

centerra**GOLD**



Annual Report 2005

Where We Stand

Centerra is a growth-oriented gold company engaged in operating, developing, acquiring and exploring gold properties primarily in Central Asia, the former Soviet Union and other emerging markets.

The two gold mines operated by the Company produced 787,275 ounces in 2005 at a total cash cost of \$241 per ounce.

Centerra's objective is to aggressively increase its reserves and resources and expand its portfolio of gold mining operations.

Centerra's shares trade on the Toronto Stock Exchange (TSX) under the CG symbol. The Company is based in Toronto, Canada.



Where We Stand



REN,
United States

Boroo, Gatsuert,
Mongolia
Kumtor,
Kyrgyz Republic

- Located in highly prospective and under-explored gold regions

- Operating two large-scale, low-cost gold mines

- Generating solid earnings and cash flow

- 3.7 million ounces of reserves added in 2005

- Well positioned for sustained growth



	2005	2004
Revenues – \$ millions	339	247
Production –		
ozs – 100% basis	787,275	903,030
Cash costs – \$/oz	241	187
EPS – \$ per share	0.59	0.91
Cash flow – \$ millions	83	88
Cash on hand – \$ millions	202	153

Closing Share Price – Cdn \$ per share



- No long-term debt
- No hedge position, enabling full participation in higher gold price
- \$202 million of cash on hand
- Largest Western-based gold producer in Central Asia and the former Soviet Union
- Experienced management
- A growth strategy that is delivering results

Centerra's gold production is expected to **exceed** one million ounces in 2009.

Dear Fellow Shareholders,

In 2005 Centerra continued its strong financial and operating performances and realized significant results from a very aggressive exploration program. We have expanded Centerra's reserves by 83% or 3.7 million ounces and increased Centerra's measured and indicated resources by 32% or 1.2 million ounces, including significantly upgrading our Gatsuurt deposit. The reserves expansion will extend the life of the mine at Kumtor by almost three years and at Boroo by more than one year. Gatsuurt reserves will further extend the life of the Boroo facilities.

This success came from a disciplined focus on our performance objectives. We are very pleased with "Where We Stand," but our sights are on the future. We intend to maintain the same level of dedication in delivering value to our stakeholders in moving forward.

Host country environments

In the Kyrgyz Republic, the new leadership of the country has made a commitment to Centerra, its shareholders and the international community to honour all previously reached agreements. On our part, we engaged in a successful

We
extended
mine life at
Kumtor and Boroo



Leonard A. Homeniuk
President and
Chief Executive Officer

constructive dialogue with the new administration, resolving many outstanding issues. This co-operative effort will continue.

In Mongolia, we are confident that the new government will ensure the continuation of an attractive investment environment. In fact, we are prepared to make substantial additional investments in this country to advance the development of our Gatsuurt deposit and conduct further exploration.

Solid operating results at Kumtor and Boroo

Operationally, Boroo continued to excel in 2005, surpassing expectations by posting record production. At Kumtor, as expected, lower grades resulted in reduced output. Both operations made significant strides in mitigating the global challenge of higher operating costs by implementing continuous improvement initiatives.

A larger platform for growth

The most exciting news of 2005 was the new year-end reserves and resources estimate for Kumtor. Our recently announced capital investment of \$87 million for mine fleet

replacement shows our high degree of confidence in Kumtor's long-term potential.

These positive drilling results also encouraged us to commit \$21 million to exploration in 2006 – very significant exploration funding for a company of our size.

Attesting to our high level of profitability, we continued to accumulate cash (\$202 million at the end of 2005) while remaining debt-free.



David Petroff
Executive Vice President and
Chief Financial Officer

Commitment to Sustainable Development

Our excellent operating results are backed by exemplary safety and environmental records and support for meaningful sustainable development programs in local communities.

Centerra continues to conduct itself in the Kyrgyz Republic and Mongolia as a responsible corporate citizen, promoting a high level of responsibility in workers' safety, environmental

Gold's fundamentals
remain healthy with growing demand and diminishing supply

Our Growth Strategy

New opportunities
to expand exploration in emerging markets

Selective acquisitions
of advanced stage and operating projects accretive to shareholder value

Goals 2006



George Burns
Vice President and
Chief Operating Officer

protection and sustainable development. You can read more about our initiatives in these areas on page 23 of this report.

