars, and tugriks held by the Company since the end of the prior year. Less than 1.0% of operating supplies were purchased from Europe and Australia by the Company in the three months ended March 31, 2008. 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.

Mine Operations

Centerra owns 100% of the Kumtor and Boroo mines and therefore all operating and financial results are on a 100% basis.

Kumtor

The Kumtor open pit mine, located in the Kyrgyz Republic, is the largest gold mine in Central Asia operated by a Western-based producer. It has been operating since 1997 and has produced about 6.2 million ounces of gold. During the first quarter of 2008, Kumtor experienced no lost-time accidents. There were no reportable environmental incidents during the quarter.

Kumtor Operating Results	Three Months Ended March 31			
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>% Change</u>
Gold sold – ounces	67,116	57,763	9,353	16%
Revenue - \$ millions	61.5	37.2	24.3	65%
Average realized gold price - \$/oz	916	645	271	42%
Cost of sales - \$ millions ⁽¹⁾	34.1	35.3	(1.2)	(3.4%)
Cost of sales - \$/oz sold	509	611	(102)	(17%)
Tonnes mined - 000s	28,952	23,670	5,282	22%
Tonnes ore mined – 000s	1,169	826	343	42%
Tonnes milled - 000s	1,109	1,362	(253)	(19%)
Average mill head grade - g/t ⁽²⁾	2.42	2.18	0.24	11%
Recovery - %	74.9	69.7	5.2	8%
Gold produced – ounces	74,730	66,207	8,523	13%
Total cash cost ⁽³⁾ - \$/oz	766	639	127	20%
Total production cost ⁽³⁾ - \$/oz	889	733	156	21%
Capital expenditures - \$ millions	7.6	25.5	(17.9)	(70%)

⁽¹⁾ Cost of sales excludes regional office administration to conform with new disclosure requirements.

⁽²⁾ g/t means grams of gold per tonne.

⁽³⁾ Total cash cost and total production cost are non-GAAP measures and are discussed under “Non-GAAP Measures”.

Revenue and Gold Production

Revenue in the first quarter of 2008 increased to \$61.5 million from \$37.2 million in the first quarter of 2007 primarily as a result of the higher realized gold price and higher sales volumes

(67,116 ounces in the first quarter of 2008 compared to 57,763 ounces in the same period of 2007). Kumtor produced 74,730 ounces of gold in the first quarter of 2008 compared to 66,207 ounces of gold in the first quarter of 2007. The increase results primarily from higher ore grades and increased recovery, which is partially offset by a 19% reduction in throughput. The ore grade averaged 2.42 g/t with a recovery of 74.9% in the first quarter of 2008, compared to 2.18 g/t with a recovery of 69.7% in the same quarter of 2007. Throughput decreased due to the shutdown of the ball mill for the month of March 2008 for repairs of the ring gear. During this time the mill was reconfigured to run at a reduced. On April 7, 2008, the ball mill at the Kumtor mine restarted and the mill returned to normal operation. The ball mill restart occurred earlier than expected due to the successful replacement of the ball mill shell ahead of schedule. The mill is achieving its anticipated throughput and the Company's 2008 guidance on gold production and cash costs at Kumtor will not be affected by the ball mill ring gear repair and shell replacement.

Realized gold price in the first quarter of 2008 was \$916 per ounce compared to \$645 per ounce in the same period in 2007 due to the higher gold prices.

Cost of Sales

Cost of sales at Kumtor in the first quarter of 2008 was \$34.1 million compared to \$35.3 million in the same quarter of 2007.

Costs at Kumtor increased \$15.0 million for the first quarter 2008 compared to the same quarter of 2007. Costs increased primarily due to higher mine fleet maintenance costs (\$14.2 million vs. \$9.0 million for the same quarter last year), higher costs of major mine consumables (\$13.5 million vs. \$9.2 million for the same quarter last year) and revenue-based taxes (\$4.6 million vs. \$2.7 million for the same quarter last year). Mine fleet maintenance costs increased due to the additional costs of maintaining the expanded fleet, which includes thirty CAT 785 haul trucks and four Liebherr shovels acquired during 2006 and 2007. Major mine consumables costs increased primarily due to higher prices and higher consumption of mine consumables resulting from increased material movement. 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.

Despite an increase in costs incurred, Kumtor's cost of sales decreased by approximately \$1.2 million primarily due to the processing and sale of inventory from 2006 during the first quarter of 2007. Inventory from 2006 reflected high costs resulting from the pit wall movement in July 2006.

Cost of sales per ounce decreased to \$509 compared to \$611 for the first quarter of 2007. In the first quarter of 2007, the inventory which was drawn down included unusually high costs resulting from the re-sequencing of mining due to the July 2006 pitwall movement.

Total cash costs per ounce increased to \$766 in the first quarter of 2008 from \$639 in the first quarter of 2007 primarily as the result of higher mine fleet maintenance costs (\$78 per ounce increase), consumable costs and other wages (\$56 per ounce increase), revenue-based taxes (\$28 per ounce increase), increased customs duties, withholding taxes, concession tax and excise tax (\$10 per ounce) and costs allocated to the pre-stripping of the SB Zone in 2007 (\$54 per ounce), which are partially offset by an increase in ounces produced (\$99 per ounce).

Exploration

Exploration expenditures totaled \$3.2 million for the first quarter of 2008, which has decreased from \$3.8 million in the first quarter 2007.

Capital Expenditures

Capital expenditures in the first quarter of 2008 of \$7.6 million included \$3.5 million maintenance capital and \$3.8 million invested in growth capital for the SB Zone underground development.

Boroo

Located in Mongolia, this open pit mine was the first hard rock gold mine in Mongolia and to date has produced over 1 million ounces. During the first quarter of 2008 the mine had one lost-time accident and had no reportable environmental spills.

Boroo Operating Results	Three Months Ended March 31			
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>% Change</u>
Gold sold - ounces	56,859	69,808	(12,949)	(19%)
Revenue - \$ millions	51.2	45.1	6.1	14%
Average realized gold price - \$/oz	900	645	255	40%
Cost of sales - \$ millions ⁽¹⁾	16.4	10.3	6.1	59%
Cost of sales - \$/oz sold	288	148	140	95%
Tonnes mined - 000s ⁽²⁾	5,296	4,913	383	8%
Tonnes mined heap leach -000s	832	923	(91)	(10%)
Tonnes ore mined direct millfeed – 000s	727	626	101	16%
Tonnes milled - 000s	608	616	(8)	(1%)
Average mill head grade - g/t ⁽³⁾⁽⁴⁾	2.74	3.91	(1.17)	(30%)
Recovery - % ⁽³⁾	85.5	88.2	(2.7)	(3%)
Gold produced – ounces	45,665	66,798	(21,133)	(32%)
Total cash cost - \$/oz ⁽⁵⁾	354	184	170	92%
Total production cost ⁽⁵⁾ - \$/oz	445	252	193	76%
Capital expenditures - \$ millions	7.9	7.5	0.4	5%

(1) Cost of sales excludes regional office administration to conform with new disclosure requirements.

(2) Includes heap leach material of 831,582 tonnes with an average grade of 0.97 g/t in the first quarter of 2008 (923,114 tonnes with average of 0.72 g/t in first quarter of 2007).

(3) Excludes heap leach ore.

(4) g/t means grams of gold per tonne.

(5) Total cash cost and total production cost are non-GAAP measures and are discussed under “Non-GAAP Measures”.

Revenue and Gold Production

Revenue in the first quarter of 2008 increased to \$51.2 million from \$45.1 million in the first quarter of 2007 due to the higher gold price partially offset by lower sales volumes (56,859 ounces in the first quarter of 2008 compared to 69,808 ounces in the same period of 2007). Gold production at Boroo was 45,665 ounces in the first quarter of 2008 which was less than the 66,798 ounces of gold reported in the first quarter of 2007 primarily resulting from lower ore grades and recovery. Gold production in the first quarter of 2008 was lower than expected due to a delay in the startup of the heap leach facility. The heap leach facility has been mechanically completed but delays in the issuance of the required approvals and permits have impacted planned gold production from this process. On April 29, 2008, Boroo received a temporary 6-month permit to start heap leach

production. Final permits and approvals of the heap leach reserves and feasibility study have not yet been obtained. During the first quarter of 2008, the mill ore grade averaged 2.74 g/t with a recovery of 85.5% compared to 3.91 g/t with a recovery of 88.2% in the same quarter of 2007. The recovery of gold at Boroo has been negatively affected by the changing metallurgical nature of the ores in pit 3 which are more refractory than the oxide ores mined previously.

