CENTERRA GOLD INC.

Notice of Annual Meeting of Shareholders

and

Management Information Circular

March 31, 2008

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centerra GOLD

March 31, 2008

Dear Shareholder,

It is my pleasure to invite you to attend the annual meeting of shareholders of Centerra Gold Inc. ("Centerra"), which will be held on Wednesday, May 7, 2008 at 2:00 p.m. (EDT) at the Esso Theatre, Hockey Hall of Fame, Brookfield Place, 30 Yonge Street, Toronto, Ontario, Canada, M5E 1X8. It is an opportunity for the directors and management of Centerra to meet with you, our shareholders. At the meeting, we will report to you on Centerra's performance in 2007 and our plans for the future.

Included in this package are Centerra's 2007 annual report, notice of meeting and management information circular. These materials describe the business to be dealt with at the meeting and provide you with additional information about Centerra and its directors and officers. Please exercise your rights as a shareholder either by attending the meeting and voting in person or by using the enclosed request for voting instructions or form of proxy.

I thank you for your interest and confidence in Centerra and I urge you to exercise your right to vote.

Sincerely,

(Signed)

Patrick M. James

Chair of the Board of Directors

MANAGEMENT INFORMATION CIRCULAR

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholder:

NOTICE IS HEREBY GIVEN THAT the annual meeting of the shareholders (the "Meeting") of Centerra Gold Inc. ("Centerra") will be held on May 7, 2008 at 2:00 p.m. (EDT) at the Esso Theatre, Hockey Hall of Fame, Brookfield Place, 30 Yonge Street, Toronto, Ontario, Canada, M5E 1X8, in order for shareholders of Centerra to:

1. receive the audited financial statements for the year ended December 31, 2007 and the auditors' report thereon;
2. elect directors for the ensuing year;
3. appoint auditors for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors; and
4. transact such other business as may properly come before the Meeting and any adjournment thereof.

The board of directors of Centerra has fixed the close of business on March 31, 2008 as the record date to determine which shareholders are entitled to receive notice of and to vote at the Meeting and any adjournment thereof.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed)

Frank H. Herbert

Corporate Secretary

Toronto, Ontario, Canada

March 31, 2008

CENTERRA GOLD INC.

MANAGEMENT INFORMATION CIRCULAR

DATED MARCH 31, 2008

SOLICITATION OF PROXIES AND VOTING INSTRUCTIONS

The information contained in this management information circular (the "Circular") is furnished in connection with the solicitation of proxies from registered owners of common shares ("Shares") of Centerra Gold Inc. ("Centerra" or the "Corporation"). These proxies will be used at the annual meeting of shareholders of the Corporation (the "Meeting") to be held on May 7, 2008 at 2:00 p.m. (EDT) at the Esso Theatre, Hockey Hall of Fame, Brookfield Place, 30 Yonge Street, Toronto, Ontario, Canada, M5E 1X8, and at all adjournments of the Meeting, for the purposes set forth in the accompanying notice of Meeting. It is expected that the solicitation will be made primarily by mail, but proxies and voting instructions may also be solicited personally or by telephone by employees of the Corporation. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation and the total cost of the solicitation of proxies will be borne by the Corporation.** The information contained in this Circular is given as at March 31, 2008, except where otherwise noted.

VOTING INFORMATION

Who May Vote

You are entitled to vote at the Meeting if you were a holder of Shares of Centerra at the close of business on March 31, 2008, the record date for the Meeting. Each Share is entitled to one (1) vote.

How to Vote

How you vote depends on whether you are a registered shareholder or a non-registered shareholder.

Registered Shareholders

You are a registered shareholder if your Shares are registered in your own name. As a registered shareholder, you may attend the Meeting and vote in person. If you are a registered shareholder and will not attend the Meeting, or if Shares are registered in the name of a corporation, the Shares may still be counted by authorizing another individual, called a proxyholder, to attend the Meeting and vote your Shares. Any legal form of proxy may be used and a form of proxy is provided with this Circular.

Non-Registered Shareholders

You are a non-registered shareholder if you beneficially own Shares that are registered in the name of an intermediary such as a bank, trust company, securities broker or other nominee, or in the name of a depository of which the intermediary is a participant, and therefore do not have Shares registered in your own name.

In accordance with the *Canada Business Corporations Act* and applicable securities laws, Centerra has distributed copies of the notice of Meeting, this Circular and Centerra's annual report for the year ended December 31, 2007 (the "Meeting Materials") to intermediaries for onward distribution to non-registered shareholders who have not waived their right to receive them. Typically, intermediaries will use a service company (such as Broadridge Investor Communications) to forward Meeting Materials to non-registered shareholders. Meeting Materials will include either your intermediary's voting instruction form or a form of proxy stamped by the intermediary limiting the number of Shares beneficially owned by you, but that is otherwise not complete. The purpose of these documents is to permit you to direct the voting of the Shares you beneficially own. You should carefully follow the instructions set out in your intermediary's voting instruction form or form of proxy, as the case may be.

If you are a non-registered shareholder, you may attend the Meeting and vote in person provided you insert your own name in the space provided on the voting instruction form or form of proxy to appoint yourself as the proxyholder and follow your intermediary's instructions for return of the executed form. No other part of the voting instruction form or form of proxy should be completed as your vote will be taken at the Meeting.

Voting by Proxy

Appointment of Proxies

The persons named in the voting instruction form or form of proxy you received are representatives of management of the Corporation. **You have the right to appoint another person (who need not be a shareholder) to represent you at the Meeting. You may appoint another person by inserting that person's name in the blank space set out in the form of proxy provided or by completing another proper form of proxy.** By properly completing and returning a voting instruction form or form of proxy, you are authorizing the individual named in the form to attend the Meeting and to vote your Shares. To be valid, proxies must be deposited with CIBC Mellon at P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1 (Fax: (416) 368-2502) no later than 4:30 p.m. (EDT), May 6, 2008 or, if the Meeting is adjourned, on a day other than a Saturday, Sunday or holiday which is at least 24 hours before any adjourned Meeting.

Exercise of Discretion by Proxies

The Shares represented by your voting instruction form or form of proxy must be voted or withheld from voting in accordance with your instruction on the form. If you have not specified how to vote on a particular matter, if any amendments are proposed to any matter, or if other matters are properly brought before the Meeting, then your proxyholder can vote your Shares as your proxyholder sees fit.

If you properly complete and return your voting instruction form or form of proxy appointing representatives of management of the Corporation as your proxy, but do not specify how you wish the votes to be cast, your Shares will be voted FOR the appointment of KPMG LLP as independent auditors for 2008 and the authorization of the directors to fix their remuneration, FOR the election of directors nominated by management, and at the discretion of management on any matter which may properly come before the Meeting.

Revocation

If you are a registered shareholder and have provided a proxy, you may revoke your proxy anytime before it is used by: (i) completing and signing another form of proxy bearing a later date and depositing it with CIBC Mellon at P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1 (Fax: (416) 368-2502); (ii) depositing a document that is signed by you (or by someone you have properly authorized to act on your behalf) stating that you wish to revoke your proxy, to the Corporate Secretary of the Corporation at the registered office of the Corporation (1 University Avenue, Suite 1500, Toronto, Ontario, Canada, M5J 2P1); (iii) notifying the Chair of the Meeting prior to the commencement of the Meeting or any adjournment of the Meeting that you have revoked your proxy; or (iv) following any other procedure that is permitted by law.

If you are a non-registered shareholder, you may revoke your voting instruction form (or any waiver of your right to receive meeting materials and to vote) at any time by following instructions given by your intermediary.

VOTING SHARES

Centerra is authorized to issue an unlimited number of Shares, class A non-voting shares and preference shares with no par value. On March 31, 2008, the Corporation had 216,318,188 Shares issued and outstanding. The directors have fixed March 31, 2008 as the record date for the Meeting. Only holders of Shares who are on record on that date will be entitled to vote on the matters proposed to come before the Meeting on the basis of one (1) vote for each Share held.

PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of the directors and officers of the Corporation, the only persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities are indicated below:

Name	Number and Class of Securities	Percentage of Class (%)
Cameco Gold Inc.	113,918,472 Shares	52.7
Kyrgyzaltyn JSC	33,869,151 Shares	15.7

Cameco Gold Inc. ("Cameco Gold") is a corporation incorporated under the laws of Canada and a wholly-owned subsidiary of Cameco Corporation ("Cameco"), a corporation incorporated under the laws of Canada. Cameco is the world's largest uranium supplier and its shares trade on the Toronto Stock Exchange and the New York Stock Exchange. Prior to June 2004, Centerra was a wholly-owned subsidiary of Cameco Gold.

Kyrgyzaltyn JSC ("Kyrgyzaltyn") is a joint stock company formed under the laws of the Kyrgyz Republic, 100% of whose shares are owned by the Government of the Kyrgyz Republic (the "Government"). Prior to June 2004, Kyrgyzaltyn owned a two-thirds interest in the Kumtor mine located in the Kyrgyz Republic which is now one of Centerra's major wholly-owned assets. Kyrgyzaltyn transferred its interest in the Kumtor mine to Centerra in June 2004 in exchange for Shares of Centerra (the "Kumtor Restructuring").

In connection with the Kumtor Restructuring, Centerra entered into a shareholders agreement with Cameco Gold, Kumtor Mountain Corporation (a subsidiary of Cameco Gold) and Kyrgyzaltyn (the "Shareholders Agreement"). The Shareholders Agreement provides that until June 2009, for so long as Kyrgyzaltyn is controlled by the Government, Kyrgyzaltyn will maintain ownership of at least 5% of the outstanding Shares of Centerra at the time of the closing of the Kumtor Restructuring, subject to appropriate anti-dilution adjustments as determined from time to time by the board of directors.

So long as Kyrgyzaltyn and its affiliates continue to hold 5% or more of Centerra's outstanding Shares, Cameco Gold will vote its Shares for the election or appointment of one nominee designated by Kyrgyzaltyn to Centerra's board of directors and Centerra has agreed to include in Centerra's proposed slate of directors nominated for election at each annual or special meeting one board nominee designated by Kyrgyzaltyn.

So long as Cameco Gold and its affiliates hold 5% or more of Centerra's outstanding Shares, Kyrgyzaltyn will vote its Shares for the election or appointment of that number of nominees designated by Cameco Gold and its affiliates to Centerra's board of directors as is proportionate to Cameco Gold's common shareholding percentage.

Centerra also entered into a separate agreement with Kyrgyzaltyn confirming that following the Kumtor Restructuring it would use commercially reasonable efforts to have at least one representative of Kyrgyzaltyn elected as Chair of the board of directors of Centerra's wholly-owned subsidiary, Kumtor Gold Company ("KGC"), as well as a member of the KGC Management Committee and a member of the KGC Auditing Committee. KGC directly owns 100% of the Kumtor mine.

On August 30, 2007, Centerra, Cameco and the Government entered into preliminary framework agreements on certain outstanding issues regarding the Kumtor project. On February 15, 2008, the parties agreed to extend the deadline for closing the transactions contemplated by the preliminary framework agreements to April 30, 2008.

The preliminary 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 final agreements among Centerra, Cameco and the Government and any required regulatory or other approvals. Upon the satisfaction of the conditions to completion, Cameco will transfer 32.3 million common shares of Centerra to the Government; 17.3 million of such shares will be held in escrow to be released within four years subject to earlier release in certain circumstances. Centerra has agreed that the final agreements will provide for the election of a second Government representative to Centerra's board following release of such shares from escrow. Centerra has entered into an agreement with Cameco to issue 10 million treasury common shares of Centerra to Cameco after the transfer of common shares by Cameco to the Government. After completion of the transactions, the Government will own 29.3% of Centerra, Cameco will own 40.5% and the balance, 30.2%, will be held by public shareholders.

BUSINESS TO BE TRANSACTED AT THE MEETING

Financial Statements

The audited financial statements of Centerra for the period ended December 31, 2007 and the auditors' report thereon will be placed before the Meeting. These financial statements, together with the auditors' report thereon, are contained in the Meeting Materials included with this Circular.

Election of Directors

The number of directors to be elected at the Meeting has been set by the board at ten (10). The articles of the Corporation provide for a minimum of 3 and a maximum of 15 directors. The board of directors of the Corporation, on the recommendation of the Nominating and Corporate Governance Committee, approved the nomination of the individuals named below under "Continuing Directors" and "New Director Nominees" for election as directors. Unless otherwise instructed, the management representatives designated in the enclosed form of proxy intend to vote **FOR** the election as directors of the proposed nominees whose names are set out below. Other than Sheryl Pressler and Bruce Walter, all of the proposed nominees are currently directors of Centerra and have been since the dates indicated. O. Kim Goheen was appointed by the board upon the recommendation of the Nominating and Corporate Governance Committee on October 28, 2007 to replace Gerald Grandey who resigned on October 28, 2007. Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason before the Meeting, the management representatives designated in the enclosed form of proxy reserve the right to nominate and vote for another nominee at their discretion, unless otherwise instructed. **The form of proxy permits shareholders to vote for or withhold from voting for each nominee.** Each director elected will hold office until the next annual meeting or until his or her successor is elected or appointed.

Other than Ms. Pressler, Mr. Walter and Mr. Goheen, each of the nominees was elected to his present term as a director by the shareholders of the Corporation at the annual and special meeting of the Corporation's shareholders held on May 9, 2007. Unless otherwise indicated, all the directors are resident in Canada.

The following tables set out the name and biographical information of each nominee, including present principal occupation, principal occupations and directorships during the past five years and whether or not the nominee has been determined by the board of directors to be independent. For nominees who are currently directors of Centerra, the table below sets out the number of Shares owned, the number of Deferred Share Units ("DSUs") and Performance Share Units ("PSUs") credited to, and the number of outstanding options held by such nominees, the current membership on committees of the board of directors and such nominees' attendance record at committee and board meetings.

Continuing Directors

Ian G. Austin, 56
Vancouver, British Columbia, Canada

Shares(1):	Nil
DSUs:	24,650
PSUs:	Nil
Options:	Nil
Market value of securities held(2):	$331,789
Minimum ownership(3):	$135,000

Director since April 30, 2004

Independent

Mr. Austin is a Director of Skye Resources Inc., a development-stage nickel company. From 2003 to 2008, Mr. Austin served as President and Chief Executive Officer of Skye Resources. He has extensive experience in the mining industry and financial management. From 1989 to 2001, Mr. Austin worked for Placer Dome Inc., serving first as Senior Vice President and Chief Financial Officer and then as Executive Vice President, Strategic Development from 1997 to 2001. Prior to joining Placer Dome, Mr. Austin spent 15 years with Inco Limited, where he served as Treasurer from 1981 to 1989. Mr. Austin holds a B.A. and an M.A., in Economics from Cambridge University.