Dedicated acquisition team

Our growth priorities led to the creation of a dedicated acquisitions team. We review emerging growth opportunities in an effort to identify those with strategic significance and the potential to be accretive to shareholder value. While our industry has become increasingly competitive, Centerra's objectives remain unchanged. Our intention is to expand our portfolio of properties, adding value while preserving the quality and ensuring their long-term profitability.

Today Centerra's competitive edge remains strong. We are the premier Western-based gold miner in Central Asia, possessing the knowledge to operate in challenging political environments. We are financially strong and technically competent and have all the prerequisites for continuing success. We also have a hard-earned reputation for "doing what we say and saying what we do." This makes us a company of choice for unlocking the tremendous potential of the most promising gold regions in the world.

Leonard A. Homeniuk
President and Chief Executive Officer

March 29, 2006

Emphasizing Corporate Governance



Patrick M. James
Chair,
Board of Directors

We saw continued success in 2005, our first full year of operation as an independent public company. Operationally, Centerra Gold remained firmly on track in delivering against its objectives in 2005. Reserves and resources expanded significantly, especially through our exploration success at the south end of the Kumtor pit. Operational performance continued to be strong with the successful implementation of several productivity improvement initiatives. Both Kumtor and Boroo continued to enjoy solid safety and environmental records. Management also continued to pursue strategic acquisition opportunities in a highly disciplined and focused manner.

The Board is pleased with “Where We Stand” as we begin 2006. At the same time, we understand that creating value for our shareholders is a process that never ends.

An important part of that process is the work of Centerra’s directors. These dedicated and skilled individuals bring a wealth of international experience – in exploration, project development, mining and financial management – that encourages open, productive discussion in all areas affecting Centerra’s business. In 2005, we welcomed a new director, Almazbek Djakypov, President of Kyrgyzaltyn JSC, an entity owned by the Government of the Kyrgyz Republic, which owns approximately 16% of Centerra’s shares.



Josef Spross

Anthony J. Webb

Almazbek Djakypov

Ian Austin

High
standards
of governance
are requisite to
everything we do

Our commitment to high standards of corporate governance and the adoption of best practices continues. As a result of Centerra's inclusion in the S&P/TSX Composite Index in 2005, our governance performance was rated for the first time in The Globe and Mail's Report on Business corporate governance ratings. We scored highest among the newly-rated companies and were rated especially high on governance disclosure, compensation and shareholder rights practices and policies. According to the regulatory standards of board independence our board also scored well. In support of our commitment to high governance standards, the Board has adopted a formal process for board self-assessment in 2005.

In addition with the continued focus on managing operational and environmental risk, the Board strongly supported the Safety, Health and Environment program and the Sustainable Development initiatives implemented by Centerra Gold in 2005.

As we look ahead, I am confident the Board will continue to play a central role in Centerra's long-term success.

Patrick M. James
Chair, Board of Directors

March 29, 2006



Terry Rogers

John S. Auston

Gerald W. Grandey

Leonard A. Homeniuk

We have
accomplished
 our key
 2005 objectives

Our Progress



Our reserves have grown by 3.7 million ounces

Our strategy of growing through exploration, selective acquisitions and new opportunities has been strongly rewarded by excellent results. In 2005, we achieved our key goals:

- Increased reserves at our Kumtor mine by 2.3 million ounces and at our Boroo mine by 349,000 ounces extending Kumtor's mine life by almost three years and Boroo's mine life by one year
- Completed a Gatsuurt feasibility study and announced reserves of almost one million ounces, extending the life of the Boroo facility
- Significantly improved our production profile with production forecast to exceed one million ounces in 2009
- Spent \$25.5 million on exploration activities
- Completed 120 drill holes (41,967 metres) in the vicinity of the Kumtor pit and an additional 44 drill holes

(4,417 metres) in target zones within five kilometres of the pit

- Undertook analysis and due diligence on acquisition opportunities in Central Asia, the former Soviet Union and other emerging markets

Financial strength

Centerra continued to deliver solid earnings and strong cash flow in 2005 with an unhedged strategy that maximizes our leverage to the gold price.