Realized gold price in the first quarter of 2008 was \$900 per ounce compared to \$645 per ounce in the same period in 2007 due to the higher gold spot prices. The realized gold price is less than the average spot gold price because a significant shipment of gold (approximately 14,000 ounces) at the end of 2007 was priced at \$815 per ounce and was recognized as revenue in 2008 in accordance with the Company's policy on revenue recognition.

Cost of Sales

Cost of sales at Boroo for the first quarter of 2008 were \$16.4 million compared to \$10.3 million in the first quarter of 2007. The increase was primarily due to an increase in costs.

Costs at Boroo increased approximately \$4.0 million over the same quarter last year primarily due to higher mine fleet maintenance costs (\$1.7 million vs. \$0.9 million), higher costs of major mine consumables (\$6.0 million vs. \$4.1 million), higher national salaries (\$2.2 million vs. \$1.2 million) and increased royalties (\$2.6 million vs. \$1.1 million). Mine fleet maintenance costs increased due to ageing of the equipment requiring extra maintenance efforts to help ensure availability of the fleet. Major mine consumables costs increased primarily due to higher prices and higher consumption of mine consumables resulting from increased material movement. The national hourly mine employees' salaries have increased as a result of a new collective agreement (See "Other Corporate Developments – Boroo"). 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 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.

Cost of sales per ounce sold increased to \$288 compared to \$148 for the first quarter of 2007. This reflects an increase in the costs associated with sold ounces of \$87 per ounce and the unit impact of a reduction of total ounces sold of \$53 per ounce.

Total cash costs per ounce increased to \$354 in the first quarter of 2008 from \$184 in the first quarter of 2007 primarily as the result of higher mine fleet maintenance costs (\$12 per ounce), higher consumable costs (\$28 per ounce), higher national salaries (\$15 per ounce), increased royalties (\$22 per ounce) and a reduction in ounces produced (\$112 per ounce). Offsetting this were the costs allocated to pre-stripping in 2007 and other costs (\$19 per ounce).

Exploration

Exploration expenditures in Mongolia totaled \$0.4 million in the first quarter of 2008 compared with \$0.5 million in 2007. The expenditures relate primarily to the exploration program near the Boroo mine area and other areas with known mineralization.

Capital Expenditures

Capital expenditures in the first quarter of 2008 of \$7.9 million included \$1.8 million maintenance capital and \$6.1 million invested in growth capital primarily related to completing the construction of the heap leach facility (\$3.1 million) and \$2.9 million in capitalized pre-stripping of pit 3.

Other Financial Information – Related Party Transactions

Cameco Corporation

Centerra is 52.7% owned by Cameco Corporation (“Cameco”). Under the Agency Agreement with Cameco, the Company has agreed to issue 10 million treasury shares to Cameco in connection with the transfer of Centerra shares by Cameco to the Government of the Kyrgyz Republic. See “Unusual Items” and “Other Corporate Developments – Kyrgyz Republic”.

Kyrgyzaltyn and the Government of the Kyrgyz Republic

Revenues from the Kumtor mine are subject to a management fee of \$1.50 per ounce based on sales volumes, payable to State-owned Kyrgyzaltyn JSC (“Kyrgyzaltyn”), which holds approximately 15.7% of the outstanding common shares of the Company.

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

(\$ thousands)	Three months ended March 31	
	<u>2008</u>	<u>2007</u>
Management fees paid by KGC to Kyrgyzaltyn	101	87
Concession payments paid by KGC to Kyrgyz Republic	268	231
Total	369	318
Gross gold and silver sales from KGC to Kyrgyzaltyn	61,834	37,586
Deduct: refinery and financing charges	(325)	(247)
Net sales revenue received by KGC from Kyrgyzaltyn	61,509	37,339

Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to a Gold and Silver Sale Agreement entered into between KOC, Kyrgyzaltyn and the Government of the Kyrgyz Republic. Under these arrangements, Kyrgyzaltyn is required to prepay for all gold delivered to it, based on the price of gold on the London Bullion Market on the same day on which KOC provides notice that a consignment is available for purchase. Pursuant to an amendment to the Gold and Silver Sale Agreement, effective from December 22, 2005, as amended from time to time since then, Kyrgyzaltyn is permitted, until

May 15, 2008, to defer payments for gold for up to 12 calendar days. Kyrgyzaltyn is required to pay interest on deferred amounts equal to one-half LIBOR plus 0.125%. Kyrgyzaltyn has agreed to sell, before May 15, 2008, a sufficient number of Centerra common shares to yield \$12 million of proceeds. These proceeds, which will continue to be held by Kyrgyzaltyn, will fund a gold payment facility to be used by Kyrgyzaltyn to resume the practice of pre-paying for gold. The obligations of Kyrgyzaltyn are secured by a pledge of a portion of the Centerra shares owned by Kyrgyzaltyn. As at March 31, 2008, \$7.7 million was outstanding under these arrangements (December 31, 2007 - \$14.1 million).

KOC and Kyrgyzaltyn have agreed in principle that the Gold and Silver Sale Agreement should be further amended to extend from May 15, 2008 to December 31, 2008 the above-noted payment deferral and share sale obligations.

Other

The Company paid and accrued Cdn\$50,310 in the first quarter of 2008 (compared to Cdn\$176,300 for the corresponding period in 2007) to Ms. Marina Stephens, a lawyer and the spouse of the President and Chief Executive Officer of the Company, Mr. Leonard Homeniuk. Ms. Stephens provides independent legal and business advisory services related to the Company's international operations under the terms of a consulting contract.

As at March 31, 2008, a relocation loan in the amount of Cdn\$250,000 was outstanding with Mr. Homeniuk. The principal amount of the loan is payable in September 2010, while interest is treated as a taxable benefit to Mr. Homeniuk.

Quarterly Results – Last Eight Quarters

Over the last eight quarters, Centerra's results reflect the positive impact of rising gold prices, offset by rising cash costs and reduced production at Kumtor due to the pitwall movement in July 2006 and subsequent change in the mine plan in 2006 and 2007.

<i>\$ millions, except per share data</i>	2008		2007				2006		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Revenue	113	89	98	104	82	88	76	107	
Earnings before unusual items	24	10	5	19	6	2	12	29	
Net earnings (loss)	19	(27)	(90)	19	6	2	12	29	
Earnings per share before unusual items (basic and diluted)	0.11	0.03	0.02	0.09	0.03	0.01	0.05	0.13	
Earnings (loss) per share (basic and diluted)	0.09	(0.12)	(0.42)	0.09	0.03	0.01	0.05	0.13	

Other Corporate Developments

Kyrgyz Republic

The political situation continues to evolve and there continues to be a risk of future political instability which may affect the Kumtor Project. During the first quarter of 2007, the Kyrgyz Parliament began to consider draft legislation that, among other things, challenged the legal validity of the 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 from civil society, presented their views of the Kumtor project and their positions regarding material economic terms for settlement of all disputes. In August 2007, Centerra, Cameco and the Government of the Kyrgyz Republic entered into framework agreements on certain outstanding issues regarding the Kumtor project. The Government submitted the framework agreements for parliamentary approval in early September 2007. Parliament began to deliberate the issue during the first half of October and scheduled its final vote 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, 2007 Centerra, Cameco and the Government agreed to extend the deadline for closing the transactions contemplated by the framework agreements from October 31, 2007 to February 15, 2008. On February 13, 2008, the Company and Cameco received a letter from the Prime Minister of the Kyrgyz Republic requesting an extension of the deadline for completion of the transactions contemplated by the framework agreements on the Kumtor Project from February 15, 2008 to April 30, 2008. The request was a result of the deliberations of the Parliamentary Committee on International Affairs and Inter-Parliamentary Cooperation, which had primary responsibility for presenting the agreements for Parliamentary ratification. The Parliamentary Committee reached the decision (1) to request that the Government provide definitive agreements with Centerra and Cameco Corporation for the Committee's review; (2) to request that the Government provide to the Committee additional financial and technical information and documents relating to the Kumtor project, Centerra's non-Kyrgyz Republic assets and other matters; and (3) to recommend to the Government that it request an extension until April 30, 2008 for the ratification of the proposed transactions with Centerra and Cameco. On February 15, 2008, at the request of the Government, the Company and Cameco agreed to extend the deadline for completion of the transactions contemplated by the framework agreements from February 15, 2008 to April 30, 2008. On April 28, 2008, at the request of the Government, Centerra and Cameco agreed to extend from April 30 until June 1, 2008, the deadline for completion of the transactions contemplated by the framework agreements entered into on August 30, 2007 between Centerra and Cameco and the Government. Between April 23 and 26, 2008, Centerra management met with the working group to discuss the working group's proposals with respect to the terms governing the project. The Prime Minister informed Centerra management that he expects Parliament will convene on May 29, 2008 and will consider agreements governing the project. Centerra and Cameco have communicated to the Government their expectations that the transactions be completed on the terms of the existing framework agreements. The Company expects to have further discussions with the Government and the working group before agreements are submitted to Parliament for ratification.

