

centerra**GOLD**



Notice of Annual Meeting of Shareholders

and

Management Information Circular

March 27, 2009

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centerra**GOLD**



March 27, 2009

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 Tuesday, May 5, 2009 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 2008 and our plans for the future.

Included in this package are Centerra's 2008 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*

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## CENTERRA GOLD INC.

### 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 5, 2009 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, 2008 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 27, 2009 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 27, 2009

centerra**GOLD**



## CENTERRA GOLD INC.

### MANAGEMENT INFORMATION CIRCULAR

DATED MARCH 27, 2009

#### 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 5, 2009 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 27, 2009, 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 27, 2009, 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, 2008 (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 4, 2009 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 2009 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 27, 2009, the Corporation had 216,318,188 Shares issued and outstanding. The directors have fixed March 27, 2009 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.	82,554,783 Shares	38.2
Kumtor Mountain Corporation	31,363,689 Shares	14.5
Kyrgyzaltyn JSC	33,869,151 Shares	15.7

Cameco Gold Inc. ("Cameco Gold") and Kumtor Mountain Corporation are corporations incorporated under the laws of Canada and wholly-owned subsidiaries 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.

## BUSINESS TO BE TRANSACTED AT THE MEETING

### Financial Statements

The audited financial statements of Centerra for the period ended December 31, 2008 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 three (3) and a maximum of fifteen (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 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 Jack Thompson, all of the proposed nominees are currently directors of Centerra and have been since the dates indicated. Stephen Lang, the President and Chief Executive Officer of Centerra, was appointed by the board upon the recommendation of the Nominating and Corporate Governance Committee on June 17, 2008 to replace Leonard Homeniuk who resigned on June 17, 2008. 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 Stephen Lang and Jack Thompson, each of the nominees was elected to his or her present term as a director by the shareholders of the Corporation at the annual meeting of the Corporation’s shareholders held on May 7, 2008. 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. The tables below also set 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 the nominees, the current membership on committees of the board of directors and the nominees’ attendance record at committee and board meetings.



**Ian G. Austin, 57**  
Vancouver, British Columbia,  
Canada

Shares<sup>(1)</sup>: Nil  
DSUs: 35,921  
PSUs: Nil  
Options: Nil  
Market value of securities held<sup>(2)</sup>: \$159,489  
Minimum ownership<sup>(3)</sup>: \$135,000  
Director since April 30, 2004  
Independent

Mr. Austin served as President and Chief Executive Officer of Skye Resources from 2003 until 2008. 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.

<u>Membership</u>	<u>Attendance at Meetings</u>
Board of Directors	10 of 10
Audit Committee (Chair)	6 of 6
Nominating and Corporate Governance Committee	4 of 4
Human Resources and Compensation Committee	6 of 6



**Almazbek S. Djakypov, 53**  
Bishkek, Kyrgyz Republic  
Shares<sup>(1)</sup>: Nil  
DSUs: 26,279  
PSUs: Nil  
Options: Nil  
Market value of securities held<sup>(2)</sup>: \$116,679  
Minimum ownership<sup>(3)</sup>: \$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.

<u>Membership</u>	<u>Attendance at Meetings</u>
Board of Directors	10 of 10
Reserves Committee	3 of 3
Safety, Health and Environmental Committee	4 of 4





**O. Kim Goheen, 55**  
 Saskatoon, Saskatchewan,  
 Canada  
 Shares<sup>(1)</sup>: 5,000  
 DSUs<sup>(4)</sup>: N/A  
 PSUs: Nil  
 Options: Nil  
 Market value of  
 securities held<sup>(2)</sup>: \$22,200  
 Minimum  
 ownership<sup>(4)</sup>: 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 and 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.