- Generated cash flow of \$83 million
- Ended the year with \$202 million of cash on hand and no long-term debt
- Increased net asset value through reserve and resource increases

	2005	2004	2003
Revenues – \$ millions	339	247	82
Production – ozs*	787,275	640,779	225,851
Cash cost – \$/oz	241	187	191
EPS – \$ per share	0.59	0.91	0.24
Cash flow – \$ millions	83	88	24
Cash on hand – \$ millions	202	153	10

* Comprising one-third of the Kumtor Mine to June 22, 2004 and 100% thereafter, and 100% of the Boroo Mine.



A commitment to safety, environmental protection and sustainable development

At Centerra, we are firmly committed to exploration, development and mining in a safe and environmentally responsible manner, no matter where the location or how challenging the work. Accordingly, we implemented a comprehensive Safety, Health and Environment (SHE) Management System during the past year that has already yielded significant results. The lost-time accident frequency rate for Centerra's employees and its long-term contractors was considerably better than the average for the mining industry in North America, as was our environmental performance record. In 2005, we began to systematically audit our SHE systems (both internally and through outside experts), helping us further improve these important areas. These audits will continue in 2006.

As part of our ongoing commitment to long-term sustainable development initiatives, Centerra joined forces with the Issyk-Kul regional government in the Kyrgyz Republic during 2005 to provide a medical diagnostic/monitoring centre for local communities in 2006. We have also begun to finance a number of other projects in the Kyrgyz Republic in the areas of education and small business development to be implemented over the next several years. In Mongolia, we are particularly proud of Centerra's significant contribution to World Vision's Sprinkles initiative to combat rickets, a vitamin deficiency especially destructive in young children.





Operating Mine

Kumtor

Key Facts

Location: Kyrgyz Republic

Ownership: 100%

Type of mine: Open pit

Elevation: 4,018 metres

Start of commercial production: May 1997

Reserves and operations

Proven and probable reserves:

40.2 million tonnes

Average grade: 3.8 grams per tonne

Contained gold: 5.0 million ounces

Milling rate: 5.7 million tonnes per year

2005 gold production: 501,487 ounces

Cash cost per ounce of production: \$274

Life of mine: Achieved an expansion in reserves to add almost three years

of production to 2013

Employees

Number of employees: 1,742

Kyrgyz Nationals: 94%



We
added
almost three years
of mine life
at Kumtor



Kumtor

An excellent gold mining operation

Centerra owns 100% of the Kumtor gold mine which is located in the Kyrgyz Republic, about 350 kilometres southeast of the capital Bishkek and about 60 kilometres north of the border with the People's Republic of China. It is the largest gold mine operated in Central Asia by a Western-based company, having produced more than 5.5 million ounces of gold between 1997 and the end of 2005.

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

Today, the Kumtor mine plays a particularly important role in the economic and political life of the Kyrgyz Republic. It is the largest private sector employer of Kyrgyz citizens and is the largest foreign investment in the country. For 2005, its production represented approximately 9.34% of the

Production

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Ore mined									
(thousands of tonnes)	5,017	5,349	8,054	6,518	5,606	5,141	4,634	3,303	6,135
Ore milled									
(thousands of tonnes)	4,023	5,254	5,298	5,498	5,470	5,611	5,631	5,654	5,649
Average mill feed grade									
(grams / tonne)	5.6	4.8	4.5	4.7	5.2	3.7	4.5	4.4	3.4
Recovery (%)	73.3	78.5	79.4	81.5	83.1	78.1	82.6	82.1	81.2
Gold poured⁽¹⁾									
(thousands of ounces)	502	646	610	670	753	529	678	657	501
Unit Production									
Total Cash Costs⁽²⁾									
Per tonne milled – (\$)	24.00	22.20	20.60	18.60	19.50	20.40	24.00	23.39	24.28
Per ounce – (\$)	193	181	179	153	141	216	191	200	274

Notes:

(1) Centerra's equity interest is 100%.