Membership	Attendance at Meetings
Board of Directors	10 of 10
Audit Committee (Chair)	6 of 6
Nominating and Corporate Governance Committee	3 of 3
Human Resources and Compensation Committee	6 of 6

Almazbek S. Djakypov, 52
Bishkek, Kyrgyz Republic

Shares(1):	Nil
DSUs:	13,114
PSUs:	Nil
Options:	Nil
Market value of securities held(2):	$176,514
Minimum ownership(3):	$135,000

Director since October 31, 2005

Non-Independent

Mr. Djakypov currently serves as President of Kyrgyzaltyn JSC, which owns approximately 15.7% of Centerra's Shares. Mr. Djakypov became President of Kyrgyzaltyn on July 22, 2005. From 2002 to 2005, Mr. Djakypov served as an economic expert on the Investment Roundtable, a non-governmental organization, in the Kyrgyz Republic. Mr. Djakypov has had a distinguished career in government service. He served as Deputy Head of the Department of State Procurement; Head of the Department of Industry and Agro-Industrial Complex; Head of the Organization Department for the Administration of the Presidential Apparatus; and Vice-President, State Concern for Kyrgyzaltyn. In 1999, he became Acting President of Kyrgyzaltyn. Between 2000 and 2002, he consulted on various investment projects. Mr. Djakypov graduated from the Moscow Energy Institute as an electrical engineer in 1978. He currently serves as Chair of the board of directors of Kumtor Gold Company.

Membership	Attendance at Meetings
Board of Directors	9 of 10
Reserves Committee	2 of 2
Safety, Health and Environmental Committee	4 of 4

O. Kim Goheen, 54
Saskatoon, Saskatchewan, Canada

Shares[1]:	Nil
DSUs[5]:	N/A
PSUs:	Nil
Options:	Nil
Market value of securities held[2]:	$0
Minimum ownership[5]:	N/A

Director since October 28, 2007

Non-Independent

Mr. Goheen currently serves as Senior Vice President and Chief Financial Officer of Cameco Corporation. From 1997 to 2004, he served as Vice President and Treasurer of Cameco. He has extensive experience in domestic and international finance in the transportation, petroleum, mining and energy industries. Mr. Goheen received a Bachelor of Commerce degree from the University of British Columbia in 1977 and a Master of Business Administration degree from the University of Western Ontario in 1979. He is also a Certified Management Accountant.

Membership	**Attendance at Meetings**
Board of Directors	3 of 3[4]
Nominating and Corporate Governance Committee	1 of 1[4]

Leonard A. Homeniuk, 61
Toronto, Ontario, Canada

Shares[1]:	278,641
DSUs[6]:	N/A
PSUs:	163,718
Options:	467,265
Market value of securities held[2]:	$7,162,971
Minimum ownership[6]:	N/A

Director since December 11, 2002

Non-Independent

Mr. Homeniuk currently serves as President and Chief Executive Officer of Centerra and has over 30 years of experience in the mining sector, including in exploration, development and production. After assuming progressively more responsible positions with Cameco, he managed Cameco's uranium exploration program and was involved in early work on the McArthur River high-grade uranium deposit, now the world's largest uranium mine. Mr. Homeniuk assumed the position of Chair and President of Kumtor Operating Company in 1992 and was responsible for the acquisition, feasibility work and development of the Kumtor mine. Mr. Homeniuk served in this position, located in Bishkek, Kyrgyz Republic, until 1997 when he was promoted to the position of Executive Vice President with Cameco Gold. In 1999 he became President of Cameco Gold and was responsible for acquiring an ownership interest in the Australian gold exploration company AGR Limited, which directly led to the development of the Boroo mine. In 2004, he was appointed to his present position and oversaw Centerra's initial public offering on the TSX.

Mr. Homeniuk received a Bachelor of Science degree in Geological Engineering in 1970 and a Master of Science degree in 1972, both from the University of Manitoba. He is a member of the Ontario Society of Professional Engineers, Canadian Institute of Mining and Metallurgy and the Prospectors and Developers Association of Canada. Mr. Homeniuk was made an Honorary Professor of the Kyrgyz Mining Institute in 1998.

Membership	**Attendance at Meetings**
Board of Directors	10 of 10

Patrick M. James, 62
Castle Rock, Colorado, U.S.A.

Shares(1):	Nil
DSUs:	70,745
PSUs:	Nil
Options:	Nil
Market value of securities held(2):	$952,228
Minimum ownership(3):	$375,000

Director since April 16, 2004

Independent

Mr. James is the Chair of the board of directors of Centerra and has more than 35 years of experience in the mining industry. He currently serves as CEO of Constellation Copper Corporation. He previously served as President and Chief Executive Officer of Rio Algom Limited from 1997 to 2001. Prior to joining Rio Algom, Mr. James spent 18 years working for Santa Fe Pacific Gold Corporation, where he held various positions of increasing responsibility before being appointed Chairman, President and Chief Executive Officer in 1995. Mr. James holds an M.A. in Management from the University of New Mexico and a B.Sc. in Mining Engineering from the Colorado School of Mines. He currently serves on the boards of Stillwater Mining Company and Constellation Copper Corporation.

Membership	Attendance at Meetings
Board of Directors	8 of 10
Audit Committee	6 of 6
Safety, Health and Environmental Committee	3 of 4
Nominating and Corporate Governance Committee (Chair)	3 of 3

Terry V. Rogers, 61
McCall, Idaho, U.S.A.

Shares(1):	9,000
DSUs:	2,466
PSUs:	Nil
Options:	Nil
Market value of securities held(2):	$154,332
Minimum ownership(3):	$135,000

Director since February 1, 2003

Non-Independent

Mr. Rogers served as Senior Vice President of Cameco Corporation until his retirement in June 2007, overseeing the remediation of the Cigar Lake Mine, and has more than 30 years experience in the coal, gold, lignite and uranium mining business. Before that, he served as Senior Vice-President and Chief Operating Officer of Cameco. Prior to being appointed Senior Vice President and Chief Operating Officer of Cameco in 2003, he served as President of Kumtor Operating Company in the Kyrgyz Republic. Prior to his association with Cameco, Mr. Rogers served with Morrison-Knudsen Company and its subsidiaries at a variety of operating sites worldwide and in the corporate headquarters in Boise, Idaho. His assignments included that of Managing Director, Technical for MIBRAG mbH, a company in Leipzig, Germany producing lignite from three open cast mines and generating electricity at three coal-fired power stations. Mr. Rogers has also served as president of the Jerooy Gold Company, worked for MK Gold Company in the Kyrgyz Republic and served as General Manager of American Girl Mining Joint Venture with MK Gold in Southern California. Other assignments with Morrison-Knudsen include operations management at several gold and coal mining projects in the United States. Mr. Rogers received an Associate degree in Applied Science from the Superior Technical Institute in Wisconsin in 1972. Mr. Rogers currently serves on the board of directors of Hecla Mining Company.

Membership	Attendance at Meetings
Board of Directors	10 of 10
Safety, Health and Environmental Committee	4 of 4

Josef Spross, 73
Saskatoon, Saskatchewan, Canada

Shares(1):	Nil
DSUs:	24,228
PSUs:	Nil
Options:	Nil
Market value of securities held(2):	$326,109
Minimum ownership(3):	$135,000

Director since April 30, 2004

Independent

Mr. Spross has extensive experience in mining and has played an important role in the development and operation of Cameco Corporation's uranium and gold properties. After managing the Key Lake Operation for 15 years, he was appointed Vice President of Uranium Mining in 1993. In 1995 he was appointed Vice President of Mining and in May 1996, Mr. Spross assumed the position of Executive Vice President of Kumtor Operating Company in the Kyrgyz Republic and managed the successful transition of the Kumtor project from development to production. After his return to Canada in April 1997, he was appointed as Cameco's Senior Vice President and Chief Operating Officer. Mr. Spross received a Master's degree in Mine Engineering from Clausthal-Zellerfeld University in Germany and completed a three-year post graduate studies program with the Ministry for Mining and Administration where he graduated as "Bergassessor". At the end of 1999, Mr. Spross retired and assumed the position of President and Past President of the Saskatchewan Mining Association in February 2000 (a four-year term). Mr. Spross currently serves on the board of directors of Claude Resources Inc.

Membership	Attendance at Meetings
Board of Directors	10 of 10
Human Resources and Compensation Committee	6 of 6
Reserves Committee	2 of 2
Safety, Health and Environmental Committee (Chair)	4 of 4

Anthony J. Webb, 61
Victoria, British Columbia, Canada

Shares(1):	Nil
DSUs:	26,502
PSUs:	Nil
Options:	Nil
Market value of securities held(2):	$356,717
Minimum ownership(3):	$135,000

Director since April 30, 2004

Independent

Mr. Webb has over 30 years of diverse experience in the mineral sector including, most recently, business development, strategic planning and minerals marketing. He served as Vice President, Corporate Development of Cameco Corporation from 1997 until his retirement in 2003. He originally joined the predecessor company to Cameco in 1982 and held positions of increasing responsibility including Assistant to the Chairman and CEO and Director, Corporate Development. Mr. Webb received a Bachelor of Science degree in 1968 and a Master of Science degree in 1970, both from McGill University. He received a Master of Business Administration degree from the University of Western Ontario in 1974.

Membership	Attendance at Meetings
Board of Directors	10 of 10
Human Resources and Compensation Committee (Chair)	6 of 6
Nominating and Corporate Governance Committee	3 of 3

(1) Information about Centerra Shares owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of Centerra, has been provided by the respective nominee.
(2) The market value of Centerra securities held by a director is the value of the director's DSUs and Shares based upon the closing price on the TSX of Centerra's Shares on March 31, 2008, which was $13.46. For Mr. Homeniuk it includes the unadjusted value of PSUs and the net value of unexercised in-the-money stock options.
(3) For a description of minimum ownership requirements of directors, please refer to section 12 of the board mandate attached hereto as Appendix "A".
(4) Mr. Goheen was appointed as a director on October 28, 2007 to replace Gerald Grandey who resigned on October 28, 2007. Mr. Grandey attended 6 of 7 meetings of the board of directors and 2 of 2 meetings of the Nominating and Corporate Governance Committee prior to his resignation.
(5) Mr. Goheen is a senior officer of Cameco and, as such, is not remunerated for his service on the board of directors. As a result, he is not subject to the minimum ownership requirement that applies to non-executive directors of Centerra and is not eligible to receive DSUs.
(6) Mr. Homeniuk is the President and Chief Executive Officer of Centerra and, as such, is not remunerated for his service on the board of directors. As a result, he is not subject to the minimum ownership requirement that applies to non-executive directors of Centerra and is not eligible to receive DSUs. As President and Chief Executive Officer, Mr. Homeniuk is required to hold Shares equivalent in value to 100% of his base salary. Mr. Homeniuk has met such ownership requirement.

New Director Nominees

Sheryl Pressler, 57
Atlanta, Georgia, U.S.A.

Independent

Ms. Pressler is currently an investment and strategy consultant in Atlanta, Georgia. From 2000 to 2001, she served as chief executive officer of Lend Lease Real Estate Investments-United States. From 1994-2000, she served as chief investment officer of California Public Employees' Retirement System. Prior thereto, she was responsible for the investment management of the retirement funds for the McDonnell Douglas Corporation. Ms. Pressler received a Bachelor of Arts degree from Webster University and a Master of Business Administration degree from Washington University. Ms. Pressler currently serves on the board of directors of Stillwater Mining Company (and is chair of the audit committee of Stillwater) and ING Mutual Funds . She also serves on several advisory and not-for-profit boards.

Bruce Walter, 50
Toronto, Ontario, Canada

Independent

Mr. Walter is currently Chairman and CEO of Four Mile Investments Inc. involved in investments and financial and strategic advisory services. From 2002 until 2007, Mr. Walter was a director and officer of Dynatec Corporation, initially as Vice-Chairman and from 2005 as President and CEO. Prior thereto his career included serving as President of Sherritt Inc., President and CEO of Plaintree Systems Inc., and Managing Director and Co-Head of the Media, Telecom & Technology investment and corporate banking group at BMO Nesbitt Burns. Mr. Walter also served as VP of Horsham Corporation and was a partner in the predecessor law firm to Davies Ward Phillips & Vineberg LLP. Mr. Walter received his Bachelor of Laws and Master of Business Administration degrees from York University in 1981. He received his PhD in law in 1985 from the University of Cape Town. Mr. Walter currently serves on the boards of The Westaim Corporation and the National Ballet School of Canada.

Except as noted below, to Centerra's knowledge, no nominee for director is or has been in the last 10 years a director, chief executive officer or chief financial officer of any company that: (a) was subject to an order that was issued while the nominee was acting in that capacity, or (b) was subject to an order that was issued after the nominee ceased to act in that capacity and which resulted from an event that occurred while that person was acting in that capacity. For the purposes of the foregoing, "order" means (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, which was in effect for a period of more that 30 consecutive days.

On November 8, 2007, Constellation Copper Corporation's management requested that relevant securities regulatory authorities put in place a management cease trade order covering all directors, officers and insiders of Constellation Copper Corporation during the period that financial statements were being prepared as a result of a delay in filing interim financial statements due to the possibility of the need to disclose a subsequent event. The financial statements were filed as scheduled on January 16, 2008 and the management cease trade order was lifted on that day. Mr. Patrick M. James, Chairman of Centerra's board of directors is currently and was during the time the management cease trade order of Constellation Copper Corporation was in effect a director and chief executive officer of Constellation Copper Corporation.

To Centerra's knowledge, no nominee for director: (a) is or has been in the last 10 years a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has in the last 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Committee Members

The following table sets out the members of each of the committees of Centerra's board of directors as at March 31, 2008:

Audit Committee

Ian G. Austin (Chair)
John S. Auston(1)
Patrick M. James

Nominating and Corporate Governance Committee

Patrick M. James (Chair)
Ian G. Austin
O. Kim Goheen
Anthony J. Webb

Human Resources and Compensation Committee

Anthony J. Webb (Chair)
Ian G. Austin
Josef Spross

Safety, Health and Environmental Committee

Josef Spross (Chair)
Almazbek S. Djakypov
Patrick M. James
Terry V. Rogers

Reserves Committee

John S. Auston (Chair)(1)
Almazbek S. Djakypov
Josef Spross

(1) Mr. Auston is not standing for re-election to Centerra's board of directors.

Appointment of Auditors

The management representatives designated in the enclosed form of proxy intend to vote **FOR** the re-appointment of KPMG LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the board of directors to fix their remuneration. KPMG LLP was appointed auditors of the Corporation on May 10, 2005.