<u>Membership</u>	<u>Attendance at Meetings</u>
Board of Directors	10 of 10
Nominating and Corporate Governance Committee	4 of 4



**Patrick M. James, 63**  
 Castle Rock, Colorado, U.S.A.  
 Shares<sup>(1)</sup>: 10,000  
 DSUs: 96,451  
 PSUs: Nil  
 Options: Nil  
 Market value of  
 securities held<sup>(2)</sup>: \$428,242  
 Minimum  
 ownership<sup>(3)</sup>: \$375,000  
 Director since April 16, 2004  
 Independent

Mr. James was appointed a director of Centerra in June, 2004, and has served as the Chair of the board since that time. Since March 2001, Mr. James has been an independent professional corporate director. Mr. James was the President and Chief Executive Officer of Rio Algom Limited from June 1997 to March 2001. Prior to joining Rio Algom Limited, Mr. James spent 18 years with Santa Fe Pacific Gold Corporation, becoming President and Chief Operating Officer in 1994 and Chairman, President and Chief Executive Officer in 1995. Mr. James was a director of Dynatec Corporation, a Canadian nickel mining company from 2001 until its sale in 2007. He was Chairman and director of Constellation Copper Corporation, a Canadian base metal mining company from 2002 to 2008, and also President and Chief Executive Officer from 2007 to 2008. He served on the advisory board for Resource Capital Funds III and IV, mining investment funds from 2005 to 2008. He is now Lead Independent Director of Stillwater Mining Company, a palladium and platinum producer in Montana. He received a Masters of Management from the University of New Mexico in 1984, and an Engineer of Mines from Colorado School of Mines in 1968.

<u>Membership</u>	<u>Attendance at Meetings</u>
Board of Directors	10 of 10
Audit Committee	6 of 6
Safety, Health and Environmental Committee	4 of 4
Nominating and Corporate Governance Committee (Chair)	4 of 4



**Stephen A. Lang, 53**  
 Toronto, Ontario, Canada  
 Shares<sup>(1)</sup>: 37,000  
 DSUs<sup>(5)</sup>: N/A  
 PSUs: 114,703  
 Options: 152,789  
 Market value of securities held<sup>(2)</sup>: \$673,561  
 Minimum ownership<sup>(5)</sup>: N/A  
 Director since June 17, 2008  
 Non-Independent

Mr. Lang currently serves as President and Chief Executive Officer of Centerra and has over 27 years of experience in the mineral sector including engineering, development and production in gold, coal, platinum group metals and copper operations. Mr. Lang joined Centerra in 2007 as Vice President and Chief Operating Officer. Between 2003 and 2007, Mr. Lang served as Executive Vice President and Chief Operating Officer of Stillwater Mining Company. Prior to joining Stillwater, he was employed with Barrick Gold Corporation as Vice President and General Manager of Barrick Gold's Goldstrike/Meikle operation from 2001 to 2003. Prior to this he served as Vice President of Engineering and Project Development of Rio Algom, Limited in Santiago, Chile from 1999 to 2001. From 1996 to 1999, he served as Vice President and General Manager of Kinross Gold Corporation/Amex Gold Corporation's Fort Knox Mine in Fairbanks, Alaska. From 1981 to 1996, he held various positions with Santa Fe Pacific Gold Minerals Corporation, including General Manager of the Twin Creeks Mine in Golconda, Nevada. Mr. Lang earned a Bachelor of Science in Mining Engineering from the University of Missouri-Rolla and a Masters Degree in Mining Engineering from the University of Missouri-Rolla.

<b>Membership</b>	<b>Attendance at Meetings<sup>(6)</sup></b>
Board of Directors	4 of 4



**Sheryl Pressler, 58**  
 Atlanta, Georgia, U.S.A.  
 Shares<sup>(1)</sup>: Nil  
 DSUs: 10,583  
 PSUs: Nil  
 Options: Nil  
 Market value of securities held<sup>(2)</sup>: \$46,988  
 Minimum ownership<sup>(3)</sup>: \$135,000  
 Director since May 7, 2008  
 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 to 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.