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





Reserves and Resources⁽²⁾⁽⁶⁾

	Tonnes	Grade	Contained Gold
As at December 31, 2005	(thousands)	(grams/tonne)	(thousands of ounces)
Reserves⁽¹⁾⁽³⁾			
Proven	17,600	3.7	2,099
Probable	22,562	3.9	2,854
Total	40,162	3.8	4,953
Resources⁽⁴⁾⁽⁵⁾			
Measured	13,406	3.8	1,634
Indicated	10,601	4.1	1,387
Total measured and indicated	24,007	3.9	3,021
Inferred	5,475	4.6	803

Notes:

- (1) The reserves have been estimated based on a gold price of \$400 per ounce.
- (2) Centerra's equity interest is 100%.
- (3) Kumtor reserves include the main pit and the Southwest Zone satellite deposit and are based on a cut-off grade of 1.3 grams per tonne.
- (4) Open pit resources occur beneath the current ultimate pit design and are contained within a larger, unengineered pit shell. Underground resources occur below the pit shell and are estimated based on a cut-off grade of 5.0 grams per tonne.
- (5) Kumtor resources include the main pit and the Southwest Zone and Sarytor satellite deposit.
- (6) The reserve and resource estimates were prepared under the supervision of Robert S. Chapman, M.Sc., P.Geo., Centerra's Director, Mergers and Acquisitions, who is a qualified person under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* issued by the Canadian Securities Administrators ("NI 43-101").

country's gross domestic product. In 2004, the most recent period for which data is available, Kumtor accounted for 40.9% of the country's export earnings and 43.5% of total industrial production.

Focus on productivity

During the past year, Kumtor posted near record tonnes mined and milled. Several productivity improvement initiatives were implemented to offset the reduction in ore grade as well as global increases in the cost of energy and other material inputs. In-house component rebuilding of



Planned
**exploration
 expenditures**
 at Kumtor in 2006
 are \$11 million

the mining fleet and the addition of new trucks have lowered costs and boosted efficiency at the mine. The installation of a new ultra-fine grinding mill is expected to increase recoveries and contribute an average of 20,000 more ounces of gold per year.

Growing reserves and mine life

The full potential of Kumtor is now becoming evident thanks to an aggressive exploration and drilling program that added 2.3 million ounces of reserves in 2005 and extended Kumtor's mine life by almost three years. The Company's aggressive exploration strategy will continue in 2006.





Operating Mine

Boroo

Key Facts

Location: Mongolia

Ownership: 95%

Type of mine: Open pit

Start of commercial production: March 2004

Reserves and operations

Proven and probable reserves:

13.4 million tonnes

Average grade: 2.8 grams per tonne

Contained gold: 1.2 million ounces

Milling rate: 2.2 million tonnes per year

2005 gold production: 285,788 ounces

Cash cost per ounce of production: \$183

Life of mine: Achieved an expansion in reserves to add more than one year to

Boroo mine production

Employees

Number of employees: 500

Mongolian Nationals: 90%



We added
349,000 ounces of
gold to Boroo's
reserves extending
mine life by more
than one year



Boroo

First hard rock gold mine in Mongolia

Centerra Gold has a 95% equity interest in Boroo, which is located 110 kilometres northwest of Ulaanbaatar, Mongolia's capital. Although this is a relatively remote part of the world, Boroo is within three kilometres of the all-weather Ulaanbaatar-Irkutsk highway and enjoys easy access to the Trans-Mongolian railway. This open-pit operation began commercial production on March 1, 2004 and has produced more than a half-million ounces of gold (including gold produced during commissioning) by the end of 2005. Over the life of the mine, Boroo is expected to process more than 13.4 million tonnes of ore and produce more than one million ounces of gold from the Boroo deposit. Additionally, the Boroo facility will process ore from the Gatsuurt deposit.

Boroo is the first significant foreign investment in Mongolia for industrial development since 1979 and has accounted for a 45% increase in Mongolian gold production. The mine employs 500 people, 90% of whom are Mongolian citizens.

Production

	2003	2004	2005
Ore mined (thousands of tonnes)	145	1,884	2,865
Ore milled (thousands of tonnes)	113	1,850	2,231
Average mill feed grade (grams/tonne)	2.9	4.5	4.2
Recovery (%)	97.0	93.7	91.5
Gold poured (thousands of ounces) ^{(2) (3)}	4	246	286
Unit Production			
Total Cash Cost⁽¹⁾			
Per tonne milled - (\$)	—	17.59	23.49
Per ounce - (\$) ⁽¹⁾	—	149	183

Notes:

- (1) Total cash cost per ounce is a non-GAAP measure and is described under "Non-GAAP Measure - Total Cash Cost" in the Management's Discussion and Analysis accompanying this annual report, and represents post-commissioning production costs from March 1, 2004 to December 31, 2004.
- (2) Gold poured in 2003 and 2004 includes pre commissioning production for December 2003 and January and February of 2004.
- (3) Centerra's equity interest is 95%.