Audit, tax and other fees billed by KPMG LLP in respect of the financial years ended December 31, 2007 and 2006 were as follows:

	2007 (US$)	**2006** (US$)
Audit Fees	694,000	614,000
Audit Related Fees(1)	118,000	—
Tax Fees(2)	21,000	15,000
All Other Fees(3)	13,000	—
Total	846,000	629,000

(1) Audit Related Fees in 2007 comprise amounts paid for accounting for potential corporate transactions.
(2) Tax Fees comprise amounts paid for tax compliance and advisory services.
(3) All Other Fees comprise amounts paid for staff training.

All non-audit services to be provided by KPMG LLP must be pre-approved by the Audit Committee.

EXECUTIVE COMPENSATION

Composition of the Human Resources and Compensation Committee

The members of the Human Resources and Compensation Committee (the "HRC Committee") of Centerra are Anthony J. Webb (Chair), Ian G. Austin and Josef Spross. None of the members of the HRC Committee is an officer or employee of the Corporation or any of its affiliates or is eligible to participate in the Corporation's executive compensation program.

Report on Executive Compensation

Centerra's executive compensation program reflects market practice and is designed to provide compensation levels consistent with compensation levels and practices at comparator group companies in the mining industry. The objectives of Centerra's compensation program are to:

- Attract, retain and motivate senior executives operating in a highly demanding and competitive business environment;
- Link executive compensation to corporate performance and the creation of shareholder value; and
- Reward successful achievement of corporate and individual performance objectives.

Centerra seeks to achieve the objectives of the executive compensation program through the following key components: (1) base salary, (2) annual performance cash bonus, and (3) long term incentives consisting of performance share units ("PSUs"), stock options and share appreciation rights. Centerra does not have an executive pension plan.

Centerra's policy is to provide its officers with total compensation that is within the 3rd quartile of the total compensation paid by its comparator group of companies if company and individual performance meets targets, and at the 75th percentile of its comparator group when performance exceeds targets. Compared to its comparator group, Centerra executive compensation has a greater proportion of total compensation weighted to variable pay. Therefore, a significant portion of executive compensation is comprised of variable rather than fixed compensation, and is dependent on performance.

Centerra's comparator group of companies includes international gold and base metals mining companies with annual revenue of between 0.5 to 2.5 times Centerra's annual revenue.

HRC Committee's Annual Review Process

The HRC Committee annually reviews the recommendations of the Chief Executive Officer regarding the individual performance rating, base salary and annual performance cash bonus, and PSUs and stock options awards for Centerra's executive officers, and makes recommendations to the board of directors.

The HRC Committee does a formal assessment of the Chief Executive Officer's performance and makes recommendations to the board of directors for final approval of the Chief Executive Officer's performance rating, base salary and annual performance cash bonus, and PSUs and stock option awards.

Centerra uses a variety of compensation surveys conducted by independent compensation consulting firms in order to compare the total remuneration of its executives with the total remuneration of executives in peer group companies. In 2007, the surveys used were the 2007 Hay Group Global Mining Compensation Report, 2007 PWC/Coopers Consulting Mining Industry Salary Survey and 2007 Mercer Proxy Data. These surveys are supplemented with publicly available compensation information, such as information contained in public issuers' management information circulars describing amounts paid to such issuers' named executive officers. The amounts paid in 2007 by Centerra to consulting firms to conduct compensation surveys and other compensation consulting services are as follows:

Consultant	Amount Paid in 2007
The Hay Group	$49,725
Mercer Consulting	2,195
PWC/Coopers Consulting	5,300
Total	**$57,220**

In 2007, The Hay Group and Mercer Consulting only provided compensation-related services to Centerra, and PricewaterhouseCoopers LLP provided compensation, SOX compliance, tax and other consulting services.

Components of Executive Compensation

Centerra's executive compensation program is comprised of three components: (1) a base salary targeted at the 50th percentile of the market, (2) a short term incentive plan targeted at the 50th percentile and (3) a long term incentive plan made up of PSUs and stock options targeted at the 50th percentile. The total compensation program is designed to allow for total compensation levels to reach 75th percentile if justified by performance. Centerra's executive compensation program does not include defined benefit or defined contribution pension or any retirement savings plans.

Base Salary

Base salary is a fixed component of pay intended to compensate executive officers for fulfilling their duties. Annual base salary levels for executive officers are normally established on a preliminary basis for each year utilizing external surveys of base salaries paid to executive officers having comparable responsibilities at comparator group companies. Actual base salaries are then recommended by the HRC Committee and approved by the board of directors based upon the average salary levels so established and an assessment of each executive officer's actual performance during the prior year. Adjustments from the prior year's base salaries were determined by the performance level of the executive officer, market competitiveness and company performance. Salaries paid to the named executive officers in 2007 are reflected in the "Summary Compensation Table" on page 19.

Annual Bonus

Centerra's annual incentive plan is a short-term incentive providing annual performance cash bonuses based upon the achievement of individual and corporate targets in the year. All employees are eligible to participate in the plan. Individual performance factors and the weight given to each factor are determined for the President and Chief Executive Officer by the HRC Committee, and for all other executive officers by the President and Chief Executive Officer, subject to confirmation by the HRC Committee. Corporate performance factors are determined by the HRC Committee in consultation with the President and Chief Executive Officer. Individual performance and corporate performance are given equal weighting in determining incentive payments.

Targeted annual performance cash bonuses are set at 50% of base salary for the Chief Executive Officer and 30-40% for the other named executive officers. When performance meets expectations, executives earn 100% of their target bonus. Depending on individual and corporate performance, annual performance cash bonuses may exceed or fall short of 100% of target. Based upon 2007 performance, the named executive officers other than the Chief Executive Officer received cash bonuses that ranged from 23% to 46% of base salary. The HRC Committee and board of directors have not yet determined the amount of the annual performance cash bonus in respect of 2007 that will be paid to the Chief Executive Officer in 2008.

Long Term Incentive Plan

Centerra's performance share unit ("PSU") plan is a long-term incentive plan that permits Centerra to grant PSUs to its employees and executive officers. The purpose of the PSU plan is to link executive and non-executive performance with Centerra's performance in increasing shareholder value over the longer term, especially in comparison with other gold companies over a period of three years. The number of PSUs awarded is based upon a target percentage of the participant's base salary and Centerra's closing share price on the Toronto Stock Exchange on the first trading day of the year that the PSUs are granted. The target percentage varies depending upon the participant's level of responsibility.

PSUs represent the right to receive the cash equivalent of a Share based upon the 90-day weighted average trading price or, at Centerra's election, a Share purchased on the market, on a deferred basis. Each PSU vests three years from December 31 of the calendar year in respect of which the PSU is granted, or such earlier date as determined by the board of directors. The first PSUs were issued June 30, 2004, the date of the Corporation's initial public offering, and vested December 31, 2006. Payment was made in January 2007. PSUs were awarded to employees and executive officers on January 4, 2005, January 3, 2006 and January 2, 2007. These PSUs will vest on December 31, 2007, December 31, 2008 and December 31, 2009, respectively.

At vesting, the number of PSUs which are redeemed may be higher or lower than the number of PSUs initially credited to a participant. The table below sets out the adjustment factors for determining the number of PSUs which will vest based upon Centerra's total return performance relative to the S&P/TSX Global Gold Index Total Return Investment Value (the "TRIV") during the applicable three-year period.

Centerra Total Return Performance vs. TRIV	Adjustment Factor
≥1.50	1.50
>1.25	1.35
>1.10	1.20
>1.00	1.05
>0.95	0.90
>0.90	0.75
>0.85	0.60
>0.75	0.45
under 0.75	Payout subject to board discretion

The number of PSUs that vest is determined by multiplying the number of PSUs credited to the participant by the adjustment factor. The increase in Centerra's share price compared to the TRIV for PSUs issued in 2005 was 1.31 and resulted in an adjustment of 1.35 in the number of PSUs credited to the participants at vesting on December 31, 2007. If dividends are paid on Centerra's Shares, additional PSUs will be credited to the participant's account. The number of additional PSUs credited to a participant's account is determined by dividing the dollar amount of the dividends payable in respect of the PSUs allocated to the participant's account by the fair market value of Shares on the date credited. Centerra currently does not pay dividends.

In the event of a change of control, the PSU plan provides that the surviving, successor or acquiring entity must assume any outstanding PSUs or substitute similar performance share units for the outstanding PSUs. If, however, the PSU plan is terminated upon a change of control, all outstanding PSUs will become fully vested and immediately payable within 30 days, based upon the performance criteria set out above and the fair market value of the Shares, as of the date of termination. In addition, if, as a result of a change of control, a participant's employment with the surviving, successor or acquiring entity is terminated within six months of the change of control, all PSUs or substituted similar performance share units then held by the participant will become fully vested and immediately payable within 30 days, based upon the performance criteria set out above, as of the date of the participant's termination of employment.

The PSU plan is administered by the HRC Committee and PSUs are awarded at the discretion of the board of directors.

Stock Option and Share Appreciation Rights Plan

The purpose of Centerra's stock option and share appreciation rights plan (the "Option Plan") is to link executive performance with successful, sustained long-term company performance that increases shareholder value. Currently, the Chief Executive Officer and executive officers of Centerra are annually eligible to receive stock options, or in the case of expatriate executives, phantom options, and share appreciation rights.

Under the Option Plan, stock options may be granted with a related share appreciation right. In these circumstances, the holder may elect to surrender all or a portion of an option in exchange for cash equal to the fair market value of the Shares issuable on exercise of the surrendered option or portion thereof, less the exercise price and any applicable taxes. Centerra may, in its sole discretion, require a holder who has exercised a share appreciation right to exercise the holder's options instead, or it may elect to satisfy the cash amount owing upon exercise of a share appreciation right in Shares. Stock options granted in 2005, 2006 and 2007 did not include a share appreciation right.

Stock options granted under the Option Plan are non-transferable, other than by will or the laws of descent and distribution. Stock options must be exercised no later than eight years after the date of the grant and are subject to a vesting schedule whereby stock options granted: (i) on or prior to December 7, 2005 will become vested as to one-fifth on the first anniversary of the grant and one-fifth on each of the four subsequent anniversaries of the grant, and (ii) after December 7, 2005 will become vested as to one-third on the first anniversary of the grant and one-third on each of the two subsequent anniversaries of the grant.

A maximum of 18,000,000 Shares have been made available for issuance upon exercise of stock options granted under the Option Plan, representing 8.32% of the Corporation's currently outstanding Shares. The maximum number of Shares that may be issued to any individual or any insider of the Corporation under the Option Plan within a twelve month period may not exceed 5%, or 10,815,909, of the outstanding Shares. The following table summarizes aggregated information regarding the Corporation's outstanding stock options under the Option Plan.

Number of Shares Issuable Upon Exercise of Outstanding Options	Weighted-average Exercise Price of Outstanding Options	Number of Options Remaining Available for Issuance
962,028	$9.17	16,958,599 (1)

(1) 79,373 options were exercised by certain of Centerra's optionholders in 2007, none of which were employed by the Corporation as at December 31, 2007.

The HRC Committee may amend, suspend or terminate the Option Plan at any time, subject to any required regulatory or shareholder approval. No amendment, suspension or termination may materially adversely affect any options or rights granted to a participant without the participant's consent. If the Option Plan is terminated, its provisions will continue as long as options or rights remain outstanding. With the consent of the participant, the HRC Committee may amend or modify any outstanding option to the extent it would have had authority to initially grant the option as so modified.

If a participant in the Option Plan dies, options which have vested will be exercisable for a period of one year by the participant's legal representatives. Options not vested will expire. If a participant retires or becomes disabled, unvested options will continue to vest and vested options will continue to be exercisable for a period of three years from the date of retirement or disability. Options not vested in that time will expire. If a participant ceases to be eligible under the Option Plan for any other reason, except due to a change in control, each option held by the participant which is vested as at the date the participant ceases to be eligible under the Option Plan may be exercised during the period commencing on the date such option would have become exercisable had the participant continued to be eligible under the Option Plan and ending 90 days thereafter, after which time all unexercised options held by the participant will expire. In the event of a change of control, all options will vest immediately and the participant may exercise his or her options for a period of 90 days after the change in control following which unexercised options will expire.

On May 9, 2007, the shareholders of Centerra approved an amendment to the Option Plan to provide that the board or the HRC Committee may make any amendments to the Option Plan, or to options granted thereunder, except the following amendments which require shareholder approval:

1. amendments to the number of Shares issuable under the Option Plan, including an increase to a fixed maximum number of Shares or a change from a fixed maximum number of Shares to a fixed maximum percentage;
2. amendments that increase the length of the period after a blackout period during which options or any rights pursuant thereto may be exercised;
3. amendments that would reduce the exercise price of an option or that would result in the exercise price for any option being lower than the fair market value of a Share at the time the option is granted, except a reduction in connection with any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution, or other change in the capital of the Corporation affecting Shares;
4. any amendment expanding the categories of eligible person which would have the potential of broadening or increasing insider participation;
5. amendments to termination provisions providing an extension beyond the original expiry date, or a date beyond a permitted automatic extension in the case of an option expiring during a blackout period;
6. the addition of any other provision which results in participants receiving Shares while no cash consideration is received by the Corporation; and
7. amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

The amendment allows matters of an administrative or technical nature to be dealt with in a timely and expeditious manner, while requiring shareholder approval for amendments that substantially alter the terms of the Option Plan and options granted pursuant to the Option Plan.

The shareholders of Centerra also approved an amendment to the Option Plan to provide for an automatic extension to 10 business days following the end of a blackout period for the term of options that would otherwise expire during a blackout period.

The HRC Committee designates the recipients of stock options and the terms and conditions of each grant. Options are granted at prices no lower than the weighted average trading price of the Shares for the five trading days prior to the date of the grant. The number of options awarded is based upon a target percentage of the base salary. The target percentage varies depending upon the executive's level of responsibility. The amount and terms of outstanding options, share appreciation rights, and PSUs are not taken into account when determining whether and how many new option grants will be made.

Share Ownership Requirements

All executive officers are required to hold a minimum number of Shares to further align the interests of the executive officers with those of the shareholders. The minimum number of Shares is equal to a specified percentage of base salary (100% of base salary for the Chief Executive Officer and 50% of base salary for other executive officers) within five years from the date of employment of the individual. The Option Plan allows executive employees and officers, through options, to acquire an ownership interest in Centerra. Currently, of the named executive officers, Leonard Homeniuk, David Petroff, Frank Herbert and

Ron Colquhoun own Shares and Mr. Homeniuk and Mr. Petroff have met the share ownership requirement. The named executive officers have several years to meet the requirements.