<b>Membership</b>	<b>Attendance at Meetings</b>
Board of Directors	5 of 5
Audit Committee	3 of 3
Human Resources and Compensation Committee	3 of 3



**Terry V. Rogers, 62**  
McCall, Idaho, U.S.A.

Shares<sup>(1)</sup>: 9,000  
 DSUs: 12,429  
 PSUs: Nil  
 Options: Nil  
 Market value of securities held<sup>(2)</sup>: \$95,145  
 Minimum ownership<sup>(3)</sup>: \$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, and oversaw the remediation of the Cigar Lake Mine, and has more than 30 years experience in the coal, gold, lignite and uranium mining businesses. 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 included 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
Reserves Committee (Chair)	3 of 3



**Bruce Walter, 51**  
Toronto, Ontario, Canada

Shares<sup>(1)</sup>: 100,000  
 DSUs<sup>(8)</sup>: 7,345  
 PSUs: Nil  
 Options: 500,000  
 Market value of securities held<sup>(2)</sup>: \$476,612  
 Minimum ownership<sup>(3)</sup>: \$135,000  
 Director since May 7, 2008  
 Non-Independent

Mr. Walter currently serves as Vice Chair of Centerra and is Chairman and CEO of Four Mile Investments Inc., which is 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.

Membership	Attendance at Meetings <sup>(7)</sup>
Board of Directors	5 of 5
Safety, Health and Environmental Committee	2 of 2



**Anthony J. Webb, 62**  
 Victoria, British Columbia,  
 Canada  
 Shares<sup>(1)</sup>: Nil  
 DSUs: 37,046  
 PSUs: Nil  
 Options: Nil  
 Market value of  
 securities held<sup>(2)</sup>: \$164,484  
 Minimum  
 ownership<sup>(3)</sup>: \$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	4 of 4
Reserves Committee	2 of 2 <sup>(9)</sup>

- (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 December 31, 2008, which was \$4.44. For Mr. Lang, it includes the unadjusted value of PSUs and the net value of unexercised in-the-money options as at December 31, 2008. Please see "Components of Executive Compensation – Long Term Incentives – Performance Share Unit Plan" for a discussion of adjustments to PSUs.
- (3) For a description of minimum ownership expectations of directors, please refer to section 12 of the board mandate attached hereto as Appendix "A".
- (4) 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.
- (5) Mr. Lang 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. Lang is expected to hold Shares equivalent in value to 100% of his base salary within 5 years of his appointment.
- (6) Mr. Lang was appointed as a director on June 17, 2008 to replace Leonard Homeniuk who resigned on June 16, 2008. Mr. Homeniuk attended 6 of 6 meetings of the board of directors prior to his resignation.
- (7) Mr. Walter and Ms. Pressler were elected as directors on May 7, 2008. Mr. Auston, who retired on May 7, 2008, attended 5 of 5 meetings of the board of directors, 3 of 3 audit committee meetings and 1 of 1 reserves committee meetings.
- (8) Mr. Walter was appointed Vice Chair of Centerra on June 17, 2008 and, as such, is no longer remunerated for his services on the board of directors or entitled to receive DSUs under the Directors Deferred Share Unit Plan. However, he receives employment remuneration and is entitled to receive DSUs under the Corporation's Vice Chair Deferred Share Unit Plan.
- (9) Mr. Webb was appointed to the reserves committee on May 7, 2008. Mr. Auston, who retired on May 7, 2008, attended 1 of 1 reserves committee meetings.

### *New Director Nominee*



**Jack E. Thompson, 59**  
 Alamo, California, U.S.A.  
 Independent

Mr. Thompson is a management consultant with extensive experience as a corporate director. He currently sits on the board of directors of two companies, Tidewater Inc. and Century Aluminum Corp. In the past, he has served on the boards of several mining companies, including Phelps Dodge Inc., Stillwater Mining Co., and Homestake Mining Co. He also served on the advisory board of Resource Capital Funds, LLP, a private equity group investing in the minerals industry. He began this latest career when the company he was with for 24 years, Homestake Mining Company, was taken over in 2001. He was Chairman and CEO at the time of the takeover. Mr. Thompson holds a Bachelor of Science degree in Mining and Engineering from the University of Arizona and an Honorary Doctorate in Mining Management from the South Dakota School of Mines. He serves on the University of Arizona College of Engineering Industry Advisory Council.

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 than 30 consecutive days.

On November 20, 2008, 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. Constellation Copper Corporation filed for bankruptcy on December 23, 2008 and the Ontario Securities Commission placed an issuer cease trade order to replace the management cease trade order. Mr. Patrick M. James, Chairman of Centerra's board of directors was, during the time the management cease trade order and the issuer cease trade order were in effect, a director and the Chief Executive Officer of Constellation Copper Corporation.