Reserves and Resources⁽²⁾⁽⁴⁾

	Tonnes	Grade	Contained Gold
As at December 31, 2005	(thousands)	(grams/tonne)	(thousands of ounces)
Reserves⁽¹⁾			
Proven	8,810	2.8	774
Probable	4,580	3.0	444
Total	13,390	2.8	1,218
Resources⁽³⁾			
Measured	1,870	2.4	147
Indicated	782	2.2	54
Total measured and indicated	2,652	2.4	201
Inferred	2,563	2.0	167

Notes:

- (1) The reserves have been estimated based on a gold price of \$400 per ounce.
- (2) Centerra's equity interest is 95%.
- (3) The resources at Boroo are estimated based on a variable cut-off grade depending on the type of material and the associated mill recovery. The cut-off grades range from 0.9 grams per tonne to 1.1 grams per tonne.
- (4) The reserve and resource estimates were prepared under the supervision of Robert S. Chapman, M.Sc., P.Geo., Centerra's Director, Mergers and Acquisitions, who is a qualified person under NI 43-101.



Cash costs at Boroo were an **exceptional** \$183 per ounce in 2005

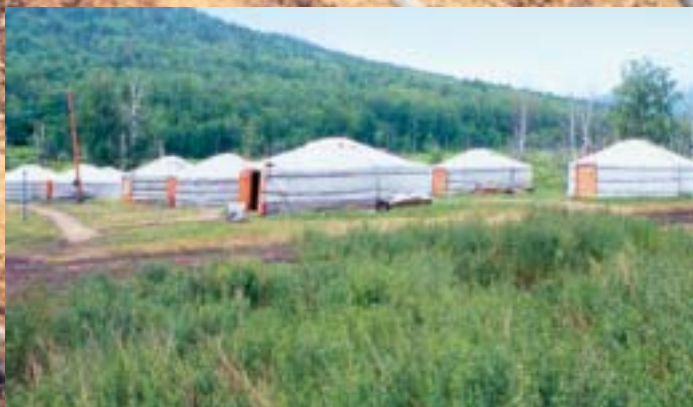
Operations exceeding expectations

In 2005, Boroo significantly exceeded all operating targets including those established for tonnes mined, tonnes milled and gold ounces produced. Over the past year, process improvements to our mining production and milling throughput of 35% and 21% respectively, have occurred and are forecast to be sustained. Management responded to global increases in the cost of energy and other inputs with several productivity enhancing initiatives including truck and shovel operator efficiency, improved blast fragmentation and fine grinding from smaller SAG mill grate openings.



A successful exploration program

During the past year, a successful exploration and drilling program has contributed to an increase in reserves by 349,000 ounces (more than 2005 production) and extended Boroo's mine life by more than one year.





Exploration

Projects

Kumtor Mine Site

Location: Kyrgyz Republic

Drill holes: 120 holes totaling 41,967 metres

Sarytor

Location: Kyrgyz Republic

Drill holes: 44 holes totaling 4,417 metres

Boroo Mine Site

Location: Mongolia

Drill holes: 205 holes totaling 25,528 metres

Gatsuurt Central Zone

Location: Mongolia

Drill holes: 28 holes totaling 4,097 metres

Gatsuurt Main Zone

Location: Mongolia

Drill holes: 59 holes totaling 10,254 metres

Argal

Location: Mongolia

Drill holes: 21 holes totaling 2,860 metres

Ulaan Bulag

Location: Mongolia

Drill holes: 14 holes totaling 1,894 metres

REN

Location: Nevada, USA

Drill holes: 28 holes totaling 19,926 metres

We added
3.7 million ounces
of reserves as a result
of our exploration
program



Projects

Promising Opportunities

2005 was an excellent year for Centerra's exploration programs, resulting in increases in reserves at Kumtor and Boroo, the addition of reserves at Gatsuurt and the addition of resources at Sarytor.