The framework 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

framework agreement with the Government (Agreement on New Terms) have been previously disclosed.

Between February and April of 2008, Kumtor has been made the subject of several new tax assessments and other proceedings in the Kyrgyz Republic. These include an investigation by the Kyrgyz Republic financial police into alleged tax evasion in relation to the grant of tax exemptions pursuant to the Investment Agreement governing the Kumtor project and an audit by the state tax inspectorate to determine the amount of taxes that Kumtor would have owed for the years 2005 to 2008 had the Investment Agreement and the Concession Agreement relating to the project not been in effect. The financial police have requested, and have been provided by Kumtor with, information and documents relating to the project and have interviewed senior Kumtor personnel. Kumtor has also received assessments from tax authorities relating to value-added taxes, land taxes and customs duties alleged to be owed by Kumtor. Kumtor is cooperating with the relevant authorities and continues to pay all taxes in accordance with applicable laws and the Investment Agreement and believes that there is no basis for these investigations or assessments. Although not a party to the proceeding, Kumtor is also aware of a claim brought by the vice-speaker of the Kyrgyz Parliament against the Government seeking to annul: the Government resolution approving the 2003 restructuring of the project, the Concession Agreement and certain exploration and mining licenses held by Kumtor. The proceeding has been postponed on several occasions and the claim has not yet been heard. Disputes with respect to the project are subject to international arbitration and therefore Centerra does not believe that the courts of the Kyrgyz Republic have jurisdiction with respect to its rights.

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 2006 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 the State. Neither the windfall profit tax nor the strategic deposit provisions will apply to the Boroo mine (which benefits from a Stability Agreement with the Mongolian Government); 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.

In January 2008 Parliament established a working group to prepare draft amendments to the minerals law. Unofficial drafts of these amendments and statements by members of the working group indicated that the amendments under consideration would be in the direction of increased state control, increased restrictions on the transfer and sale of licenses and changes to the definition of strategic deposit, and would provide for state ownership of strategic deposits of at least 51%. In mid-March 2008, the cabinet of ministers approved draft amendments for submission to Parliament, which decided to debate such amendments in the current spring session.

Centerra received approvals for Gatsuurt in-situ reserves and resources and feasibility study from the Government of Mongolia on December 27, 2007 and March 11, 2008, respectively. Negotiations

with the Government with respect to an investment agreement have begun. However, the political situation in the country continues to be unsettled, which may affect the negotiation process. The country is preparing for Parliamentary elections to be held 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 a claim by Gatsuurt LLC (described below).

During the third quarter of 2007 Centerra Gold Mongolia Limited ("CGM"), a wholly owned subsidiary of the Company, and Gatsuurt LLC (an unrelated arm's length party), reached an agreement in principle to terminate the arbitration proceedings between CGM and Gatsuurt LLC relating to Gatsuurt LLC's claim seeking return to it of the mining license for the Gatsuurt property. CGM has agreed in principle to make a \$3 million payment to Gatsuurt LLC. This amount was accrued during the third quarter of 2007.

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.

In March 2008 an assessment was received from State Inspectors alleging that further tariffs were owed to the local authority for the use of material to construct the tailings dam at the Boroo site and that these amounts were required to be paid immediately in order for the mine to remain in operation. The Company believes that the tariffs have been paid over the life of the dam's construction in accordance with applicable regulations and agreements with the authorities. Discussions with local state officials are continuing. The impact of this claim on the Company's financial results is not determinable.

On April 29, 2008, Boroo received a temporary 6-month permit to start heap leach production. Final permits and approvals of the heap leach reserves and feasibility study have not yet been obtained.

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

The Company has signed a collective agreement, effective December 10, 2007 with the newly formed union representing Boroo employees representing national hourly mine employees. The collective agreement expires February 1, 2010.

For information on forward-looking information see "Caution Regarding Forward-Looking Information".

Critical Accounting Estimates

Centerra prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”). In doing so, management is required to make various estimates and judgments in determining the reported amounts of assets and liabilities, revenues and expenses for each year presented and in the disclosure of commitments and contingencies. Management bases its estimates and judgments on its own experience, guidelines established by the Canadian Institute of Mining, Metallurgy and Petroleum and various other factors believed to be reasonable under the circumstances. Management believes the critical accounting estimates as described in its annual management’s discussion and analysis and audited annual consolidated financial statements for the year ended December 31, 2007 reflect its more significant estimates and judgments used in the preparation of the consolidated financial statements.

Depreciation and depletion of property, plant and equipment directly involved in mining and milling operations is primarily calculated using the “unit of production” method. This method allocates the cost of an asset to each period based on current period production as a portion of total lifetime production or a portion of estimated recoverable ore reserves. Estimates of lifetime production and amounts of recoverable reserves are subject to judgment and could change significantly over time. If actual reserves prove to be significantly different than the estimates, there would be a material impact on the amounts of depreciation and depletion charged to earnings.

Mobile equipment and other administrative-type assets are depreciated according to the straight-line method, based on an estimate of their useful lives.

Significant decommissioning and reclamation activities are often not undertaken until substantial completion of the useful lives of productive assets. Regulatory requirements and alternatives with respect to these activities are subject to change over time. A significant change to either the estimated costs or recoverable reserves would result in a material change in the amount charged to earnings. The quantum of any such change in the amount charged cannot be estimated at this time.

If it is determined that carrying values of property, plant and equipment cannot be recovered, then the asset is written down to fair value. Similarly, Centerra tests goodwill annually for impairment to ensure that the fair value remains greater than or equal to book value. Any excess of book value over fair value is charged to income in the period in which the impairment is determined. Recoverability and fair value assessments are dependent upon assumptions and judgments regarding future prices, costs of production, sustaining capital requirements and economically recoverable ore reserves and resources. A material change in assumptions may significantly impact the potential impairment of these assets.

During the first quarter 2008, the following events occurred which may have an impact on critical accounting estimates of the Company as described in its 2007 management’s discussion and analysis:

- A new life of mine estimate was finalized at Kumtor which extended recoverable reserves and modified existing mining plans.

- A new closure study was completed at Boroo which increased the cost estimate of reclamation activity required at the site and adjusted the timing of such activity. See “Asset Retirement Obligations”.
- The ten million common shares contingently issuable pursuant to the Agency Agreement and the Agreement on New Terms with the Kyrgyz government in 2007 continue to be adjusted to the current share price. The impact of applying the Agreement on New Terms to January 1, 2008 would not result in a material difference to current tax expense. However, the implementation of the definitive agreements may render the future tax asset at Kumtor unrealizable, which would result with a charge to earnings of \$3.5 million. See “Unusual Items” and “Other Corporate Developments – Kyrgyz Republic”.

Changes in Accounting Policies⁽¹⁾

Centerra's unaudited interim consolidated financial statements for the three months ended March 31, 2008 were prepared following accounting policies consistent with Centerra's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2007, except for the following changes in accounting policies.

Inventories:

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3031, Inventories. This standard provides guidance on the determination of inventory 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 requires the reversal of write downs, if applicable, on inventory.

Upon adoption of this standard at January 1, 2008, \$10.4 million of previously unvalued Heap Leach inventory at Boroo and \$10.0 million of waste material now reclassified as low-grade ore inventory following the lowering of the cut-off grade at Kumtor (\$16.8 million net of tax in total) was fully recorded as inventory with a corresponding recognition in Retained Earnings and no prior period restatements as provided by the new standard.

Financial Instruments:

Effective January 1, 2008, the Company adopted the new recommendations of CICA Handbook Section 3862, Financial Instruments - Disclosures; Section 3863, Financial Instruments – Presentation.

Section 3862 on financial instrument disclosures, provides guidance on necessary disclosures in the financial statements. The new Section simplifies the disclosures relating to concentrations of risk, credit risk, liquidity risk and price risk currently found in Section 3861.