2007 Corporate Performance

Corporate performance is based equally upon the following financial and operational targets for annual incentive plan purposes:

- safety (using a recordable index, which includes lost-time and medical injuries of Centerra employees and long term contractors. Medical recordables are incidents which require medical treatment but did not result in any lost time from work);
- environmental (incidents and reportables, based upon the severity of the incident);
- total cash cost per ounce of gold produced (note that in order to have a performance measure that is more reflective of factors employees can directly control and influence, some costs are excluded from the annual incentive plan total cash cost calculation and, therefore, the total cash cost per ounce determined for this purpose will be different than the total cash cost reported in Centerra's financial statements);
- ounces of gold produced; and
- the change in the Corporation's net asset value ("NAV") from year to year.

Centerra has adopted a mission statement and a set of guiding principles which commit it to being a leading performer among its peers and to operating at international standards. This includes a commitment to the environment and to safety. Consequently, these aspects of its activities are included as key corporate performance measures.

For 2007, the safety performance measure was based upon recordable injury frequency ("RIF") which is defined as the sum of the number of lost time injuries plus the number of medical aid injuries, multiplied by 200,000. The resulting amount is then divided by the aggregate number of hours worked. The RIF allows Centerra to measure its performance against international industry best practices. Centerra's RIF was 0.79 in 2006 and 0.91 in 2007. The safety performance of Centerra's operations resulted in an RIF that is significantly better than the average for the mining industry in Ontario. It is Centerra's objective to reduce the RIF by continually improving health and safety management systems.

In 2007, Centerra's environmental performance continued to be very good. Environmental performance is measured by Centerra's success in preventing spills that affect the environment. Centerra had three environmental incidents in 2007, none of which had any material environmental impact.

In 2007, Centerra did not meet its target incentive plan cash cost per ounce of gold or target gold production. For 2007, the total incentive plan cash cost per ounce was $515, $78 higher than the target of $437. Production was 555,410 ounces of gold, which was 144,590 ounces below production target of 700,000 ounces. The Kumtor mine fell short of its target by 149,138 ounces with production of 300,862 ounces of gold, below the production target of 450,000 ounces. The Boroo mine produced 254,548 ounces of gold, exceeding its target of 250,000 ounces by 4,548 ounces.

Centerra's 2007 corporate performance regarding total cash cost per ounce, ounces produced and change in the Corporation's NAV is set out in the following table:

2007 CORPORATE PERFORMANCE MEASURES

	Annual Incentive Plan Total Cash Cost per Ounce	Production (total ounces of gold)	2007 Year-end NAV/ 2006 Year-end NAV
Target	$437	700,000	110%
Actual results	$515	555,410	46%

Overall, Centerra's corporate performance for the purpose of determining employee cash incentive awards was below the target factor of 1.0, with Centerra as a whole achieving a performance rating of 0.58. The Kumtor mine achieved a rating of 0.38 and the Boroo mine achieved a rating of 1.0. Since one of the factors determining executive incentive payments is corporate performance, the lower than target performance resulted in lower incentive payments.

Compensation of Chief Executive Officer

The HRC Committee and board of directors annually review the performance and total remuneration of Mr. Homeniuk, and approve compensation adjustments based upon the following factors:

- Mr. Homeniuk's individual performance;
- Centerra's corporate performance;
- Remuneration paid to chief executive officers of comparator group companies; and
- Centerra's compensation program objectives.

The components of total compensation paid to Mr. Homeniuk are the same as those paid to other executive officers of Centerra. In determining Mr. Homeniuk's compensation, the HRC gave equal weight to the foregoing factors.

Under the leadership of Mr. Homeniuk, Centerra's executive team achieved the following important objectives in 2007:

- successfully negotiated the preliminary framework agreement with the Government of the Kyrgyz Republic which provides for the Government's full commitment to and support for Centerra's continuing long-term development of the Kumtor project;
- commenced underground development at Kumtor;
- commenced construction of the heap leach project at Boroo;
- successfully negotiated amendments to the Boroo Stability Agreement with the Government of Mongolia which reaffirm Centerra's rights to exploit the Boroo gold deposit under a stable tax and operational regime and pave the way to commencement of negotiations of a definitive investment agreement in respect of the Gatsuurt project;
- successfully registered Gatsuurt geological reserves;
- continued to attain impressive record in health and environmental stewardship meeting almost all targets. One unfortunate fatality in Kumtor resulted in redoubling of all efforts to strengthen safety targets for 2008, especially pertaining to contractor employees;
- added several experienced mining executives to the management team; and
- opened a representative office in Beijing in anticipation of future development projects in Asia.

Mr. Homeniuk's total compensation for 2007 was $1,856,345, which was comprised of:

- base salary of $543,144 (which was determined commensurate with Mr. Homeniuk's 2006 individual performance);
- PSUs with a value of $631,559 at the date of grant;
- 111,054 stock options, valued on the date of the grant using the Black-Scholes option pricing model at $631,563; and
- perquisites and personal benefits in the amount of $50,079.

The HRC Committee and board of directors have not yet determined the amount of the annual performance cash bonus in respect of 2007 that will be paid to Mr. Homeniuk in 2008. In light of Centerra's 2007 corporate performance and accomplishments and Mr. Homeniuk's role in connection therewith, the HRC Committee believes the amounts paid to date are appropriate.

Target Compensation

Based upon the various components of the executive compensation program described above, using the base salary in effect as of April 1, 2007, the total target cash compensation designed for Centerra's executive officers for 2007 is shown in the following table. An adjustment to base salaries will take effect April 1, 2008. All amounts shown are calculated on an annual basis.

	Non-Incentive Compensation			Performance-Based Compensation (at target)				Total Compen- sation	Performance- Based Compensation
Name and Principal Position	Salary	Other	Total	Bonus	PSUs	Options	Total	(at target)	as % of total compensation
Leonard Homeniuk President and Chief Executive Officer	$543,144	$60,123	$603,267	$271,572	$678,930	$678,930	$1,629,432	$2,232,699	73%
David Petroff Executive Vice-President and Chief Financial Officer	392,162	43,983	436,145	156,865	313,730	313,730	784,325	1,220,470	64%
Stephen Lang(1) Vice President and Chief Operating Officer	385,000	Nil	385,000	154,000	308,000	308,000	770,000	1,155,000	67%
Ian Atkinson Vice-President, Exploration	278,897	36,997	315,894	83,669	139,449	139,449	362,567	678,461	53%
Ron Colquhoun Vice President, Project Development & Engineering	277,124	26,631	303,755	83,137	138,562	138,562	360,261	664,016	54%
Frank Herbert General Counsel and Corporate Secretary	247,790	33,472	281,262	74,337	123,895	123,895	322,127	603,389	53%

(1) Stephen Lang was appointed Vice President and Chief Operating Officer of Centerra on December 17, 2007. He was not a named executive officer of Centerra under applicable securities law at December 31, 2007. Mr. Lang did not receive any salary or bonus for the financial year ended 2007; however, he was granted 52,921 stock options and awarded 23,245 PSUs upon commencement of his employment.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

The tables and related narrative below present information about the compensation of the Corporation's "Named Executive Officers" (determined in accordance with applicable rules). The total cash compensation paid to the named executive officers in 2007 was $2,202,736. Centerra incurred a net loss of $92.5 million in 2007 (see the Company's 2007 audited financial statements for a description of unusual expenses incurred by Centerra).

SUMMARY COMPENSATION TABLE(1)

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation		All Other Compensation
		Salary	Bonus(2)	Other(4)	Securities Under Options/SARs Granted(5)	Current year PSUs Granted(6)	
Leonard Homeniuk, President and Chief Executive Officer	2007	$533,670	$0(3)	$50,079	111,054	$631,559	—
	2006	496,437	260,520	47,051	102,414	587,486	—
	2005	446,667	509,253	—	110,428	400,010	—
David Petroff, Executive Vice-President and Chief Financial Officer	2007	384,900	122,825	34,258	51,080	290,492	—
	2006	358,585	155,775	79,788	48,114	276,003	—
	2005	338,333	240,327	—	67,292	243,759	—
Ian Atkinson, Vice President Exploration(7)	2007	274,642	63,086	27,620	23,024	130,932	—
	2006	258,906	74,536	49,047	21,789	125,015	—
	2005	52,084	30,234	—	Nil	89,880	—
Ron Colquhoun, Vice President, Project Development & Engineering(8)	2007	247,579	62,685	21,549	19,801	112,600	—
	2006	222,659	66,888	16,566	18,741	107,494	—
	2005	53,750	26,002	3,990	Nil	Nil	—
Frank Herbert, General Counsel and Corporate Secretary	2007	241,099	108,206	30,538	19,432	110,517	—
	2006	218,269	70,568	27,620	18,303	105,008	—
	2005	210,000	138,465	—	21,741	78,753	—

(1) All amounts shown have been adjusted to take into account the three-for-one stock split on June 1, 2006. All dollar amounts are expressed in Canadian dollars.

(2) Amounts shown were earned in relation to the financial year indicated and paid in the subsequent year.

(3) Mr. Homeniuk's bonus for 2007 has not yet been determined by the HRC Committee and board of directors.

(4) For 2005, perquisites and other personal benefits did not exceed $50,000 or 10 per cent of the total annual salary and bonus for any of the named executive officers and, as a result, are not included in the amounts shown. For 2006 and 2007, the amount of perquisites and other personal benefits is shown, even if the amount is below the minimum reportable levels. The amounts indicated represent expenses for leased car or car allowance and car operating expenses, financial planning in lieu of a pension plan, club memberships and taxable benefits related to group benefit plans. For Mr. Homeniuk in 2007, it includes (i) an imputed interest benefit of $12,329 for a company housing loan in the amount of $250,000, repayable on June 17, 2010 and (ii) $12,971 in respect of a car lease. For Mr. Petroff it includes a one-time $50,000 payment in 2006 related to relocation expenses resulting from his transfer from Cameco to Centerra. For Mr. Atkinson it includes a one-time relocation allowance in 2006 related to his relocation upon joining Centerra.

(5) The amounts shown were awarded in the financial year indicated.

(6) Dollar amounts are calculated based upon numbers of PSUs granted multiplied by the Share price on the date of grant. The number of PSUs issued by year, the accumulated number of PSUs held by the named executives and the value of the accumulated PSUs on December 31, 2007, is shown in a table below. PSUs will vest and will be paid out after three years of the grant date. At vesting, the number of PSUs which are redeemed may be higher or lower than the number of PSUs initially awarded to the named executives based upon Centerra's total return performance relative to the S&P/TSX Global Gold TRIV Index and, if dividends are paid on Shares, the crediting of additional PSUs to the executive officers. For information on the PSU plan, including details regarding dividends and vesting, please refer to "– Performance Share Unit Plan".

(7) Mr. Atkinson joined Centerra on October 11, 2005.

(8) Ron Colquhoun joined Centerra on October 3, 2005.

SUPPLEMENTAL COMPENSATION INFORMATION

In order to provide further information that may be of interest to shareholders and describe in more detail executive compensation based upon performance, the following table consolidates information from the Summary Compensation Table set out above and includes additional information on the value of options.

Name and Principal Position	Year	Salary	Other	Performance-Based Compensation			Performance-Based Compensation	Total Compensation
				Bonus	PSUs	Options[2]		
Leonard Homeniuk, President and CEO	2007	$533,670	$50,079	$0[1]	$631,559	$631,563	$1,263,122[1]	$1,846,871[1]
	2006	496,437	47,051	260,520	587,486	587,521	1,435,527	1,979,015
	2005	446,667	—	509,253	400,010	399,926	1,309,189	1,755,856
David Petroff, Executive Vice-President and CFO	2007	384,900	34,258	122,825	290,492	290,490	703,807	1,122,965
	2006	358,585	79,788	155,775	276,003	276,017	707,795	1,146,168
	2005	338,333	—	240,327	243,759	243,708	727,794	1,066,127
Ian Atkinson, Vice President Exploration	2007	274,642	27,620	63,086	130,932	130,938	324,956	627,218
	2006	258,906	49,047	74,536	125,015	124,997	324,548	632,501
	2005	52,084	—	30,234	89,880	Nil	120,114	172,198
Ron Colquhoun, Vice President, Project Development & Engineering	2007	247,579	21,549	62,685	112,600	112,607	287,892	557,020
	2006	222,659	16,566	66,888	107,494	107,500	281,892	424,362
	2005	53,750	3,990	26,002	Nil	Nil	26,002	83,742
Frank Herbert, General Counsel and Corporate Secretary	2007	241,099	30,538	108,206	110,517	110,513	329,236	600,873
	2006	218,269	27,620	70,568	105,008	104,999	280,575	526,464
	2005	210,000	—	138,465	78,753	78,735	295,953	505,953

(1) Mr. Homeniuk's bonus for 2007 has not yet been determined by the HRC Committee and board of directors.

(2) This item represents the portion of total direct compensation that was granted as stock options. A grant of options is valued at the date of the grant using the Black-Scholes option pricing model which The Hay Group, an independent compensation consulting firm, determined for 2007. The value of an option using the Black-Scholes model was $5.69 for 2007, $5.74 for 2006 and $3.62 for 2005. Key assumptions used in the 2007 Black-Scholes valuation were a dividend yield of 0%, a risk-free rate of 4.50%, a volatility of 44.76%, a 3-year vesting period and an 8-year term. The approach used may not be identical to that used by other issuers and is sensitive to the assumptions used. Therefore, the figures may not be directly comparable across issuers.

SUMMARY OF PSUs ISSUED BY YEAR AND AGGREGATE PSUs HELD AS OF DECEMBER 31, 2007

Name and Principal Position	Year	Maturity Date	Number of PSUs Granted	Target Value at December 31, 2007[1]	Accumulated Totals (#)	Accumulated Totals ($)
Leonard Homeniuk[3], President and CEO	2007	Dec. 31, 2009	46,991	$590,677	163,718	2,057,935
	2006	Dec. 31, 2008	60,255	757,405		
	2005	Dec. 31, 2007[2]	56,472	709,853		
David Petroff[3], Executive Vice-President and CFO	2007	Dec. 31, 2009	21,614	271,688	84,335	1,060,091
	2006	Dec. 31, 2008	28,308	355,832		
	2005	Dec. 31, 2007[2]	34,413	432,571		
Ian Atkinson, Vice President, Exploration	2007	Dec. 31, 2009	9,742	122,457	33,064	415,614
	2006	Dec. 31, 2008	12,822	161,173		
	2005	Dec. 31, 2007[2]	10,500	131,985		
Ron Colquhoun, Vice President, Project Development & Engineering	2007	Dec. 31, 2009	8,378	105,311	19,403	243,896
	2006	Dec. 31, 2008	11,025	138,584		
	2005	n/a	Nil	Nil		
Frank Herbert, General Counsel and Corporate Secretary	2007	Dec. 31, 2009	8,223	103,363	30,111	378,495
	2006	Dec.31, 2008	10,770	135,379		
	2005	Dec. 31, 2007[2]	11,118	139,753		
Stephen Lang[4], Vice President and COO	2007	Dec. 31, 2009	23,245	292,190	23,245	292,190
	2006	n/a	Nil	Nil		
	2005	n/a	Nil	Nil		

(1) The value of PSUs is based upon the closing price on the TSX of Centerra Shares on December 31, 2007, which was $12.57. At vesting, the number of PSUs which are redeemed may be higher or lower than the number of PSUs initially awarded to the named executives based upon Centerra's total return performance relative to the S&P/TSX Global Gold TRIV Index and, if dividends are paid on Shares, the crediting of additional PSUs to the executive officers' accounts. For information on the performance share unit plan, including details regarding dividends and vesting, please refer to "– Performance Share Unit Plan".