Kyrgyz Republic

Exploration at Kumtor continued in 2005 with extensive drilling near the main pit and the addition of 2.3 million ounces of reserves, mostly from the SB Zone. This high-grade mineralized area at the southern end of the pit remains open in the down dip direction and along strike to the south.

At Sarytor, an advanced stage exploration project five kilometres from the Kumtor mill, our drilling program resulted in the addition to indicated resources of 167,000 contained ounces of gold at an average grade of 3.0 grams per tonne.

In 2006, exploration will focus on extending the high grade SB Zone, exploring the northerly extension of the Kumtor ore body, and further testing of the Sarytor deposit.

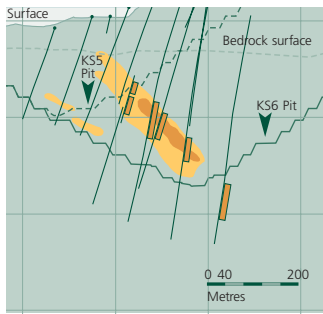
Reserves and Resources⁽³⁾⁽⁴⁾

	Tonnes	Grade	Contained Gold
As at December 31, 2005	(thousands)	(grams/tonne)	(thousands of ounces)
Gatsuurt Project, Mongolia⁽¹⁾			
Probable reserves	8,959	3.4	986
Indicated resources	5,584	3.1	565
Inferred resources	2,749	3.5	305
REN Project, Nevada⁽²⁾			
Indicated resources	2,753	13.6	1,201
Inferred resources	301	13.2	128

Notes:

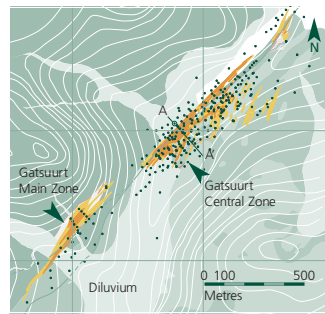
- (1) The reserves and resources at Gatsuurt have been estimated based on cut-off grades that are either 0.9 or 2.0 grams of gold per tonne, depending on the type of material and the associated recovery. High grade values were also cut using variable limits ranging from 20 to 45 grams per tonne, depending on the mineralized zone.
- (2) The resources at REN have been estimated based on a cut-off grade of 8.0 grams of gold per tonne.
- (3) The Gatsuurt reserves and resources include the Central Zone and the Main Zone deposits. The reserve and resource estimates for Gatsuurt were prepared by Centerra, and reviewed and approved by Dr. William E. Roscoe, P.Eng. and James W. Hendry, P.Eng., of Roscoe Postle Associates Inc., who are both independent of Centerra and the qualified persons under NI 43-101 for the purposes of the reserve and resource estimates.
- (4) Centerra's equity interests are Gatsuurt, 100% and REN, 62%.





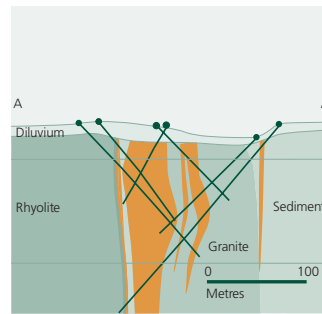
Kumtor SB Zone Cross Section
 Outline of the newly discovered, high grade SB Zone. The mineralization currently remains open at depth and along strike to the south.

- > 1.5 g/t Au Mineralized zone
- > 10.0 g/t Au Mineralized zone
- ▬ Mineralized intercept



Gatsuurt Drilling Map Plan
 Surface projection of the Central Zone and Main Zone showing the close proximity of the two deposits.

- > 1 g/t Au Mineralized zone
- > 3 g/t Au Mineralized zone
- Location of drill collars



Gatsuurt Central Zone Cross Section
 Encouraging drilling results at the Central Zone have delineated a wide, vertical dipping mineralized body, which remains open at depth.

- > 1 g/t Au Mineralized zone
- Selected drill holes



Mongolia

In addition to the drilling program at Boroo, Centerra was focused on upgrading the Gatsuurt project in 2005.

Drilling of the Central Zone determined the limits to the mineralized zone along strike in both directions, but it remains open in the down dip direction and the higher grade, deeper mineralization will be drill tested during 2006.