Section 3863 establishes standards for the presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the

issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

Capital Disclosures:

Effective January 1, 2008, the Company adopted the new recommendations of CICA Handbook Section 1535- Capital Disclosures. Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital, (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Financial Instruments Presentation:

Effective January 1, 2008, the Company adopted the new recommendations of CICA amended Handbook Section 1400-General Standards of Financial Statements Presentation. The section provides revised guidance related to management's responsibility to assess and disclose the ability of an entity to continue as a going concern.

New Pronouncements:

On February 1, 2008 the CICA issued section 3064, Goodwill and Intangible assets. This Section establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period which removes the ability for companies to defer costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and annual financial statements beginning January 1, 2009. The impact of this new standard is being assessed and cannot be determined at this time.

International Financial Reporting Standards ("IFRS"):

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for public accountable companies to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

- (1) See note 2 to Centerra's quarterly financial statements for the three months ended March 31, 2008 for a more detailed discussion of the changes in accounting policies.

Outlook

Centerra expects consolidated gold production in 2008 of 770,000 to 830,000 ounces. Total cash cost is expected to be \$360 to \$400 per ounce in 2008. The forecast total cash cost of production assumes that the Agreement on New Terms is implemented in accordance with its terms. Under such terms the gross revenue charge will be classified as a tax and thus excluded from total cash cost. See “Other Corporate Developments – Kyrgyz Republic”.

Gold production for the full year 2008 at the Kumtor mine is forecast to be between 580,000 and 620,000 ounces. Greater than 70% of the ounce production at Kumtor is planned for the second half of 2008, when the high-grade ore in the SB Zone is exposed and being mined. Total cash cost for 2008 is expected to be \$350 and \$390 per ounce.

At Boroo, the Company expects gold production of 190,000 to 210,000 ounces in 2008. Total cash cost is expected to be \$380 to \$420 per ounce in 2008.

Centerra’s revenues, earnings and cash flows are sensitive to changes in the gold price. The Company estimates that a \$25 per ounce change in the spot gold price would change aggregate revenues, net earnings and cash from operations by approximately \$17.4 million, \$14.7 million (or \$0.07 per share) and \$14.7 million, respectively. A 10% change in the cost of diesel fuel would result in a \$6 per ounce impact on Centerra’s total cash cost per ounce.

Centerra’s production and unit costs are forecast as follows:

Production <i>Ounces of gold</i>	First Three Months of 2008 Actual	2008 Forecast	2007 Actual
Kumtor production (100%)	74,730	580,000 – 620,000	300,862
Boroo production (100%)	45,665	190,000 – 210,000	254,548
Total production (100%)	120,395	770,000 – 830,000	555,410

Total Cash Cost ⁽¹⁾ <i>\$ per ounce</i>	First Three Months of 2008 Actual	2008 Forecast	2007 Actual
Kumtor	766	350 – 390 ⁽²⁾	610
Boroo	354	380 - 420	244
Consolidated	610	360 - 400 ⁽²⁾	442

(1) Total cash cost is a non-GAAP measure. See “Non-GAAP Measures below.

(2) Unit costs reflect the Agreement on New Terms and are not directly comparable with historic amounts.

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 actual results to differ materially and which are discussed under the heading “Caution Regarding Forward-Looking Information”.

In particular, material assumptions or factors used to forecast production and costs include the following:

- A gold price of \$800 per ounce,
- Exchange rates:
 - \$1USD:\$1CAD
 - \$1USD:34.5 Kyrgyz Som
 - \$1USD:1,127 Mongolian Tugrik
- prices for fuel oil, reagents and other consumables will remain consistent with current levels,
- mine 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.

For further discussion of the factors that could cause actual results to differ materially, please refer to "Risk Factors" in Centerra's Annual Management's Discussion and Analysis and to Centerra's 2007 Annual Information Form including the section titled "Risk Factors", available on SEDAR at www.sedar.com. For information on forward-looking information see "Caution Regarding Forward-Looking Information".

Exploration and Business Development

One of Centerra's priorities is to continue to add to its reserves and resources base through its exploration program.

The 2008 exploration program will continue the aggressive exploration at the Kumtor mine, target generation programs at the Boroo mine and on the Company's land holdings in Mongolia. Target generation programs will continue in Central Asia, Russia and China. The Company forecasts \$25 million of spending on its program for the year. The forecast includes \$15 million for exploration at Kumtor.

Activities at Kumtor, Boroo and REN are planned as follows:

Kumtor

- Additional drilling programs in the vicinity of the main Kumtor pit to test the northeasterly strike extension of the deposit.
- Exploration work will continue on other target areas such as Northeast prospect, Bordoo and Akbel.

Boroo

- Programs will focus on generating and testing targets for additional mineralization around the mine.

Mongolia

- Exploration programs will continue to evaluate Centerra's land position.

REN

- Barrick Gold holds a 37% joint-venture interest in the REN property. Barrick Gold elected not to participate in further exploration on the REN property in 2007. The Company is considering its options for the property which include selling or joint venturing its interest in the REN project.

The business development program is forecast at \$5 million for 2008 to support merger and acquisition initiatives of the Company for the year.

For information on forward-looking information see "Caution Regarding Forward-Looking Information".

Administration

Annual corporate and administration expenses without unusual items are expected to amount to approximately \$38 million in 2008. The forecast includes a \$2.0 million increase over the year-end disclosure related to arrangement of a credit facility.

Corporate Income Taxes

The corporate income tax rate for Boroo for 2008, and subsequent years pursuant to an amended Stability Agreement entered into in the third quarter of 2007, is 25% for income in excess of 3 billion tugriks (about \$2.5 million at current exchange rates) and 10% for income up to that amount.

The corporate income tax rate for Kumtor as provided in its Investment Agreement is 10%, however, pursuant to an agreement with the Government of the Kyrgyz Republic entered into in the third quarter of 2007 (Agreement on New Terms), taxes for Kumtor for 2008 and later years would be computed by reference to proceeds from products sold, rather than by reference to income, at the rate of 11% of revenues in 2008, 12% in 2009, and 13% thereafter. The implementation of the Agreement on New Terms is subject to completion of definitive agreements, and approvals of Kyrgyz Parliament and Centerra's and Cameco's boards of directors. Until those definitive agreements are signed and approvals are received, Kumtor will continue to operate under the terms of its Investment Agreement, and report corporate income taxes accordingly.

Capital Expenditures

The capital requirement in 2008 is estimated to be \$78 million, including \$40 million of maintenance capital. Growth capital is forecast at \$38 million, which includes \$23 million for Kumtor (\$16 million for the development of the SB Zone underground decline, \$4 million for two additional haul trucks and \$1 million for replacement of the ball mill ring gear) and \$14 million for Boroo (\$9 million for the pre-stripping of Pit 3 and \$5 million to complete the heap leach facility). The development of the SB Zone underground decline at Kumtor, pre-stripping of Pit 3 at Boroo and the heap leach facility construction will be capitalized and amortized based on units of production consistent with the Company's accounting policies.

The estimated capital requirement of \$78 million has increased from the Company's prior guidance for 2008 of \$65 million. Maintenance capital has increased \$6.7 million and growth capital is up \$6.3 million.

Non-GAAP Measures

This Management's Discussion and Analysis presents information about total cash cost of production of an ounce of gold and total production cost per ounce for the operating properties of Centerra. Except as otherwise noted, total cash cost per ounce is calculated by dividing total cash costs by gold ounces produced for the relevant period. Total production cost per ounce includes total cash cost plus depreciation, depletion and amortization divided by gold ounces produced for the relevant period. Total cash cost and total production cost per ounce are non-GAAP measures.

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 production costs includes total cash cost plus depreciation, depletion and amortization. Under the Agreement of New Terms, gross revenue based taxes are anticipated to be considered neither a royalty nor a production tax and are therefore anticipated to be excluded from the unit cash cost measurements. Total cash cost per ounce and total production cost per ounce have 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 and total production cost per ounce may enable investors to better understand year-over-year changes in production costs, which in turn affect profitability and cash flow.