(2) 2005 PSUs were paid out to officers and employees in January 2008, but are not reported.

(3) In 2007, Mr. Homeniuk received $1,357,525, and Mr. Petroff received $827,266, in respect of the payout of PSUs granted to them in 2004.

(4) Stephen Lang was appointed Vice President and Chief Operating Officer of Centerra on December 17, 2007. He was not a named executive officer of Centerra under applicable securities law at December 31, 2007.

OPTION GRANTS DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2007

Name and Principal Position	Shares Under Options Granted (#)	% of Total Options Granted in 2007[3]	Exercise or Base Price ($/Share)[4]	Market Value of Shares Underlying Options on the Date of Grant ($/Share)[5]	Expiration Date
Leonard Homeniuk, President and CEO	111,054[1]	28.6%	$11.17	$10.95	May 8, 2015
David Petroff, Executive Vice President and CFO	51,080[1]	13.2	11.17	10.95	May 8, 2015
Ian Atkinson, Vice President, Exploration	23,024[1]	5.9	11.17	10.95	May 8, 2015
Ron Colquhoun, Vice President, Project Development & Engineering	19,801[1]	5.0	11.17	10.95	May 8, 2015
Frank Herbert, General Counsel and Corporate Secretary	19,432[1]	5.0	11.17	10.95	May 8, 2015
Stephen Lang[6] Vice President and COO	52,921[2]	13.6	11.43	10.79	Dec. 17, 2015

(1) The options were granted on May 8, 2007.
(2) The options were granted on December 17, 2007.
(3) Based upon the total number of options granted during the financial year ended December 31, 2007 of 388,268.
(4) The exercise price of options is determined based upon the volume weighted average trading price of Shares on the Toronto Stock Exchange for the five (5) trading days immediately preceding the date of the grant.
(5) The market value of the Shares underlying options on the date of grant is based upon the closing price of the Shares on the Toronto Stock Exchange on the date of the grant.
(6) Stephen Lang was appointed Vice President and Chief Operating Officer of Centerra on December 17, 2007. He was not a named executive officer of Centerra under applicable securities law at December 31, 2007.

AGGREGATED OPTION EXERCISES DURING THE YEAR ENDED DECEMBER 31, 2007 AND YEAR-END OPTION VALUES

Name and Principal Position	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options/SARs at December 31, 2007 Exercisable/ Unexercisable (#)	Value of Unexercised in-the-Money Options/SARs at December 31, 2007 Exercisable/ Unexercisable(1)
Leonard Homeniuk, President and CEO	Nil	Nil	164,331 / 302,934	$895,399 / $968,168
David Petroff, Executive Vice-President and CFO	Nil	Nil	95,375 / 158,478	545,640 / 566,714
Ian Atkinson, Vice President, Exploration	Nil	Nil	7,263 / 37,550	0 / 32,234
Ron Colquhoun, Vice President, Project Development & Engineering	Nil	Nil	12,494 / 26,048	0 / 27,721
Frank Herbert, General Counsel and Corporate Secretary	Nil	Nil	14,797 / 44,679	50,959 / 103,646
Stephen Lang, Vice President and COO	Nil	Nil	Nil / 52,921	0 / 60,330

(1) The value of unexercised options is based upon the closing price on the TSX of Centerra Shares on December 31, 2007, which was $12.57.

Employment Agreements

Leonard Homeniuk

Centerra has entered into an employment agreement with Mr. Leonard Homeniuk, the terms of which are substantially as follows: Mr. Homeniuk is Centerra's President and Chief Executive Officer. Mr. Homeniuk's base salary is determined at the discretion of the board of directors upon the recommendation of the HRC Committee. Mr. Homeniuk is also eligible for a target annual incentive of 50% of his salary if Centerra reaches its annual targets and up to a maximum annual incentive of 100% of his salary if these targets are exceeded and shareholder value enhanced accordingly. In addition, Mr. Homeniuk participates in Centerra's performance share unit plan. Mr. Homeniuk also participates in the Option Plan.

If Mr. Homeniuk is terminated without just cause, or he resigns for good reason as defined in the employment agreement, he will be entitled to a lump sum payment equal to his base salary and target annual incentive for 36 months, continuance of participation in the benefits plans for that 36 month period and a lump sum payment of a pro rata bonus for the year of termination. In addition, all PSUs vest immediately and any options that would have vested in that 36 month period vest immediately.

In the event that Mr. Homeniuk's employment is terminated without just cause, or he resigns for good reason, within 24 months following a change of control, Mr. Homeniuk is entitled to immediate payment of all issued PSUs based upon actual performance at the date of the change of control or the date of termination of employment, whichever is higher, and to accelerated vesting of all options at the date of termination of employment or to a lump sum payment in respect of options which cannot vest or become exercisable. Immediate payment of all PSUs and vesting of options is in addition to the lump sum payment equal to Mr. Homeniuk's salary and target annual incentive for 36 months, continuance of participation in the benefits plan for that 36 month period and a lump sum payment of a pro rata bonus for the year of termination that Mr. Homeniuk is entitled to receive on a termination without just cause or resignation for good reason. Mr. Homeniuk is required to hold an amount of Shares equivalent in value to 100% of his base salary. Mr. Homeniuk has met the ownership requirement.

David M. Petroff

Centerra has entered into an employment agreement with Mr. David Petroff, the terms of which are substantially as follows: Mr. Petroff is Centerra's Executive Vice President and Chief Financial Officer. Mr. Petroff's base salary is determined at the discretion of the board of directors upon the recommendation of the HRC Committee. Mr. Petroff is also eligible for a target annual incentive of 40% of his salary if Centerra reaches its annual targets and up to a maximum annual incentive of 80% of his salary if these targets are exceeded and shareholder value enhanced accordingly. In addition, Mr. Petroff participates in Centerra's performance share unit plan. Mr. Petroff also participates in the Option Plan. Mr. Petroff's termination arrangements are the same as those that apply to Mr. Homeniuk. Mr. Petroff is required to hold an amount of Shares equivalent in value to 50% of his base salary. Mr. Petroff has met the ownership requirement.

Stephen Lang

In December 2007, Centerra entered into an employment agreement with Mr. Stephen Lang, the terms of which are substantially as follows: Mr. Lang is Centerra's Vice President and Chief Operating Officer. Mr. Lang's base salary is determined at the discretion of the board of directors upon the recommendation of the HRC Committee. Mr. Lang is also eligible for a target annual incentive of 40% of his salary if Centerra reaches its annual targets and up to a maximum annual incentive of 80% of his salary if these targets are exceeded and shareholder value enhanced accordingly. In addition, Mr. Lang is eligible to participate in Centerra's performance share unit plan. Mr. Lang also participates in the Option Plan.

If Mr. Lang is terminated without just cause, or he resigns for good reason as defined in the employment agreement, he will be entitled to a lump sum payment equal to his base salary and target annual incentive for 24 months, continuance of participation in the benefits plans for that 24 month period and a lump sum payment of a pro rata bonus for the year of termination. In addition, PSUs which have been previously awarded will be paid on a pro rata basis determined by calculating the number of months from the date of issue of the PSU to the end of the 24 month termination period, divided by 36 months. Only options that would have vested in that 24 month period will vest immediately.

In the event that Mr. Lang's employment is terminated without just cause, or he resigns for good reason, within 24 months following a change of control, Mr. Lang is entitled to immediate payment of all issued PSUs based upon actual performance at the date of the change of control or the date of termination of employment, whichever is higher, and to accelerated vesting of all options at the date of termination of employment or to a lump sum payment in respect of options which cannot vest or become exercisable. Immediate payment of all PSUs and vesting of options is in addition to the lump sum payment equal to Mr. Lang's base salary and target annual incentive for 24 months, continuance of participation in the benefits plan for that 24 month period and a lump sum payment of a pro rata bonus for the year of termination that Mr. Lang is entitled to receive on a termination without just cause or resignation for good reason other than within 24 months following a change of control. Mr. Lang is required to hold an amount of Shares equivalent in value to 50% of his base salary, to be achieved within a five-year period.

Ian Atkinson

Centerra has entered into an employment agreement with Mr. Ian Atkinson, the terms of which are substantially as follows: Mr. Atkinson is Centerra's Vice President, Exploration. Mr. Atkinson's base salary is determined at the discretion of the board of directors upon the recommendation of the HRC Committee. Mr. Atkinson is also eligible for a target annual incentive of 30% of his salary if Centerra reaches its annual targets and up to a maximum annual incentive of 60% of his salary if these targets are exceeded and shareholder value enhanced accordingly. In addition, Mr. Atkinson is eligible to participate in Centerra's performance share unit plan. Mr. Atkinson also participates in the Option Plan. Mr. Atkinson's termination arrangements are the same as those that apply to Mr. Lang. Mr. Atkinson is required to hold an amount of Shares equivalent in value to 50% of his base salary, to be achieved within a five-year period.

Ron Colquhoun

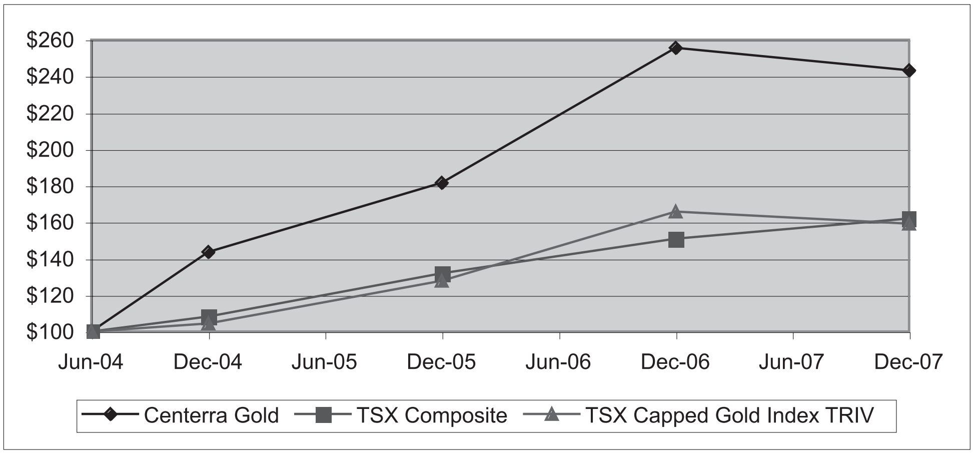
Centerra has entered into an employment agreement with Mr. Ron Colquhoun, the terms of which are substantially as follows: Mr. Colquhoun is Centerra's Vice President, Project Development & Engineering. Mr. Colquhoun's base salary is determined at the discretion of the board of directors upon the recommendation of the HRC Committee. Mr. Colquhoun is also eligible for a target annual incentive of 30% of his salary if Centerra reaches its annual targets and up to a maximum annual incentive of 60% of his salary if these targets are exceeded and shareholder value enhanced accordingly. In addition, Mr. Colquhoun is eligible to participate in Centerra's performance share unit plan. Mr. Colquhoun also participates in the Option Plan. Mr. Colquhoun's termination arrangements are the same as those that apply to Mr. Lang. Mr. Colquhoun is required to hold an amount of Shares equivalent in value to 50% of his base salary, to be achieved within a five-year period.

Frank Herbert

Centerra has entered into an employment agreement with Mr. Frank Herbert, the terms of which are substantially as follows: Mr. Herbert is Centerra's General Counsel and Corporate Secretary. Mr. Herbert's base salary is determined at the discretion of the board of directors upon the recommendation of the HRC Committee. Mr. Herbert is also eligible for a target annual incentive of 30% of his salary if Centerra reaches its annual targets and up to a maximum annual incentive of 60% of his salary if these targets are exceeded and shareholder value enhanced accordingly. In addition, Mr. Herbert is eligible to participate in Centerra's performance share unit plan. Mr. Herbert also participates in the Option Plan. Mr. Herbert's termination arrangements are the same as those that apply to Mr. Lang. Mr. Herbert is required to hold an amount of Shares equivalent in value to 50% of his base salary, to be achieved within a five-year period.

PERFORMANCE GRAPH

The following graph compares the cumulative shareholder return for $100 invested in Shares from June 30, 2004 to December 31, 2007, with the cumulative return of the TRIV for the same period. Centerra's Shares were initially offered on June 30, 2004 at a price of $5.17 per share (adjusted for the three-for-one stock split on June 1, 2006). The closing price of Centerra's Shares on the TSX on December 31, 2007 was $12.57.



COMPENSATION OF DIRECTORS

Only directors who are not employees of Centerra, Cameco or their subsidiaries are paid for serving as directors of Centerra. Centerra's compensated directors receive a retainer of $45,000 per year. The chair of each committee of the board also receives an additional retainer of $3,000 per year except the chair of the Audit Committee, who receives an additional retainer of $6,000 per year. Directors receive an attendance fee of $1,250 for each board meeting and committee meeting that they attend and $1,750 for each Audit Committee meeting that they attend. Directors are reimbursed for travel and other out-of-pocket expenses incurred in connection with meetings of the board of directors or any committee of the board and are provided a travel allowance of $1,250 per meeting ($3,750 in the case of Kyrgyzaltyn's nominee). Of the retainer, a minimum of 60% is paid as DSUs and each director may elect to receive the balance of the retainer equal to 40% of the retainer, chair and meeting fees (travel fees are excluded) in the form of DSUs, cash or DSUs and cash. In addition to these amounts, the directors receive annually an additional payment of 40% of the retainer, chair and meeting fees payable in DSUs.

Mr. Patrick M. James is the non-executive Chair of the board. Mr. James sits on three committees and chairs one. Mr. James is entitled to an annual retainer in the amount of $125,000, 60% of which is paid in DSUs and the remaining 40% of the retainer, chair and meeting fees (travel fees are excluded) earned is paid in the form of DSUs, cash or DSUs and cash on election. Mr. James is also entitled to the usual fees for attending board and committee meetings. Centerra also provides Mr. James with a club membership.