At the Gatsuurt Main Zone, a separate mineralized body 500 metres to the southwest of the Central Zone, the 2005 drilling program added to the project's reserve and resource base.

A feasibility study was completed for Gatsuurt in 2005 resulting in the addition of nearly one million ounces of reserves. Centerra will add a bio-oxidation circuit to the existing mill at Boroo to process refractory material from Gatsuurt following the depletion of oxide and transition zone reserves at Boroo.

Nevada

Drilling of known mineralization at REN was completed in 2005 and considerable inferred resources were upgraded to the indicated category. Our drilling program was also

successful in identifying favourable alteration zones in two new areas that will be explored, along with other target areas, in 2006.

Outlook for 2006

In 2006, Centerra will continue focused exploration programs around its mines and advanced exploration projects to further expand the reserve and resource bases. Aggressive drilling programs will continue in the vicinity of the Kumtor pit. Exploration will continue in the vicinity of the Boroo mine and the Gatsuurt deposit. Centerra has budgeted \$21 million to fund its exploration activities in 2006.







Sustainable Development

Partners

In the Community

Our goal is to ensure that the local communities where we operate are better off as a result of our presence even after our mines have completed their life cycles.

In Health and Safety

We are committed to safety and health management systems for the protection of our employees and the communities where we operate.

In the Environment

Our operations are designed to operate in accordance with local, Canadian and World Bank standards and are supported by enterprise risk management systems, regular audits and a crisis management plan.

We ensure compliance with regulatory standards and objectives through extensive monitoring



Partners

Through its first full year of operation Centerra put in place many of the processes necessary for the proactive enterprise-wide management of Safety, Health and the Environment (SHE).

A corporate SHE Management System that clearly sets out the Company's expectations for SHE management was approved by the Board of Directors and has been introduced throughout our operations. A Crisis Management Plan was developed and tested to ensure that the Company can effectively respond to any incident that might affect our operations, our people or our communities. Also, Enterprise Risk Management and audit processes were put in place across the Company to ensure that risks are identified, mitigated and sustainably managed.

Kumtor has a long history of providing social and economic support that includes corporate donations and purchase of local products and services in the Issyk-Kul region. Our purpose in promoting sustainable development is to help residents of the region continue a successful livelihood after eventual mine closure. One project in the Issyk-Kul region in the Kyrgyz Republic aims to help this local community by improving their capacity for pasture management, vegetable production and vegetable processing.

Key Achievements through 2005

Several of the processes necessary to effectively manage safety, health and the environment were established in 2005.

- Developed, implemented and tested a Crisis Management Plan and ensured that it was integrated with Site plans. Established a 24/7 emergency notification system.
- Developed a Corporate Safety, Health and Environment Management System and ensured that it can be effectively applied at the operations.
- Instituted the SHE assurance process within Centerra, including training SHE professionals in auditing and conducting internal and external audits of our operations.
- Integrated the SHE staff across the company into a cohesive team.
- Increased the focus on risk assessment including identifying SHE risks within the enterprise risk system and assisting the operations to establish and/or update site risk registers.
- Improved reporting processes for Safety, Health and Environmental incidents.



Kumtor also supports an initiative to increase fish stocks in the Issyk-Kul and Son-Kul lakes to encourage a commercial and sport fishery.

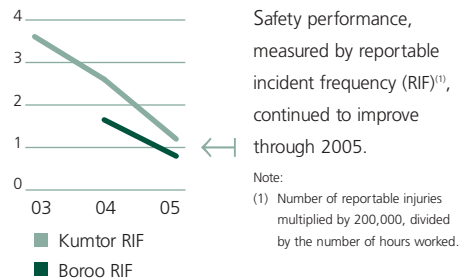
In addition, Kumtor has provided financial and in-kind support for a biodiversity conservation initiative, aimed at improving the management of the Sary-Chat Ertash National Wildlife Park, home to snow leopards, an endangered species.

At Boroo the Company is proud to be working with World Vision, to improve the health of Mongolian children by making available food additives, including Vitamin D supplement, to combat childhood rickets. In addition to Boroo's collaboration with World Vision's Sprinkles initiative in Mongolia, the company sponsors numerous projects to support community development in the Mandal and Bayangol Somms. In 2005, projects included building and operating a Centre for traditional Mongolian medicine; providing a loan program to create small and family businesses and jobs; building an Agriculture Centre to promote more efficient and productive farming and herding; building four community centres; and upgrading a hospital in partnership with World Vision.