Total Cash Cost per Ounce and Total Production Cost per ounce can be reconciled as follows:

Centerra Gold Inc. TOTAL CASH COST & TOTAL PRODUCTION COST RECONCILIATION (unaudited) (\$ millions, unless otherwise specified)	Three months ended March 31,	
	2008	2007
<u>Centerra:</u>		
Cost of sales, as reported	\$ 50.5	\$ 45.6
Adjust for:		
Refining fees & by-product credits	(0.3)	0.1
Regional Office administration	7.2	5.9
Non-operating costs	0.6	0.8
Inventory movement	15.4	2.1
Total cash cost - 100%	\$ 73.4	\$ 54.5
Depreciation, Depletion, Amortization and Accretion	10.7	10.0
Inventory movement - non-cash	2.6	0.9
Total production cost - 100%	\$ 86.7	\$ 65.4
Ounces poured - 100% (000)	120.4	133.0
Total cash cost per ounce	\$ 610	\$ 410
Total production cost per ounce	\$ 720	\$ 492
<u>Kumtor:</u>		
Cost of sales, as reported	\$ 34.1	\$ 35.3
Adjust for:		
Refining fees & by-product credits	(0.3)	-
Regional Office administration	5.0	3.7
Non-operating costs	0.5	0.8
Inventory movement - cash	18.0	2.4
Total cash cost - 100%	\$ 57.3	\$ 42.2
Depreciation, Depletion, Amortization and Accretion	\$ 6.6	\$ 5.7
Inventory movement - non-cash	\$ 2.5	\$ 0.6
Total production cost - 100%	\$ 66.4	\$ 48.5
Ounces poured - 100% (000)	74.7	66.2
Total cash cost per ounce	\$ 766	\$ 639
Total production cost per ounce	\$ 889	\$ 733
<u>Boroo:</u>		
Cost of sales, as reported	\$ 16.4	\$ 10.3
Adjust for:		
Refining fees & by-product credits	-	0.1
Regional Office administration	2.2	2.2
Non-operating costs	0.1	-
Inventory movement	(2.6)	(0.3)
Total cash cost - 100%	\$ 16.1	\$ 12.3
Depreciation, Depletion, Amortization and Accretion	4.1	4.3
Inventory movement - non-cash	0.1	0.3
Total production cost - 100%	\$ 20.3	\$ 16.9
Ounces poured - 100% (000)	45.7	66.8
Total cash cost per ounce	\$ 354	\$ 184
Total production cost per ounce	\$ 445	\$ 252

Qualified Person

The scientific and technical information in this document was prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and was 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.

Caution Regarding Forward-Looking Information

This Management’s Discussion and Analysis and the documents incorporated by reference herein, contain statements which are not current statements or historical facts and are “forward-looking information” within the meaning of applicable Canadian securities laws. All statements, other than statements of historical fact, contained or incorporated by reference in this Management’s Discussion and Analysis constitute forward-looking information. Wherever possible, words such as “plans”, “expects” or “does not expect”, “budget”, “forecasts”, “projections”, “anticipate” or “does not anticipate”, “believe”, “intent”, “potential”, “strategy”, “schedule”, “estimates” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved and other similar expressions have been used to identify forward-looking information. These forward-looking statements relate to, among other things Centerra’s expectations regarding, future growth, results of operations (including, without limitation, future production and sales, and operating and capital expenditures), performance (both operational and financial), business and political environment and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities.

Although the forward-looking information in this Management’s Discussion and Analysis reflects Centerra’s current beliefs on the date of this Management’s Discussion and Analysis based upon information currently available to management and based upon what management believes to be reasonable assumptions, Centerra cannot be certain that actual results, performance, achievements, prospects and opportunities, either expressed or implied, will be consistent with such forward-looking information. By its very nature, forward-looking information necessarily involves significant known and unknown risks, assumptions, uncertainties and contingencies that may cause Centerra’s actual results, assumptions, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking information. These risks and uncertainties include, among other things, risks relating to gold prices, replacement of reserves, reduction in reserves related to geotechnical risks, ground movements, political risk, nationalization risk, changes in laws and regulations, civil unrest, labour unrest, legal compliance costs, reserve and resource estimates, production estimates, exploration and development activities, competition, operational risks, environmental, health and safety risks, costs associated with reclamation and decommissioning, defects in title, seismic activity, cost and availability of labour, material and supplies, increases in production and capital costs, permitting and construction to raise the tailings dam height and increase the capacity of the existing Kumtor tailing dam, illegal mining, enforcement of legal rights, decommissioning and reclamation cost estimates, future financing and personnel. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated,

estimated or intended. See “Risk Factors” in the Company’s 2007 Annual Information Form and Annual Management’s Discussion and Analysis available on SEDAR at www.sedar.com.

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward-looking information and statements contained in this Management’s Discussion and Analysis. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward-looking information. Forward-looking information is as of April 30, 2008. Centerra assumes no obligation to update or revise forward-looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

Centerra Gold Inc.

Consolidated Financial Statements

For the Quarter Ended March 31, 2008

(Unaudited)

(Expressed in United States Dollars)

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

	March 31,	December 31,
	2008	2007
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 116,099	\$ 105,482
Amounts receivable	12,738	18,021
Inventories (note 3)	143,954	115,062
Prepaid expenses	14,748	21,230
	<u>287,539</u>	<u>259,795</u>
Property, plant and equipment	377,239	373,841
Goodwill	148,540	148,540
Long-term receivables and other	6,698	6,632
Long-term inventories (note 3)	20,038	9,093
Future income tax asset	9,903	16,467
	<u>562,418</u>	<u>554,573</u>
Total assets	<u>\$ 849,957</u>	<u>\$ 814,368</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 32,600	\$ 42,482
Taxes payable	3,745	-
Short term debt	10,000	10,000
	<u>46,345</u>	<u>52,482</u>
Provision for reclamation (note 4)	21,856	20,868
Shareholders' equity (note 5)		
Share capital	523,107	523,107
Contingent common shares issuable (note 7)	131,262	126,794
Contributed surplus	30,954	30,767
Retained earnings	96,433	60,350
	<u>781,756</u>	<u>741,018</u>
Total liabilities and shareholders' equity	<u>\$ 849,957</u>	<u>\$ 814,368</u>

Commitments and Contingencies (note 9)

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

Centerra Gold Inc.
Consolidated Statements of Earnings and Comprehensive Income
(Unaudited)
(Expressed In Thousands of United States Dollars)

	Three Months Ended	
	March 31,	March 31,
	2008	2007
Revenue from Gold Sales	\$ 112,676	\$ 82,327
Expenses		
Cost of sales (excluding depreciation, depletion and amortization expenses)	50,527	45,600
Regional office administration	7,241	5,852
Depreciation, depletion and amortization	10,488	9,887
Accretion and reclamation expense (note 4)	345	314
Exploration and business development (note 6)	4,934	6,409
Other (income) and expenses	205	(1,863)
Corporate administration	6,484	4,323
	80,224	70,522
Earnings before unusual items, income taxes and non controlling interest	32,452	11,805
Unusual items (note 7)	4,468	-
Earnings before income taxes and non-controlling interest	27,984	11,805
Income tax expense (note 8)	8,712	4,483
Non-controlling interest	-	1,378
Net earnings and comprehensive income	\$ 19,272	\$ 5,944
Basic and diluted earnings per common share (note 5)	\$ 0.09	\$ 0.03

See accompanying notes to the consolidated financial statements.

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

	Three Months Ended	
	March 31,	March 31,
	2008	2007
Operating activities		
Net earnings	\$ 19,272	5,944
Items not involving cash:		
Depreciation, depletion and amortization	10,488	9,887
Accretion and reclamation expense	345	314
Deferred charges recognized	-	557
Contingent common shares issuable (note 7)	4,468	-
Future income tax expense	2,964	(1,142)
Long-term inventory	(548)	(2,265)
Non-controlling interest	-	1,378
Other operating items	(302)	905
	<u>36,687</u>	<u>15,578</u>
Increase in working capital	(8,685)	(7,788)
Cash provided (used) by operations	<u>28,002</u>	<u>7,790</u>
Investing activities		
Additions to property, plant and equipment	(17,385)	(44,066)
Cash used in investing	<u>(17,385)</u>	<u>(44,066)</u>
(Decrease) Increase in cash during the period	10,617	(36,276)
Cash and cash equivalents at beginning of the period	105,482	186,159
Cash and cash equivalents at end of the period	<u>\$ 116,099</u>	<u>\$ 149,883</u>

Supplemental disclosure with respect to cash flows

Cash and cash equivalents consist of :

Cash	42,345	26,358
Short term investments	73,754	123,525
	<u>116,099</u>	<u>149,883</u>

See accompanying notes to the consolidated financial statements.