TOTAL DIRECTOR REMUNERATION EARNED DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2007

Director	Paid as Cash	Paid as DSUs(1)	Total
Ian G. Austin	$45,250	$ 79,100	$124,350
John S. Auston(2)	Nil	105,150	105,150
Almazbek S. Djakypov	32,500	70,000	102,500
O. Kim Goheen	Nil	Nil	Nil
Leonard A. Homeniuk	Nil	Nil	Nil
Patrick M. James	34,750	187,400	222,150
Terry V. Rogers(3)	20,250	25,500	45,750
Josef Spross	52,250	57,200	109,450
Anthony J. Webb	49,750	55,200	104,950

(1) The value of DSUs is based upon the closing price on the TSX of Centerra Shares on the grant date.

(2) Mr. Auston is not standing for re-election to Centerra's board of directors.

(3) Mr. Rogers retired from Cameco in June 2007 and as a result became eligible to receive director remuneration for his service on the board and on committees of the board. Amounts reflected above are for service after his retirement from Cameco.

Directors Deferred Share Unit Plan

Centerra has established a deferred share unit plan to provide for compensated directors to receive a portion of their director's compensation as DSUs. As DSUs are received as compensation for services in lieu of cash remuneration, they represent an investment by directors in Centerra similar in some respects to share ownership. Directors may elect to receive all of their director's compensation as DSUs. Centerra believes that the implementation of this plan will further align the interest of these directors with those of the shareholders. Directors who are officers of Cameco, Centerra or their subsidiaries do not receive DSUs for serving as directors.

While serving as a director, DSUs cannot be paid out. DSUs are paid in full to the director no later than December 31 in the calendar year that immediately follows the calendar year of termination of board service. Each DSU vests immediately and represents the right of the director to receive, after termination of board service, at Centerra's option, one Share of Centerra purchased on the open market or the equivalent cash value. The cash value of the DSUs is the weighted average of the closing price of Centerra's Shares on the last 90 days prior to when the director ceases to be a board member. If a dividend is paid on the Shares, each director will be allocated additional DSUs equal in value to the dividend multiplied by the number of DSUs held by the director.

Directors Share Ownership Guidelines

Centerra has established share ownership guidelines for its non-executive directors of an amount equal to three times their annual retainer ($375,000 for the Chair and $135,000 for each director), to be achieved within a period of five years of becoming a director. Mr. Homeniuk, as President and Chief Executive Officer of Centerra, and Mr. Goheen, as Senior Vice President and Chief Financial Officer of Cameco, are not considered non-executive directors, are not remunerated for their respective service on the board of directors and, as a result, are not subject to the minimum ownership requirement that applies to non-executive directors of Centerra. Since DSUs are only payable upon termination from the board and the value of the DSUs is tied directly to Centerra's share price, DSUs count toward the achievement of these ownership guidelines. As shown in the table below, all non-executive directors have attained this ownership requirement.

TOTAL DIRECTOR SHARE AND DSU OWNERSHIP AS AT DECEMBER 31, 2007

Director	DSUs held	Shares held	Value of DSUs and Shares(1)
Ian G. Austin	24,650	Nil	$ 309,851
John S. Auston(2)	35,646	1,920	448,070
Almazbek S. Djakypov	13,114	Nil	164,843
O. Kim Goheen	Nil	Nil	Nil
Leonard A. Homeniuk	Nil	757,341	9,519,776
Patrick M. James	70,745	Nil	889,265
Terry V. Rogers(3)	2,466	9,000	144,128
Josef Spross	24,228	Nil	304,546
Anthony J. Webb	26,502	Nil	333,130

(1) The value of DSUs and Shares is based upon the closing price on the TSX of Centerra Shares as at December 31, 2007, which was $12.57.

(2) Mr. Auston is not standing for re-election to Centerra's board of directors. His DSUs will be paid in full no later than December 31, 2009.

(3) Mr. Rogers retired from Cameco in June 2007 and as a result became eligible to receive director remuneration for his service on the board and on committees of the board. DSU amounts reflected above are for service after his retirement from Cameco.

INDEBTEDNESS

As of March 31, 2008, one senior officer had a loan outstanding from the Corporation (other than "routine indebtedness" under applicable Canadian securities laws).

Name and Principal Position	Involvement of Corporation	Largest Amount Outstanding in 2007	Amount Outstanding as at March 31, 2008
Leonard A. Homeniuk	Loan(1)	$250,000	$250,000

(1) The loan to Mr. Homeniuk was made in connection with the purchase of his residence and is repayable on June 17, 2010. The loan is secured against his residence.

REPORT ON CORPORATE GOVERNANCE

The board of directors and management believe that sound and effective corporate governance is essential to Centerra's performance. Centerra has adopted certain practices and procedures to ensure that effective corporate governance practices are followed and that the board functions independently of management. In addition, the Nominating and Corporate Governance Committee of the board of directors reviews Centerra's corporate governance practices and procedures on a regular basis to ensure that they address significant issues of corporate governance.

The following statement sets out a description of Centerra's corporate governance practices as approved by the board of directors and in accordance with the requirements set forth in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101").

Board Mandate

The board supervises the conduct of the affairs of the Corporation directly and through its committees. In so doing, the board endeavours to act always in the best interests of the Corporation. In addition, the board recognizes the importance of the enhancement of both short and longer term value for all shareholders. In carrying out its responsibilities, the board appoints the senior executives of the Corporation and meets with them on a regular basis to receive and consider reports on the Corporation's business. The board of directors holds regularly scheduled meetings, with additional meetings being held as required to consider particular issues or conduct specific reviews between regularly scheduled meetings. Between January 1, 2007 and December 31, 2007, the board of directors held 10 meetings.

Along with those matters which must by law be approved by the board, key strategic decisions are also submitted by management to the board for approval. In addition to approving specific corporate actions, the board reviews and approves the reports issued to shareholders, including annual and interim financial statements, as well as materials prepared for shareholders' meetings. The board also approves the Corporation's overall business strategies and annual business plans for achieving its objectives.

The fundamental responsibility of the board is to supervise the management of Centerra's business and affairs with a view to sustainable value creation for all shareholders. Centerra's board promotes fair reporting, including financial reporting, to shareholders and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls.

The board is, among other matters, responsible for the following:

- selection, appointment, evaluation and, if necessary, termination of the Chief Executive Officer and senior management;
- adoption of a strategic planning process and approval of strategic plans;
- risk management policies and procedures;
- policies and procedures regarding the integrity of financial reporting and information management;
- oversight of estimates of Centerra's reserves by management;
- human resources policies;
- health, safety and environmental policies;
- disclosure policies and procedures;
- corporate governance; and
- certain other matters which may not be delegated by the board under applicable corporate law.

The board has adopted a formal written mandate which clarifies these responsibilities and complements the written mandates of each of the committees. The full text of the mandate is set out in Appendix A. A copy can also be found on Centerra's website at www.centerragold.com.

The board has appointed a non-executive, independent director as Chair, which allows the board to function independently of management. Mr. James has held this position since 2004. The Chair is principally responsible for overseeing the operations and affairs of the board. His responsibilities include leading, managing and organizing the board, consistent with the approach to corporate governance adopted by the board from time to time; confirming that appropriate procedures are in place to allow the board to work effectively and efficiently and to function independently from management; acting as a liaison between the board and senior management, including acting as an advisor to and sounding board for the Chief Executive Officer; and working with the Chief Executive Officer, the chair of the Nominating and Corporate Governance Committee and the Corporate Secretary to further the creation of a healthy governance culture within Centerra. The board has adopted a position description for the Chair of the board, which sets out the duties and responsibilities of the Chair. This position description is reviewed by the board from time to time. The position description for the Chair of the board is contained in the board's mandate. The board's mandate also provides that the chair of each committee is responsible for determining the agenda, and the frequency and conduct of the meetings of that committee.

The board has also adopted a position description for Centerra's Chief Executive Officer which sets out the duties and responsibilities of the Chief Executive Officer. This position description is reviewed by the board from time to time.

The board receives reports on Centerra's operating activities as well as timely reports on certain non-operational matters, including insurance, legal, corporate governance and financial matters.

Directors are provided an opportunity to meet individually in work sessions with senior management to obtain further insight into the operations of the Corporation and its subsidiaries, and are involved on a regular basis in discussions with management. Each board committee may engage outside advisors at the expense of the Corporation. Individual directors are also free to consult with members of senior management whenever so required and to engage outside advisors, at the expense of the Corporation, with the authorization of the Nominating and Corporate Governance Committee. To ensure that the board is able to discharge its responsibilities independently of management, the independent directors regularly meet separately from management and the non-independent directors following meetings of the board.

Composition of the Board

The names of Centerra's current and proposed directors, together with their age, municipality and country of residence, year first elected or appointed as a director, principal occupation, other principal directorships and committee memberships are set out under "Business to be Transacted at the Meeting – Election of Directors". Also indicated for each director is the number of Shares beneficially owned, directly or indirectly, by the director or over which the director exercised control or direction on December 31, 2007 and, as of the same date, the number of DSUs credited to the account of the director.

Centerra's board is comprised of a majority of independent directors. Centerra's board has assessed the independence of each nominee for director. In determining independence, the board examined and relied on the definition of independence in NI 58-101. After considering a wide variety of factors and information disclosed by each nominee, the board has determined that four of the continuing directors and each of the new director nominees are independent and:

- Mr. Homeniuk is not independent because he is a member of management of Centerra;
- Mr. Rogers is not independent because he was a member of management of Cameco, the Corporation's indirect parent corporation, within the last three years;
- Mr. Goheen is not independent because he is a member of management of Cameco, the Corporation's indirect parent corporation; and
- Mr. Djakypov is the President of Kyrgyzaltyn, which has significant ongoing arrangements with Centerra as discussed under the heading "Interests of Management and Others in Material Transactions" in Centerra's AIF.

Committees of the Board of Directors

Each board committee operates under a written charter that sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the board. The charters are reviewed annually by the relevant committee and the Nominating and Corporate Governance Committee, which may make recommendations to the board for changes. Below is a brief description of the responsibilities of each committee.

Audit Committee

The Audit Committee is responsible for assisting the board in fulfilling its oversight responsibilities in relation to, among other things:

- financial reporting;
- the external auditor;
- the internal auditor;
- compliance with legal and regulatory requirements related to financial reporting and certain corporate policies;
- internal controls over financial reporting and disclosure controls; and
- any additional matters delegated to the Audit Committee by the board.

In 2007, the members of the Audit Committee were Messrs. Austin (Chair), Auston and James. The board has determined that all of the Audit Committee members are independent and financially literate as required by applicable securities legislation. Between January 1, 2007 and December 31, 2007, the Audit Committee met 6 times.

Information regarding the Audit Committee can be found under "Audit Committee" in the Corporation's AIF. A copy of the AIF can be obtained by securityholders of the Corporation free of charge by contacting the Corporation at 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1, Canada, Attention: Director, Investor Relations, or (416) 204-1953 or can be found on SEDAR at www.sedar.com.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for assisting the board in fulfilling its oversight responsibilities in relation to, among other things:

- Centerra's overall approach to corporate governance;
- the size, composition and structure of the board and its committees;
- the identification and recommendation to the board of qualified individuals for appointment to the board and its committees;
- orientation and continuing education for directors;
- the limitation of director and officer liability, including indemnities under contract or by-law or pursuant to directors and officers insurance;
- matters involving conflicts of interest of directors; and
- any additional matters delegated to the Nominating and Corporate Governance Committee by the board.

In 2007, the members of the Nominating and Corporate Governance Committee were Messrs. Austin, Goheen, James (Chair) and Webb. Mr. Goheen replaced Mr. Gerald Grandey on the Committee on October 28, 2007. Other than Mr. Goheen, each of these directors is independent. Between January 1, 2007 and December 31, 2007, the Nominating and Corporate Governance Committee met 3 times.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is responsible for assisting the board in fulfilling its oversight responsibilities in relation to, among other things:

- the selection and retention of senior management;
- the compensation of senior management;
- senior management succession and development;
- human resources policies; and
- any additional matters delegated to the Human Resources and Compensation Committee by the board.

In 2007, the members of the Human Resources and Compensation Committee were Messrs. Austin, Spross and Webb (Chair), each of whom is independent. Between January 1, 2007 and December 31, 2007, the Human Resources and Compensation Committee met 6 times.

Safety, Health and Environmental Committee

The Safety, Health and Environmental Committee is responsible for assisting the board in fulfilling its oversight responsibilities in relation to, among other things:

- the establishment and review of Centerra's safety, health and environmental policies;
- management of the implementation of compliance systems;
- monitoring the effectiveness of Centerra's safety, health and environmental policies, systems and monitoring processes;
- receiving audit results and updates from management with respect to Centerra's health, safety and environmental performance;
- reviewing the annual budget for safety, health and environmental operations; and
- any additional matters delegated to the Safety, Health and Environmental Committee by the board.

In 2007, the members of the Safety, Health and Environmental Committee were Messrs. James, Djakypov, Rogers and Spross (Chair). Two of these directors are independent. Between January 1, 2007 and December 31, 2007, the Safety, Health and Environmental Committee met 4 times.

Reserves Committee

The Reserves Committee is responsible for assisting the board in fulfilling its oversight responsibilities in relation to:

- the estimation of reserves by management;
- the review of reserve information before publication; and
- any additional matters delegated to the Reserves Committee by the board.

In 2007, the members of the Reserves Committee were Messrs. Auston (Chair), Djakypov and Spross. Two of these directors are independent. Between January 1, 2007 and December 31, 2007, the Reserves Committee met twice.

Assessment Process

Annually, the Nominating and Corporate Governance Committee reviews the effectiveness of the board, its Chair and committees and directors through the use of a confidential self-assessment questionnaire completed by each member. The results of the surveys are subsequently discussed by the board.

The Nominating and Corporate Governance Committee, through the survey and interviews, assesses the operation of the board and the committees, the adequacy of information given to directors, communication between the board and management, the effectiveness of the processes of the board and committees, and the effectiveness of the board and directors. The Committee recommends to the board any changes needed to enhance performance based upon this assessment process.

Director Qualifications and Board Size

The Nominating and Corporate Governance Committee is responsible for assessing the need for new directors, and the preferred experience and qualifications of new directors. The Nominating and Corporate Governance Committee recommends candidates for initial board membership and board members for re-nomination. Recommendations are based upon character, integrity, judgment, business experience, record of achievement and any other skills or talents that would enhance the board and overall management of the business and affairs of the Corporation.

The Nominating and Corporate Governance Committee maintains an understanding of the anticipated tenure of current directors, and the needs of the board as a whole. Particular candidates are considered in light of the board's current and anticipated needs. Board members complete annual skills and experience self-assessments, which are reviewed by the Committee to assist in placing board members on committees where their expertise can best be utilized and also to identify skills and experience gaps important in identifying any new nominees to the board. The board's mandate provides for retirement of directors at age 72 unless this requirement has been waived by the board or the Nominating and Corporate Governance Committee for a valid reason. The board has waived this requirement in respect of Josef Spross due to his extensive and unique knowledge of the Corporation and its operations, particularly in the Kyrgyz Republic.