Safety Performance

At Centerra, we focus on the health and safety of our workers not just because it's the right thing to do, but because it is the only way to achieve and maintain a productive operating environment.

Reportable Incident Frequency at Kumtor and Boroo



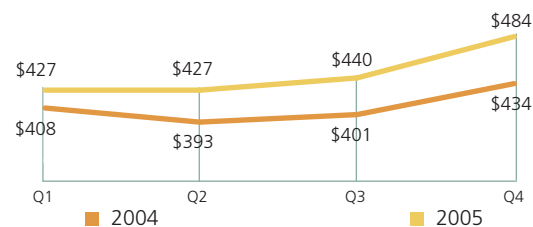
Safety Objectives for 2006

	Recordable Frequency 2005 Actual	2006 Goal	Reduction over 2005
Kumtor	1.23	1.0	15%
Boroo	0.83	0.7	15%
Centerra	1.11	0.9	15%

Strong

balance sheet
provides flexibility
to support growth
objectives

Average gold price



Results at a Glance

Overview

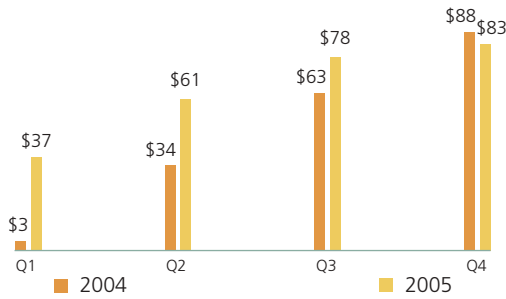
Centerra is a growth-oriented, Canadian-based gold company, focused on exploring, acquiring, developing and operating gold properties in Central Asia and the former Soviet Union, and other emerging markets.

- In 2005, the Company's two mines produced 787,275 ounces of gold
- Exploration success contributed to an increase in reserves of 3.7 million ounces, providing an extension of mine life of almost three years at Kumtor, and one year at Boroo
- Gatsuurt reserves will further extend the life of the Boroo facility

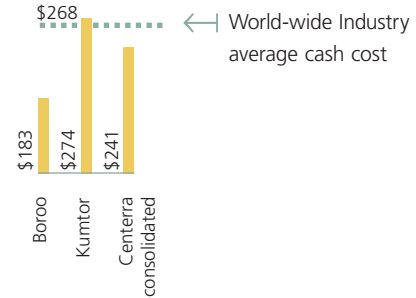
Results of Operations in 2005

- Cash on hand of \$202 million
- Centerra has sufficient cash to carry out its business plan in 2006, including its exploration activities
- Centerra's total cash cost per ounce of gold averaged \$241 in 2005, up from \$187 per ounce recorded in 2004. The increase reflects mainly lower head grades at the Kumtor mine
- Net earnings totaled \$42.4 million or \$0.59 per share in 2005
- Cash flow provided by operations was \$83 million, down from \$88 million reported at the end of 2004, due to increased working capital levels

Cash provided by Operations



Operating Cash Cost per Ounce in 2005



The Results at a Glance highlights some of the more significant and informative items that appear in the full MD&A.

For a complete summary of Centerra Gold's strategies, business environment, performance, risk and other material information, please refer to the full MD&A beginning on page 28.

Mine Operations

- Total production in 2005 of 787,275 ounces compared to 640,779 ounces in 2004 was due to increased ownership levels and a full year of production in 2005
- Revenues in 2005 increased to \$338.6 million from \$247.1 million in 2004, due to the increased ownership at Kumtor and Boroo's full year of operation

Capital Expenditures

- Capital expenditures in 2005 amounted to \$33.5 million of which \$15 million was spent on maintenance projects

Outlook for 2006

- For the full year, the total production forecast is 732,000 ounces
- Centerra's share of production is expected to amount to 719,000 ounces, a decrease of almost 7% from 2005 due primarily to lower mill head grade and recovery rates at Kumtor
- Capital expenditures are forecast at \$103 million which includes \$87 million at Kumtor for the addition of larger, more productive haulage trucks and shovels and other auxiliary equipment