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

	Number of Common Shares	Amount	Contingent Common Shares Issuable	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive income	Total
Balance at December 31, 2006	216,238,815	\$ 522,383	\$ -	\$ 30,257	\$ 152,899	\$ 557	\$ 706,096
Options issued to employees	-	-	-	138	-	-	138
Recognition in net income	-	-	-	-	-	(557)	(557)
Net earnings and comprehensive income for the period	-	-	-	-	5,944	-	5,944
Balance at March 31, 2007	216,238,815	\$ 522,383	\$ -	\$ 30,395	\$ 158,843	\$ -	\$ 711,621
Shares issued:							
Options exercised by employees	11,178	96	-	(5)	-	-	91
Options issued to employees	-	-	-	114	-	-	114
Net earnings and comprehensive income for the period	-	-	-	-	18,614	-	18,614
Balance at June 30, 2007	216,249,993	\$ 522,479	\$ -	\$ 30,504	\$ 177,457	\$ -	\$ 730,440
Shares issued:							
Options exercised by employees	68,195	628	-	(85)	-	-	543
Contingent common shares issuable (note 7)	-	-	90,334	-	-	-	90,334
Options issued to employees	-	-	-	174	-	-	174
Net loss and comprehensive loss for the period	-	-	-	-	(90,393)	-	(90,393)
Balance at September 30, 2007	216,318,188	\$ 523,107	\$ 90,334	\$ 30,593	\$ 87,064	\$ -	\$ 731,098
Contingent common shares issuable (note 7)	-	-	36,460	-	-	-	36,460
Options issued to employees	-	-	-	174	-	-	174
Net loss and comprehensive loss for the period	-	-	-	-	(26,714)	-	(26,714)
Balance at December 31, 2007	216,318,188	\$ 523,107	\$ 126,794	\$ 30,767	\$ 60,350	\$ -	\$ 741,018
Contingent common shares issuable (note 7)	-	-	4,468	-	-	-	4,468
Options issued to employees	-	-	-	187	-	-	187
Inventory adjustments, on adoption of accounting standard, net of tax (note 2)	-	-	-	-	16,811	-	16,811
Net earnings and comprehensive income for the period	-	-	-	-	19,272	-	19,272
Balance at March 31, 2008	216,318,188	\$ 523,107	\$ 131,262	\$ 30,954	\$ 96,433	\$ -	\$ 781,756

The accompanying notes are an integral part of the consolidated financial statements.

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

1. Basis of Presentation

These unaudited interim consolidated financial statements of Centerra Gold Inc. (“Centerra” or the “Company”) 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, 2007.

As at March 31, 2008, Centerra’s held 100% interest in the Kumtor mine, the Boroo mine, and the Gatsurt property and held a 63% interest in the REN deposit.

2. Significant 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, 2007, except for the following changes in accounting policies:

Adoption of New Accounting Standards and Developments

a. Inventories:

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (“CICA”) 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 requires the reversal of write downs, if applicable, on inventory.

Upon adoption of this standard at January 1, 2008, \$10.4 million of previously written off heap leach inventory and \$10.0 million of mineralized material now reclassified as low grade ore inventory following the lowering of the cut-off grade (\$16.8 million, net of tax in total) was recorded as inventory with a corresponding recognition in retained earnings. Prior periods have not been restated as permitted by the standard. There were no other changes to the Company’s accounting policies required on implementation of this standard.

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

2. Significant Accounting Policies (continued):

b. Financial Instruments – Disclosures

Effective January 1, 2008, the Company adopted the new recommendations of CICA Handbook Section 3862, Financial Instruments - Disclosures; Section 3863, Financial Instruments – Presentation.

Section 3862 on financial instrument disclosures, provides guidance on disclosures in the financial statements to enable users of the financial statements to evaluate the significance of financial instruments to the Company financial position and performance and about risks associated with both recognized and unrecognized financial instruments and how these risks are managed. The new Section removes duplicate disclosures and simplifies the disclosures relating to concentrations of risk, credit risk, liquidity risk and price risk currently found in Section 3861.

The purpose of Section 3863 on financial instruments - presentation is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This Section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The Company has included disclosures recommended by the new section in Notes 11 and 12 to these unaudited interim consolidated financial statements.

c. Capital Disclosures

Effective January 1, 2008, the Company adopted the new recommendations of CICA Handbook Section 1535- Capital Disclosures. Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital, (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The Company has included disclosures recommended by the new section in Note 13 to these unaudited interim consolidated financial statements

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
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2. Significant Accounting Policies (continued):

d. Financial Statements Presentation

Effective January 1, 2008, the Company adopted the new recommendations of CICA amended Handbook Section 1400-General Standards of Financial Statements Presentation. The section provides revised guidance related to management's responsibility to assess and disclose the ability of an entity to continue as a going concern.

e. New Pronouncements

On February 1, 2008 the CICA issued Handbook section 3064, Goodwill and Intangible assets. This Section establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. As a result of the withdrawal of EIC 27, companies will no longer be able to defer certain costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and annual financial statements beginning January 1, 2009. The impact of this new standard is being assessed and cannot be determined at this time.

f. International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for public accountable companies to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
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3. Inventories

(Thousands of US\$)	March, 31 2008	December 31, 2007
Stockpiles (a)	\$ 66,064	\$ 26,769
Gold in-circuit	3,490	6,962
Heap leach in circuit	1,757	-
Gold doré	11,329	11,118
	82,640	44,849
Supplies	81,352	79,306
	163,992	124,155
Less: Long-term inventory (heap leach) (a)	(20,038)	(9,093)
Total Inventories-current portion	\$ 143,954	\$ 115,062

(a)- Includes recognition of heap leach stockpiles and mineralized materials reclassified as low grade inventory of \$20.4 million (see note 2(a)) as a result of the application of the new accounting standard Section 3031- Inventories.

4. Asset Retirement Obligations

The total future asset retirement obligations were estimated by management based on the Company ownership interest in all mines and facilities, estimated costs to reclaim mine sites and facilities and the estimated timing of the costs to be incurred in future periods.

The Company has estimated the total asset retirement obligations to be \$21.9 million as at March 31, 2008 (December 31, 2007 - \$20.9 million). These payments are expected to be begin over the next 3 to 5 years. The Company used an average credit adjusted risk free rate of 8% to calculate the present value of the asset retirement obligations.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
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4. Asset Retirement Obligations (continued)

The following table reconciles the Company's asset retirement obligations:

(Thousands of US\$)	Three Months Ended	
	Mar 31/08	Mar 31/07
Balance, beginning of period	\$ 20,868	\$ 16,532
Liabilities incurred / (settled)	-	(29)
Revisions in estimated timing and amounts of cash flows	643	1,923
Accretion expense	345	313
Balance, end of period	\$ 21,856	\$ 18,739

An increase to the present value of the closure cost estimate at the Boroo mine site of \$0.6 million was recorded during the first quarter ended March 31, 2008 (\$1.9 million – March 31, 2007), following the completion of a regularly scheduled closure cost update study.

5. Shareholders' Equity

a. Share Capital

Centerra is authorised to issue an unlimited number of common shares, class A non-voting shares and preference shares with no par value.

b. Earnings Per Share

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 year.

	Three Months Ended	
	Mar 31/08	Mar 31/07
Basic weighted average number of common shares outstanding (thousands)	216,318	216,239
Effect of stock options (thousands)	244	320
Effect of contingent common shares issuable (thousands)	10,000	-
Diluted weighted average number of common shares outstanding (thousands)	226,562	216,559
Basic and diluted earnings per common share	\$ 0.09	\$ 0.03

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
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5. Shareholders' Equity (continued)

c. Stock-Based Compensation

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

(Millions of US\$ except as indicated)	Number outstanding Mar 31/08	Expense		Liability	
		Three months ended		Mar 31/08	Dec 31/07
		Mar 31/08	Mar 31/07		
(i) Centerra stock options	1,239,573	0.4	(0.4)	1.6	1.2
(ii) Centerra performance share units	591,084	0.8	0.1	2.6	4.0
(ii) Centerra annual performance share units	111,842	0.5	0.5	0.3	1.2
(iv) Deferred share units	207,208	0.1	(0.2)	2.6	2.5
(v) Cameco stock options	69,600	(0.4)	0.1	1.8	2.3
		1.4	0.1	8.9	11.2

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

	Number outstanding Dec 31/07	Issued	Exercised	Forfeited	Number outstanding Mar 31/08
(i) Centerra stock options	962,028	277,545	-	-	1,239,573
(ii) Centerra performance share units	595,080	208,060	(212,056)	-	591,084
(iii) Centerra annual performance share units	122,911	112,784	(119,430)	(4,423)	111,842
(iv) Deferred share units	197,351	9,857	-	-	207,208
(v) Cameco stock options	73,200	-	(3,600)	-	69,600

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
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5. Shareholders' Equity (continued)

c. Stock-Based Compensation (continued)

Centerra Stock Option Issue

On March 18, 2008, Centerra granted 277,545 stock options at a strike price of Cdn \$14.29 per share. The fair value of the stock options was determined using the Black-Scholes valuation model, assuming a 6-year term, 34% volatility and a risk-free rate of return of 3.24%. The resulting value per option granted was \$4.92. The estimated fair value of the options is expensed over their respective vesting periods.