The Nominating and Corporate Governance Committee is aware of the opportunity for its independent members to meet separately as requested by any independent member of the Nominating and Corporate Governance Committee from time to time. The Committee has sessions of its independent members as required.

The board is currently of the view that its optimal size for effective decision-making and committee work is 10 members.

As a result of Mr. Auston's decision to retire from the Board and with a view to supplementing existing Board skills and competencies, the Board adopted a process in 2008 to identify two additional nominees for director. In connection therewith, it considered what competencies and skills the Board, as a whole, should possess and what competencies and skills each existing director possesses. In carrying out these functions, the Board directed the Nominating and Corporate Governance Committee to conduct a search process to identify nominees to recommend to the Board for election to the Board at the Meeting. The Committee retained the services of an independent consultant to assist it in identifying candidates who possess the appropriate blend of knowledge, skill, attitude, experience and commitment to stand as nominees for election as directors, and reviewed and considered the qualifications of a significant number of candidates. In making its recommendations to the Board, the Committee considered the competencies and skills that the Board considered, as well as the competencies and skills each new nominee would bring to the Board and whether they would be independent under applicable definitions. The Committee recommended Sheryl Pressler and Bruce Walter as independent nominees, and the Board accepted the recommendations of the Committee.

Centerra provides new directors with orientation materials describing the business of the Corporation, its corporate governance structure and related policies and information. New directors also have meetings with Centerra's Chief Executive Officer, Chief Financial Officer and other senior executives.

Continuing education is provided by management through presentations to the board and committees when any key business decisions are sought at strategic planning meetings. Board members are encouraged to attend conferences or seminars at Centerra's expense. The conference or seminar can deal with any subject matter that is applicable to the board member's role on the board or its committees or to increase the member's knowledge of the Corporation's business. The Corporate Secretary notifies board members of conferences, seminars or other educational opportunities on pertinent topics.

Director Attendance

All directors are expected to attend board and relevant committee meetings and the annual meeting of shareholders, except where non-attendance is unavoidable. The attendance records of Centerra's directors during fiscal year 2007 are set out in their respective biographies under "Election of Directors".

Compensation of Directors and Officers

The board believes that compensation for directors should be competitive with the compensation paid to directors of comparable companies. The Human Resources and Compensation Committee reviews directors' compensation annually and makes recommendations to the board. Directors who are employees of the Corporation or any of its affiliates, including Cameco Corporation, do not receive any compensation for service as directors. Compensation paid to each director during fiscal 2007 is set out under "Compensation of Directors".

Centerra's executive compensation philosophy is described under "Executive Compensation".

Codes of Ethics

Centerra's board expects all of Centerra's directors, officers and employees to conduct themselves in accordance with the highest ethical standards.

Centerra's board has adopted a Code of Ethics for employees which addresses, among other things, avoidance of conflicts of interest, protection of confidential information, compliance with applicable laws, rules and regulations, adherence to good disclosure practices and procedures for employees and third parties to report concerns with respect to accounting and auditing matters. Employees with such concerns may report their concerns directly or, if they so wish, in a confidential or anonymous manner to: (i) the general counsel and corporate secretary of the Corporation, (ii) the chair of the Audit Committee, or (iii) a 24 hour-a-day compliance hotline, a service which is operated by a third party. As set out in the Code of Ethics, an employee who, in good faith, reports a concern regarding accounting matters or a suspected breach of the Code of Ethics is protected from reprisal, such as dismissal, demotion, suspension, threats, harassment or discrimination.

The board has also adopted a Code of Ethics for directors which sets out the ethical standards that apply to directors in the exercise of their duties. Directors are required to promptly report all actual, potential or perceived conflicts of interest to the Corporate Secretary, who is in turn required to bring such conflicts to the attention of the Nominating and Corporate Governance Committee. Directors may not participate in discussions, deliberations or decision-making in which they have a conflict of interest.

An annual compliance certificate is required to be signed by all directors and mid-level and senior employees of Centerra. The Audit Committee receives an annual compliance report for employees, and the Nominating and Corporate Governance Committee receives an annual report on directors' compliance. Issues arising between annual reporting are brought to the attention of the appropriate committee.

Copies of the Codes of Ethics for employees and directors can be found on Centerra's website at www.centerragold.com and are also available in print upon request.

Disclosure and Insider Trading Policy

Centerra's board has adopted and periodically reviews and updates Centerra's written corporate disclosure and insider trading policy. This policy among other things:

- establishes a process for the disclosure of material information;
- establishes a process for reviewing news releases, corporate documents and public oral statements before they are issued;
- sets out the obligations of Centerra's directors, officers and other employees to preserve the confidentiality of undisclosed material information; and
- sets out the prohibitions applicable to Centerra's directors, officers and other employees with respect to illegal insider trading and tipping.

Shareholder/Investor Communications and Feedback

The Corporation has in place procedures to effectively communicate with its stakeholders, including its shareholders, employees and the general public. The fundamental objective of these procedures is to ensure an open, accessible and timely exchange of information with shareholders, employees and other stakeholders concerning the business, affairs and performance of the Corporation. This includes quarterly conference calls with industry analysts, investors and media representatives in conjunction with the release of the Corporation's financial results, as well as regular presentations to or meetings with industry analysts and with institutional shareholders. Through the Corporation's website, shareholders and other stakeholders may access webcasts of these conference calls and most of the presentations made by the Corporation to the investment community. In addition, the Corporation has in place procedures to ensure that inquiries or other communications from shareholders are answered by an appropriate person in the Corporation.

You may contact the board or Centerra's independent directors as a group by writing to them c/o Patrick M. James, Chair of the board of directors, Centerra Gold Inc., 1 University Avenue, Suite 1500, Toronto, Ontario, Canada M5J 2P1, email: patrick.james@centerragold.com.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNIFICATION

Centerra's directors and officers are covered under the directors' and officers' insurance policies of its ultimate parent Cameco. The aggregate limit of liability applicable to those insured directors and officers under the policies is $150 million inclusive of defence costs. There is no deductible for officers or directors under these policies. Under the policies, Centerra has reimbursement coverage (to $100 million) to the extent that it or a subsidiary has indemnified a director or officer in excess of a deductible of $2.5 million for each loss. The premium paid by Centerra in 2007 was $500,000.

Centerra's by-laws also provide for the indemnification of its directors and officers from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain limitations. Centerra has also entered into agreements with each of its directors and officers providing for indemnification and related matters.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Information regarding interests of informed persons in material transactions can be found under the heading "Interest of Management and Others in Material Transactions" in the Corporation's AIF. A copy of the AIF can be obtained by securityholders of the Corporation free of charge by contacting the Corporation at 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1, Canada, Attention: Director, Investor Relations, or (416) 204-1953 or can be found on SEDAR at www.sedar.com.

SHAREHOLDER PROPOSALS FOR NEXT YEAR'S ANNUAL MEETING

The *Canada Business Corporations Act* permits certain eligible shareholders of the Corporation to submit shareholder proposals to the Corporation, which proposals may be included in a management proxy circular relating to an annual meeting of shareholders. The final date by which the Corporation must receive shareholder proposals for the annual meeting of shareholders of the Corporation to be held in 2009 is December 31, 2008.

ADDITIONAL INFORMATION

Financial information for the financial year ended December 31, 2007, is provided in the Corporation's comparative financial statements and management's discussion and analysis ("MD&A") which are included in the Annual Report. Securityholders who wish to be added to the mailing list for the annual and interim financial statements and MD&A should contact the Corporation at 1 University Avenue, Suite 1500, Toronto, Ontario, Canada M5J 2P1, or (416) 204-1953, Attention: Director, Investor Relations.

Copies of the Corporation's AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF; the Corporation's most recently filed consolidated annual financial statements, together with the accompanying report of the auditor, and any interim financial statements of the Corporation that have been filed for any period after the end of the Corporation's most recently completed financial year; and this Circular are available to anyone, upon request, from the Secretary of the Corporation, and without charge to securityholders of the Corporation.

The Annual Report (including the financial statements and MD&A), the AIF and other information relating to the Corporation is available on SEDAR at www.sedar.com.

DIRECTORS' APPROVAL

The contents of this Circular and its sending to shareholders of the Corporation have been approved by the directors of the Corporation.

By Order of the Board of Directors

(Signed)
Frank H. Herbert
Corporate Secretary

Toronto, Ontario, Canada

March 31, 2008

APPENDIX A

BOARD MANDATE

1. **GENERAL**

The Board of Directors (the "Board") believes that sound corporate governance practices are essential to the well-being of the Corporation and the promotion and protection of its shareholders' interests as owners of the Corporation. The Board oversees the functioning of the Corporation's governance system, in part, through the work of the Nominating and Corporate Governance Committee.

The Board has adopted this mandate to assist it in supervising the management of the business and affairs of the Corporation as required under applicable legislation and stock exchange rules.

The Board will revise this mandate from time to time based upon its assessment of the Corporation's needs, legal and regulatory developments and best practices. The Nominating and Corporate Governance Committee will review this mandate annually, or more often if warranted, and recommend to the Board such changes as it deems necessary and appropriate.

2. **THE BOARD'S RESPONSIBILITIES**

The fundamental responsibility of the Board is to supervise the management of the business and affairs of the Corporation with a view to sustainable value creation for all shareholders. The Board discharges this responsibility by developing and determining policy by which the business and affairs of the Corporation are to be managed and by overseeing management of the Corporation. The Board promotes fair reporting, including financial reporting, to shareholders of the Corporation and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls.

3. **DIRECTORS' RESPONSIBILITIES**

The primary responsibility of individual directors is to act in good faith and to exercise their business judgment in what they reasonably believe to be the best interests of the Corporation. In order to fulfill this responsibility, each director is expected to:

- develop and maintain a thorough understanding of the markets in which the Corporation conducts business, its strategy and business operations and its financial position and performance;
- diligently prepare for each meeting, including reviewing all meeting materials distributed in advance;
- actively and constructively participate in each meeting, including seeking clarification from management and outside advisors where necessary to fully understand the issues under consideration;
- engage in continuing education programs for directors, as appropriate; and
- attend all meetings of the Board and any committee of which he or she is a member.

4. **BOARD COMPOSITION**

(a) **Board Membership Criteria**

The Nominating and Corporate Governance Committee is responsible for establishing the competencies and skills that the Board considers to be necessary for the Board as a whole, to possess; the competencies and skills that the Board considers each existing director to possess; and the competencies and skills each new nominee will bring to the Board. The Nominating and Corporate Governance Committee identifies candidates for Board membership based upon their character, integrity, judgment and record of achievement and any skills and talents they possess which would add to the Board's decision-making process and enhance the overall management of the business and affairs of the Corporation.

Directors who change their principal occupation are expected to advise the Nominating and Corporate Governance Committee and, if determined appropriate by the Nominating and Corporate Governance Committee, resign from the Board.

(b) **Director Independence**

The Board believes that, except during periods of temporary vacancies, the majority of its members should be Independent Directors.

In all cases, the determination of whether a director is independent must be made by the Board in accordance with applicable securities laws and stock exchange rules. Generally, an independent director means a director who has no direct or indirect material relationship with the Corporation. For these purposes, "material relationship" means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

In making a determination regarding a director's independence, the Board will consider all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may determine from time to time.

The Board will review the independence of all directors on an annual basis and will disclose its determinations annually. To facilitate this review, directors will be asked to provide the Board with full information regarding their business and other relationships with the Corporation and its affiliates and with senior management and their affiliates. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination as to their independence.

(c) **Board Size**

The Board is of the view that a size of between 7 and 11 members is conducive to effective decision-making and committee work.

(d) **Retirement**

Directors may serve on the Board until the annual meeting of the Corporation next following their 72nd birthday, and may not be re-elected after reaching age 72, unless this requirement has been waived by the Board, or the Nominating and Corporate Governance Committee, for a valid reason.

(e) **Term**

All directors are elected at the annual meeting of shareholders of the Corporation for a term of one year.

(f) **Board Succession**

The Corporate Governance Committee is responsible for maintaining a Board succession plan that is responsive to the Corporation's needs and the interests of its shareholders.

(g) **Service on Other Boards**

The Board does not believe that its members should be prohibited from serving on the boards of other public companies so long as these commitments do not materially interfere with and are not incompatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public company.

5. **BOARD DUTIES**

In fulfilling its responsibilities, the Board is, among other matters, responsible for the following matters:

(a) selection, appointment, evaluation and, if necessary, termination of the Chief Executive Officer;

(b) satisfying itself as to the integrity of the Chief Executive Officer and other senior officers of the Corporation and as to the culture of integrity throughout the Corporation;

(c) succession planning, including appointing, counseling and monitoring the performance of executive officers;

(d) human resources policies of the Corporation in general, including in particular the approval of the compensation of executive officers;

(e) adoption of a strategic planning process, approval of strategic plans and monitoring corporate performance against those plans;

(f) approval of periodic capital and operating plans and monitoring corporate performance against those plans;

(g) policies and processes to identify the Corporation's principal business risks, including hedging policies for the Corporation, and to confirm that systems are in place to mitigate these risks where prudent to do so;

(h) policies to confirm ethical behaviour of the Corporation and its employees, and compliance with laws and regulations;

(i) policies and processes to satisfy itself as to the integrity of the Corporation's internal control and management information systems and its financial reporting;

(j) assessment of the effectiveness of the Board and its committees;

(k) confirming that an appropriate orientation program is in place for new directors and that continuing education opportunities are available for all directors;

(l) definition of the duties and the limits of authority of senior management, including approving a position description for the Chief Executive Officer;

(m) communications policy of the Corporation;

(n) health and safety and environmental policies and ensuring the implementation of systems to comply with these policies and all relevant laws and regulations;

(o) oversight of the estimation of reserves by management;

(p) corporate governance including the relationship of the Board to management and confirming that the Corporation has appropriate structures and procedures in place to permit the Board to effectively discharge its duties and responsibilities;

(q) calling meetings of shareholders and submission to the shareholders of any question or matter requiring approval of the shareholders;

(r) approval of directors for nomination and election and recommendation of the auditors to be appointed at shareholders' meetings and filling a vacancy among the directors or in the office of the auditor;

(s) issuance of securities of the Corporation;

(t) declaration of dividends and establishment of the dividend policy for the Corporation;

(u) approval of the annual audited financial statements, management proxy circulars, takeover bid circulars, directors' circulars, prospectuses, annual information forms and other disclosure documents required to be approved by the directors of a corporation under securities laws, regulations or rules of any applicable stock exchange.