6. Exploration and Business Development

(Thousands of US\$)	Three Months Ended	
	Mar 31/08	Mar 31/07
Exploration costs	\$ 4,925	\$ 5,321
Business development costs	9	1,088
	\$ 4,934	\$ 6,409

7. Unusual Items

Contingent common shares issuable

(Thousands of US\$)	Three Months Ended	
	Mar 31/08	Mar 31/07
Provision, beginning of period	\$ 126,794	-
Change in value during the period	4,468	-
Provision, end of the period	\$ 131,262	-

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 June 1, 2008.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
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7. Unusual Items (continued)

Contingent common shares issuable (continued)

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 common shares issuable within Shareholders' Equity. The associated expense and contingent common shares are valued at the market closing price of the Company's shares at March 31, 2008.

On closing of the agreement the shares issued will be valued at the closing market price of the Company and the balance in the contingent common shares will be reduced with a corresponding increase in share capital. Any increase or decrease in the value over the value at March 31, 2008 will result in a corresponding increase or decrease in the expense recorded at March 31, 2008 with the offsetting entry recorded to share capital.

8. Income Tax Expense

On implementing the provisions of the Agreement on New terms, between the Company and the Kyrgyz Government, Kumtor will be subject to tax computed by reference to proceeds from products sold, rather than by reference to income. Implementation is contingent on the signing of definitive agreements by the Company, Cameco and the Government of Kyrgyzstan. Until those definitive agreements have been signed and are effective the Company continues to determine its tax liability pursuant to the terms of the existing Investment Agreement. Should the terms of the definitive agreements not provide for the benefit of Kumtor's future tax asset to be applied to future years, an amount of \$3.5 million would have to be written off.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
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9. Commitments and Contingencies

Commitments

As at March 31, 2008, the Company had entered into contracts to purchase capital equipment and operational supplies totalling \$7.2 million (Kumtor \$2.8 million, Boroo \$4.4 million): these are expected to be settled over the next twelve months

Contingencies

During the first quarter and in April 2008, several claims, tax assessments and other proceedings were initiated against the Company's subsidiaries in the Kyrgyz Republic and in Mongolia.

These include an investigation by the Kyrgyz Republic financial police into alleged tax evasion in relation to the grant of tax exemptions pursuant to the Investment Agreement governing the Kumtor Project and an audit by the state tax inspectorate to determine the amount of taxes that Kumtor would have owed for the years 2005 to 2008 had the Investment Agreement and the Concession Agreement relating to the project not been in effect. Kumtor has also received assessments from, or subject to proceedings by, tax authorities relating to value-added taxes, land taxes and customs duties alleged to be owed by Kumtor. Kumtor is cooperating with the relevant authorities and continues to pay all taxes in accordance with applicable laws and the Investment Agreement and believes that there is no basis for these investigations or assessments. Although not a party to the proceeding, Kumtor is also aware of a claim brought by the vice-speaker of the Kyrgyz Parliament against the Government seeking to annul: the Government resolution approving the 2003 restructuring of the project, the Concession Agreement and certain exploration and mining licenses held by Kumtor. The proceeding has been postponed on several occasions and the claim has not yet been heard. Disputes with respect to the Kumtor Project are subject to international arbitration and therefore Centerra does not believe that the courts of the Kyrgyz Republic have jurisdiction with respect to its rights.

In Mongolia, an assessment was received from state inspectors in March 2008 alleging that further tariffs were owed to the local authority for the use of material to construct the tailings dam at the Boroo site and that these amounts were required to be paid immediately in order for the mine to remain in operation. The Company believes that the tariffs have been paid over the life of the dam's construction, in accordance with applicable regulations and agreements with the authorities. Discussions with local state officials are continuing. The impact of this claim on the Company's financial results is not determinable.

During the third quarter of 2007 Centerra Gold Mongolia Limited ("CGM") a subsidiary wholly owned by the Company, and Gatsuurt LLC (an unrelated arm's length third party), reached an agreement in principle to terminate the arbitration proceedings between CGM and Gatsuurt LLC relating to Gatsuurt LLC's claim seeking return to it of the mining license for the Gaatsuurt property. The arbitration proceedings have been suspended pending the outcome of on-going settlement discussions pursuant to which CGM will make a \$3 million payment to Gatsuurt LLC. This amount was accrued during the third quarter of 2007.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
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10. Related Party Transactions

The Company paid and accrued approximately Cdn \$50,310 during the quarter ended March 31, 2008 (Cdn \$176,300 in the first quarter of 2007) to Ms Marina Stephens, a lawyer and the spouse of the 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 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.

(Thousands of US\$)	Three Months Ended	
	Mar 31/08	Mar 31/07
Management fees to Kyrgyzaltyn	\$ 101	\$ 87
Concession payments to the Kyrgyz Republic	268	231
	\$ 369	\$ 318
Gross gold and silver sales to Kyrgyzaltyn	\$ 61,834	\$ 37,586
Deduct: refinery and financing charges	(325)	(247)
Net sales revenue received from Kyrgyzaltyn	\$ 61,509	\$ 37,339

Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to the Gold and Silver Sale Agreement entered into between KOC, Kyrgyzaltyn and the Government of the Kyrgyz Republic. Under these arrangements, Kyrgyzaltyn is required to prepay for all gold delivered to it, based on the price of gold on the London Bullion Market on the same day on which KOC provides notice that a consignment is available for purchase. Pursuant to an amendment to the Gold and Silver Sale Agreement, effective from December 22, 2005, as amended from time to time since then, Kyrgyzaltyn is permitted, until May 15, 2008, to defer payments for gold for up to 12 calendar days. Kyrgyzaltyn is required to pay interest on deferred amounts equal to one-half LIBOR plus 0.125%. Kyrgyzaltyn has agreed to sell, before May 15, 2008, a sufficient number of Centerra common shares to yield \$12 million of proceeds. These proceeds, which will continue to be held by Kyrgyzaltyn, will fund a gold payment facility to be used by Kyrgyzaltyn to resume the practice of pre-paying for gold.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
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10. Related Party Transactions (continued)

Kyrgyzaltyn and the Government of the Kyrgyz Republic (continued)

The obligations of Kyrgyzaltyn are secured by a pledge of a portion of the Centerra shares owned by Kyrgyzaltyn. As at March 31, 2008, \$7.7 million was outstanding under these arrangements (December 31, 2007 - \$14.1 million). KOC and Kyrgyzaltyn have agreed in principle that the Gold and Silver Sale Agreement should be further amended to extend from May 15, 2008 to December 31, 2008 the above-noted payment deferral and share sale obligations.

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 March 31, 2008, \$7.7 million was outstanding under this agreement (December 31, 2007 – \$14.1 million).

KOC and Kyrgyzaltyn have agreed in principle that the Gold and Silver Sale Agreement should be further amended to extend from May 15, 2008 to December 31, 2008 the above noted payment deferral and share sale obligations.

On August 30, 2007, the Company entered into an agreement with the Government of the Kyrgyz Republic, pursuant to which the parties have agreed on revised terms with respect to the Kumtor Project. Provisions and conditions of this agreement, including the requirement for further ratification by the Kyrgyz Parliament are further described in note 7.

11. Fair Value of Financial Instruments

The Company has various financial instruments comprising of cash and cash equivalents, receivables, a Reclamation trust fund, accounts payable and accrued liabilities and short-term debts.

Cash and cash equivalents consists of cash on hand, with financial institutions, invested in term deposits, treasury bills, banker's acceptances, government agency issues with original maturities of three months or less. Cash and cash equivalents are designated as held-for-trading and are carried at fair value.

Fair values of the cash equivalents are determined directly by reference to published price quotations in an active market at the reporting date.

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11. Fair Value of Financial Instruments (continued)

Amount receivables fair value is determined by amount of cash anticipated to be produced in the normal course of business from the financial asset, net of any direct costs of the conversion into cash.