(v) adoption, amendment or repeal of by-laws of the Corporation;

(w) review and approval of material transactions not in the ordinary course of business; and

(x) other corporate decisions required to be made by the Board, or as may be reserved by the Board, to be made by itself, from time to time and not otherwise delegated to a committee of the Board or to the management of the Corporation.

6. **DELEGATION TO MANAGEMENT**

The Board has delegated financial authority to the Chief Executive Officer (who may sub-delegate such authority to others within the Corporation as appropriate) for approval of the expenditures listed in Schedule A, all of which must be made within the framework of the strategic plan of the Corporation approved by the Board.

7. **CHAIR**

(a) **Appointment**

The Board will in each year elect from among its members a Chair who is an independent director.

(b) **General**

The Chair is principally responsible for overseeing the operations and affairs of the Board.

(c) **Specific Role and Responsibilities**

The Chair will:

- lead, manage and organize the Board, consistent with the approach to corporate governance adopted by the Board from time to time;
- preside as chair at all meetings of the Board and shareholders;
- set the agenda of the board and shareholders' meetings, in consultation with the Corporate Secretary and the Chief Executive Officer;
- confirm that appropriate procedures are in place to allow the Board to work effectively and efficiently and to function independently from management;
- confirm that Board functions are delegated to appropriate committees and that the functions are carried out and the results reported to the Board;
- together with the Chief Executive Officer, approach potential candidates for Board membership, once candidates have been identified and selected by the Nominating and Corporate Governance Committee, to explore their interest in joining the Board;

- serve as an *ex officio* member of all Board committees;
- act as a liaison between the Board and senior management, including acting as an advisor to and sounding board for the Chief Executive Officer;
- confirm that the Board and senior management understand their respective responsibilities and respect the boundary between them;
- chair Board meetings, including requiring appropriate briefing materials to be delivered in a timely fashion, stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decisions is reached and accurately recorded;
- confirm proper and timely documentary filings and fulfillment of disclosure requirements to statutory authorities under applicable legislation, including working with the Corporation's external counsel and other outside advisors when necessary;
- confirm that the Board and its committees have the necessary resources to carry out their responsibilities, in particular, timely and relevant information;
- work with the Chief Executive Officer, the chair of the Nominating and Corporate Governance Committee and the Corporate Secretary to further the creation of a healthy governance culture within the Corporation;
- at the request of the Chief Executive Officer, represent the Corporation to shareholders and external stakeholders, including local community groups, aboriginals, government, and non-governmental organizations; and
- perform additional duties requested by the Board.

8. **CORPORATE SECRETARY**

(a) **Appointment**

The Board will appoint an individual to act as the Corporate Secretary.

(b) **General**

The Corporate Secretary is responsible for assisting the Chair in managing the operations and affairs of the Board and for performing additional duties requested by the Chair or the Board or any of its committees.

(c) **Specific Role and Responsibilities**

The Corporate Secretary will:

- oversee the preparation of all materials for shareholders which relate to the election of directors or the matters discussed in these guidelines;
- confirm that all notices and materials are delivered to shareholders and directors in a timely manner;
- confirm that all minutes of meetings of shareholders, the Board and committees are accurately recorded;
- confirm proper and timely documentary filings and fulfilment of disclosure requirements to statutory authorities under applicable legislation, including working with the Corporation's external counsel and other outside advisors, when necessary;
- maintain the Corporation's books and records and oversee the security and application of the corporate seal;
- administer the operations of the Board and its committees;
- monitor compliance with the governance policies of the Board, including those regarding frequency and conduct of Board meetings, reporting information and other policies relating to the Board's business; and
- perform additional duties requested by the Chair or the Board or any of its committees.

9. **BOARD COMMITTEES**

(a) **General**

The Board carries out its responsibilities directly and through the following committees and such other committees as it may establish from time to time: the Audit Committee, the Nominating and Corporate Governance Committee, the Human Resources and Compensation Committee, the Safety, Health and Environmental Committee and the Reserves Committee.

(b) **Composition**

The Audit Committee is comprised solely of Independent Directors who are selected by the Board on the recommendation of the Nominating and Corporate Governance Committee and who meet the requirements with respect to independence and financial literacy set out in applicable securities laws. The Nominating and Corporate Governance Committee, the Human Resources and Compensation Committee, the Safety, Health and Environmental Committee and the Reserves Committee are each comprised of a majority of Independent Directors who are selected by the Board on the recommendation of the Nominating and Corporate Governance Committee.

(c) **Chair**

The Audit Committee, the Nominating and Corporate Governance Committee, the Human Resources and Compensation Committee, the Safety, Health and Environmental Committee and the Reserves Committee are each chaired by a director who is selected by the Board on the recommendation of the Nominating and Corporate Governance Committee and is responsible for determining the agenda and the frequency and conduct of meetings.

(d) **Charters**

Each committee has its own charter which sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board. On an annual basis, each committee's charter is reviewed by both the committee itself and the Nominating and Corporate Governance Committee and is also reviewed and approved by the Board. Copies of each charter are posted on the Corporation's website and printed copies will be made available to any shareholder upon request. Below is a brief description of the responsibilities of each committee.

Audit Committee

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the integrity of the Corporation's financial statements; the Corporation's compliance with legal and regulatory requirements (other than with respect to health, safety and the environment); compliance with the Code of Ethics Policy; the qualifications and independence of the Corporation's external auditors; the design and implementation of internal controls over financial reporting and disclosure controls; management of financial risks as delegated by the Board; related party transactions; the performance of the Corporation's internal audit function; and any additional matters delegated to the Audit Committee by the Board.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the Corporation's overall approach to corporate governance; the size, composition and structure of the Board and its committees; the identification and recommendation to the Board of qualified individuals for appointment to the Board and its committees; orientation and continuing education for directors; matters involving conflicts of interest of directors; and any additional matters delegated to the Nominating and Corporate Governance Committee by the Board.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the selection and retention of senior management; the compensation of senior management; senior management succession and development; human resources policies; and any additional matters delegated to the Human Resources and Compensation Committee by the Board.

Safety, Health and Environmental Committee

The Safety, Health and Environmental Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the establishment and review of our safety, health and environmental policies; management of the implementation of compliance systems; monitoring the effectiveness of safety, health and environmental policies, systems and monitoring processes; receiving audit results and updates from management with respect to health, safety and environmental performance; reviewing the annual budget for safety, health and environmental operations; and any additional matters delegated to the Safety, Health and Environmental Committee by the Board.

Reserves Committee

The Reserves Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the estimation of reserves by management; the review of reserve information before publication; and any additional matters delegated to the Reserves Committee by the Board.

10. BOARD AND COMMITTEE MEETINGS

(a) Scheduling

Board meetings are scheduled in advance at appropriate intervals throughout the year. In addition to regularly scheduled Board meetings, additional Board meetings may be called upon proper notice at any time to address specific needs of the Corporation. The Board may also take action from time to time by unanimous written consent. A Board meeting may be called by the Chair, the Chief Executive Officer or any two directors.

Each committee meets as often as it determines is necessary to fulfill its responsibilities. A meeting of any committee may be called by the committee chair, the Chair, the Chief Executive Officer or any two committee members.

Board meetings are held at a location determined by the Chair and meetings of each committee are held at a location determined by the committee chair.

(b) Notice

Notice of the time and place of each meeting of the Board or any committee must be given to each director either by personal delivery, electronic mail, facsimile or other electronic means not less than 48 hours before the time of the meeting or by mail not less than 96 hours before the date of the meeting. Board or committee meetings may be held at any time without notice if all of the directors or committee members have waived or are deemed to have waived notice of the meeting. A director participating in a Board or committee meeting is deemed to have waived notice of the meeting.

(c) Agenda

The Chair establishes the agenda for each Board meeting in consultation with the Corporate Secretary and the Chief Executive Officer. Any director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Committee chairs establish the agenda for each committee meeting. Any committee member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any committee meeting raise subjects that are not on the agenda for the meeting.

The Corporate Secretary distributes an agenda and meeting materials in advance of each Board or committee meeting to allow Board or committee members, as the case may be, sufficient time to review and consider the matters to be discussed.

(d) Non-Management Sessions

Non-management directors meet separately at every Board meeting without management present. The Chair informs management of the substance of these meetings to the extent that action is required by them.

(e) Distribution of Information

The Board regularly receives reports on the financial results and operating activities of the Corporation, as well as periodic reports on certain non-operational matters, including, corporate governance, insurance, pensions and treasury matters and safety, health and environmental matters.

(f) Attendance and Participation

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. A director who is unable to attend a Board or committee meeting in person may participate by telephone or teleconference.

(g) Quorum

A quorum for any Board meeting is a majority of directors.

A quorum for any committee meeting is a majority of its members.

(h) **Voting and Approval**

At Board or committee meetings, each director or member, as applicable, is entitled to one vote and questions are decided by a majority of votes. In case of an equality of votes, the chair of the meeting does not have a second or casting vote.

(i) **Procedures**

Procedures for Board meetings are determined by the Chair unless otherwise determined by the by-laws of the Corporation or a resolution of the Board.

Procedures for committee meetings are determined by the chair of the committee unless otherwise determined by the by-laws of the Corporation or a resolution of the committee or the Board.

(j) **Corporate Secretary**

The Corporate Secretary acts as secretary to the Board and each of its committees. In the absence of the Corporate Secretary, the Board or a committee may appoint any other person to act as secretary.

(k) **Minutes of Meetings**

The Corporate Secretary keeps minutes of the proceedings of the Board and each of its committees and circulates copies of the minutes to each Board or committee member, as the case may be, on a timely basis.

11. **DIRECTOR COMPENSATION**

The Board believes that compensation for directors should be competitive with the compensation paid to directors of comparable companies. The Human Resources and Compensation Committee reviews directors' compensation annually with this criterion in mind and makes recommendations to the Board.

Directors who are employees of the Corporation or any of its affiliates do not receive any compensation for service as directors.

To further align the interests of directors with those of other shareholders, directors are paid a portion of their fees in deferred share units.

Directors are reimbursed by the Corporation for reasonable travel expenses incurred in connection with their duties as directors.

12. **SHARE OWNERSHIP REQUIREMENTS**

Directors are required, within five years of their initial appointment to the Board, to acquire and hold deferred share units or common shares of the Corporation with a value equal to at least three times the amount of their annual retainer for service as a director.

13. **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

New directors receive orientation materials describing the Corporation's business and its corporate governance policies and procedures. New directors also have meetings with the Chair, Chief Executive Officer and Chief Financial Officer.

The Nominating and Corporate Governance Committee is responsible for confirming that procedures are in place and resources are made available to provide directors with appropriate continuing education opportunities.

14. **BOARD ACCESS TO MANAGEMENT AND ADVISORS**

Directors have access to members of management and are encouraged to raise any questions or concerns directly with management. The Board and its committees may invite any member of management, outside advisor or other person to attend any of their meetings.

The Board and any of its committees may retain an outside advisor at the expense of the Corporation at any time and have the authority to determine the advisor's fees and other retention terms. Individual directors may retain an outside advisor at the expense of the Corporation with the approval of the Nominating and Corporate Governance Committee.

15. **PERFORMANCE ASSESSMENT OF THE BOARD AND ITS COMMITTEES**

The Nominating and Corporate Governance Committee annually reviews the effectiveness of the Board in fulfilling its responsibilities and duties as set out in these guidelines.

In addition, the Nominating and Corporate Governance Committee annually reviews the effectiveness of all Board committees in fulfilling their responsibilities and duties as set out in their charter and in a manner consistent with these guidelines.

The Nominating and Corporate Governance Committee evaluates individual directors to assess their suitability for nomination for re-election.

16. **CODES OF ETHICS**

The Board expects all directors, officers and employees of the Corporation to conduct themselves in accordance with the highest ethical standards.

The Board has adopted a Code of Ethics for employees which addresses, among other things, avoidance of conflicts of interest, protection of confidential information, compliance with applicable laws, rules and regulations, adherence to good disclosure practices and procedures for employees and third parties to report concerns with respect to accounting and auditing matters. As set out in the Code, an employee who, in good faith, reports a concern regarding accounting matters or a suspected breach of the Code is protected from reprisal, such as dismissal, demotion, suspension, threats, harassment or discrimination.

The Board has also adopted a Code of Ethics for directors which sets out the ethical standards that apply to directors in the exercise of their duties.

Both Codes are posted on the Corporation's website and are available in print to any shareholder who requests a copy.

17. **INDEMNIFICATION AND INSURANCE**

In accordance with the by-laws of the Corporation, directors and officers are each indemnified by the Corporation against all liability and costs arising out of any action or suit against them from the execution of their duties, provided that they have carried out their duties honestly and in good faith with a view to the best interests of the Corporation and have otherwise complied with the provisions of applicable corporate law.

The Corporation maintains insurance for the benefit of its directors and officers against any liability incurred by them for which they would be indemnified. The amount and terms of the insurance coverage are dependent upon prevailing market conditions and practices with the objective of adequately protecting directors and officers from such liability.

18. **CONFLICTS OF INTEREST**

Each director is required to inform the Nominating and Corporate Governance Committee of any conflict of interest he or she may have with the Corporation. If a director has a personal interest in a matter before the Board or a committee, he or she must not participate in any vote on the matter except where the Board or the committee has expressly determined that it is appropriate for him or her to do so.

19. **CONTACT BOARD AND COMMITTEES**

The Board welcomes input and comments from shareholders of the Corporation. You may contact one or more members of the Board or its committees, by writing to the Corporate Secretary at:

Board of Directors of Centerra Gold Inc.
c/o Corporate Secretary
Centerra Gold Inc.
Suite 1500 – 1 University Avenue
Toronto, Ontario, Canada M5J 2P1

20. **DEFINITIONS**

Capitalized terms used in this Mandate have the meanings attributed to them below. Terms not otherwise defined have the meanings attributed to them in Multilateral Policy 58-201, as amended from time to time.

"Independent Director" means a director who has no direct or indirect material relationship with the Corporation. For this purpose, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgement. Despite the foregoing, the following individuals are considered to have a material relationship with the Corporation:

(a) an individual who is, or has been, an employee or executive officer of the Corporation, unless three years have elapsed since the end of the service or employment;

(b) an individual whose immediate family member is, or has been, an executive officer of the Corporation unless three years have elapsed since the end of the service or employment;

(c) an individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the Corporation unless three years have elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;

(d) an individual whose immediate family member is, or has been, an affiliated entity of, or employed in a professional capacity by, a current or former internal or external auditor of the Corporation unless three years have elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;

(e) an individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the Corporation's current executive officers serve on the entity's compensation committee unless three years have elapsed since the end of the service or employment; and

(f) an individual who receives, or whose immediate family member receives, more than $75,000 per year in direct compensation from the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee, unless three years have elapsed since he or she ceased to receive more than $75,000 per year in such compensation.