The carrying values of these financial instruments are as follows:

(Thousands of US\$)	March 31, 2008		December 31, 2007	
	Estimated fair value	Carrying value	Estimated fair value	Carrying value
Financial Assets				
Cash and cash equivalents	116,099	116,099	105,482	105,482
Accounts receivable	12,738	12,738	18,021	18,021
Reclamation trust fund	4,941	4,941	4,853	4,853
	133,778	133,778	128,356	128,356

(Thousands of US\$)	March 31, 2008		December 31, 2007	
	Estimated fair value	Carrying value	Estimated fair value	Carrying value
Financial Liabilities				
Accounts payable and accrued liabilities and taxes	36,345	36,345	42,481	42,481
Short-term debt	10,000	10,000	10,000	10,000
	46,345	46,345	52,481	52,481

12. Financial Risk Exposure and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The Board of Directors has responsibility to ensure that an adequate financial risk management policy is established and to approve the policy. Financial risk management is carried out by the Treasury department under a policy approved by the Board of Directors. The Treasury department identifies and evaluates financial risks, establishes controls and procedures to ensure financial risks are mitigated in accordance with the approved policy and risk management activities comply thereto.

The Company's Audit Committee oversees management's compliance with the Company's financial risk management policy, approves financial risk management programs, and receives and reviews reports on management compliance with the policy. The Internal Audit department assists the Audit Committee in undertaking its oversight of financial risk management controls and procedures, the results of which are reported to the Audit Committee.

The types of risk exposure and the way in which such exposures are managed are as follows:

i) Currency Risk

As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the United States Dollar. The results of the Company's operations are subject to currency transaction risk and currency translation risk. The operating results and financial position of the Company are reported in US dollars in the Company's consolidated financial statements.

The fluctuation of the US dollar in relation to other currencies will consequently have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity.

As required, the Company enters into short-term forward contracts to purchase Canadian dollars to fund corporate activities. During the quarter ended March 31, 2008, \$1.5 million of such forward contracts were executed (Nil- March 31, 2007). A contract to purchase \$0.5 million Canadian dollars was outstanding at March 31, 2008 (Nil – March 31, 2007).

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12. Financial Risk Exposure and Risk Management (continued)

i) Currency Risk (continued)

The exposure of the Company's financial assets and liabilities to currency risk as at March 31, 2008 are as follows:

	Kyrgyz Som	Mongolian Tugrik	Canadian Dollar	Australia Dollar	European Euro
<u>Financial Assets</u>					
Cash and cash equivalents	291	501	1,958	-	179
Accounts receivables	43	3,641	230	-	-
	334	4,142	2,188	-	179
<u>Financial Liabilities</u>					
Accounts payable and accrued liabilities	2,424	1,890	9,158	656	-

ii) Interest Rate Risk

Interest rate risk is the risk borne by an interest-bearing asset or liability as a result of fluctuations in interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash and cash equivalents include highly liquid investments that earn interest at market rates. In addition, the interest on a fully-drawn revolving credit facility of \$10 million includes a variable rate component pegged to the London Interbank Offered Rate, or LIBOR.

The Company manages its interest rate risk by endeavouring to maximize the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. The Company's policy focuses on preservation of capital and limits the investing of excess funds to liquid government and corporate bonds having a single "A" rating or greater.

Fluctuations in market interest rates have not had a significant impact on the Company's results of operations due to the short-term to maturity of the investments held.

12. Financial Risk Exposure and Risk Management (continued)

iii) Concentration of Credit Risk

Credit risk is the risk of a financial loss to the Company if a gold sales customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises principally from the Company's receivables from customers and short-term investments.

The Company's exposure to credit risk, in respect of gold sales, is influenced mainly by the individual characteristics of each customer. The Company's revenues are directly attributable to sales transactions with two customers. To mitigate the risk at Kumtor, the Company has an agreement in place whereby Kyrgyzaltyn, the customer and a shareholder of Centerra, has pledged a certain amount of Centerra shares as security against a gold shipment, in the event of default on payment. (Note 10) Boroo sells its product under a refining agreement, and the value of individual gold shipments is covered by third-party insurance in the event a loss of product occurs before Boroo can receive payment therefore.,

The Company manages credit risk, in respect of short-term investments, by maintaining bank accounts with Schedule 1 banks and investing only in highly-rated Canadian and US Governments bills and bonds, term deposits or banker's acceptances with highly-rated financial institutions, and government agency instruments that are capable of prompt liquidation. The Company monitors exposure to credit risk on an ongoing basis in accordance with its Financial Risk Management Policy.

At the balance sheet date there was no significant concentration of credit risk in respect of short-term investments. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet except for those assets for which the Company, through its Kumtor subsidiary, has collateral in respect of amounts receivable for gold sales.

12. Financial Risk Exposure and Risk Management (continued)

iv) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages its liquidity by ensuring that there is sufficient capital to meet short and long term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short and long term cash requirements. Senior management is also actively involved in the review and approval of planned expenditures by regularly monitoring cash flows from operations and anticipated investing and financing activities.

The Company's cash and equivalents are invested in various instruments including term deposits, banker's acceptances, government bills and bonds and government agency issues. Currently, the Company does not invest in commercial paper, and the Company's financial risk management policy prohibits investment in asset-backed commercial paper.

v) Commodity Price Risk

The value of the Company's mineral resource properties is related to the price of gold, and the outlook for these minerals. In addition, adverse changes in the price of certain raw materials can significantly impair the Company's cash flows. The Company's Financial Risk Management Policy currently prohibits gold hedging.

Gold prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and macro-economic variables, and certain other factors related specifically to gold.

The profitability of the Company's operations is highly correlated to the market price of gold. To the extent that the price of gold increases over time, asset value increases and cash flows improve; conversely, declines in the price of gold directly impact value and cash flows. A protracted period of depressed prices could impair the Company's operations and development opportunities, and significantly erode shareholder value.

At the balance sheet date there was no significant impact of commodity price risk on the Company's financial statements.

Centerra Gold Inc.
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13. Capital Management

The Company's capital includes cash and cash equivalents, short-term debt, long-term debt and equity, comprising issued common shares, contributed surplus and retained earnings.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to maintain its ongoing operations, to provide returns for shareholders and benefits for other stakeholders and to pursue growth opportunities. To secure additional capital to pursue these plans, the Company may attempt to raise additional funds through borrowing and/or the issuance of equity, debt or by securing strategic partners.

As at March 31, 2008, the Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy.

14. Comparative Information

Certain prior year balances have been reclassified to conform to the current presentation.

15. 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 Gatsuurt 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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15. Segmented Information (continued)
Three months ended March 31, 2008

(\$ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	61.5	51.2	-	112.7
Expenses				
Cost of sales	34.1	16.4	-	50.5
Regional office administration	5.0	2.2	-	7.2
Depreciation, depletion and amortization	6.4	3.9	0.2	10.5
Accretion and reclamation expense	0.2	0.2	-	0.4
Exploration and business development	3.3	0.4	1.2	4.9
Interest and other	2.1	(0.8)	(1.1)	0.2
Corporate administration	0.6	0.6	5.3	6.5
Earnings (loss) before unusual items, income taxes and Non-controlling interest	9.8	28.3	(5.6)	32.5
Unusual Items				4.5
Earnings before income taxes and Non- controlling interest				28.0
Income tax expense				8.7
Net earnings and comprehensive income				19.3
Capital expenditures for the quarter	7.6	8.0	0.2	15.8

Three months ended March 31, 2007

(\$ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	\$ 37.2	\$ 45.1	\$ -	\$ 82.3
Expenses				
Cost of sales	35.3	10.3	-	45.6
Regional office administration	3.7	2.2	-	5.9
Depreciation, depletion and amortization	5.5	4.2	0.2	9.9
Accretion and reclamation expense	0.2	0.1	-	0.3
Exploration and business development	3.9	0.5	2.0	6.4
Interest and other	0.4	(1.1)	(1.2)	(1.9)
Corporate administration	0.7	0.4	3.2	4.3
Earnings (loss) before unusual items, income taxes and Non-controlling interest	(12.5)	28.5	(4.2)	11.8
Unusual Items	-	-	-	-
Earnings before income taxes and Non- controlling interest				
Income tax expense				4.5
Non-controlling interest				1.4
Net earnings and comprehensive income				5.9
Capital expenditures for the quarter	\$ 25.5	\$ 7.5	\$ -	\$ 33.0