Except as noted below, 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.

Patrick James was Chairman, President and CEO of Constellation Copper Corporation when it filed an assignment of bankruptcy under the Canadian Bankruptcy and Insolvency Act on December 23, 2008. Constellation was a copper exploration and production company that developed a heap leach copper mine in Lisbon Valley, Utah that failed to perform as expected. The company had unsuccessfully worked to reach financing, merger or sales agreements with various corporations and became unable to meet its ongoing obligations.

#### *Committee Members*

The following table sets out the members of each of the committees of Centerra's board of directors as at March 27, 2009:

##### *Audit Committee*

Ian G. Austin (Chair)  
Patrick M. James  
Sheryl Pressler

##### *Reserves Committee*

Terry V. Rogers (Chair)  
Almazbek S. Djakypov  
Josef Spross  
Anthony J. Webb

##### *Human Resources and Compensation Committee*

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

##### *Safety, Health and Environmental Committee*

Josef Spross (Chair)<sup>(1)</sup>  
Almazbek S. Djakypov  
Patrick M. James  
Terry V. Rogers  
Bruce Walter

##### *Nominating and Corporate Governance Committee*

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

(1) Mr. Spross 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. The resolution to reappoint KPMG LLP as auditor of the Corporation must be passed by a majority of the votes cast by the holders of Shares present in person or represented by proxy at the meeting. KPMG LLP was appointed auditor 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, 2008 and 2007 were as follows:

	2008 (US\$)	2007 (US\$)
Audit Fees	851,000	694,000
Audit Related Fees <sup>(1)</sup>	116,000	118,000
Tax Fees <sup>(2)</sup>	13,000	21,000
All Other Fees <sup>(3)</sup>	5,000	13,000
<b>Total</b>	<b>985,000</b>	<b>846,000</b>

(1) Audit Related Fees in 2008 comprise amounts billed for accounting for potential corporate transactions.

(2) Tax Fees comprise amounts billed for tax compliance and advisory services.

(3) All Other Fees comprise amounts billed for staff training.

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

## COMPENSATION DISCUSSION AND ANALYSIS

### Currency

All dollar amounts in this Compensation Discussion and Analysis are expressed in Canadian dollars except where otherwise indicated. For reporting purposes, Centerra prepares its financial statements in United States dollars and in conformity with accounting principles generally accepted in Canada, or Canadian GAAP.

### Human Resources and Compensation Committee

The members of the Human Resources and Compensation Committee (the "HRC Committee") of Centerra are Anthony Webb (Chair), Ian Austin, Sheryl Pressler and Josef Spross. None of the members of the HRC Committee is an officer or employee of Centerra or any of its affiliates or is eligible to participate in Centerra's executive compensation program. The board of directors has adopted a formal charter for the HRC Committee, which provides that one of the primary purposes of the HRC Committee is to assist the board of directors in fulfilling its oversight responsibilities in relation to the selection, retention and compensation of senior management.

### Named Executive Officers

Centerra's Named Executive Officers ("NEOs") are determined in accordance with applicable securities laws. In 2008, the NEOs were:

Name	Title
Stephen Lang	President and Chief Executive Officer
Jeff Parr	Vice President and Chief Financial Officer
Ron Colquhoun	Vice President and Chief Operating Officer
Ian Atkinson	Vice President, Exploration
Bruce Walter	Vice Chair
Leonard Homeniuk	Former President and Chief Executive Officer
David Petroff	Former Executive Vice President and Chief Financial Officer

Bruce Walter entered into an employment agreement with Centerra effective June 17, 2008 pursuant to which he serves as a part-time executive reporting directly to Centerra's board of directors. Leonard Homeniuk and David Petroff resigned from Centerra on June 16, 2008.

## Compensation Philosophy and Objectives

Centerra's executive compensation program is intended to support the company's business and financial objectives, and is designed to attract, retain and motivate executives and align their interests with the short and long-term interests of Centerra's shareholders by:

- Providing compensation levels competitive with compensation levels at peer group companies in the mining industry;
- Linking executive compensation to corporate performance and the creation of shareholder value;
- Rewarding achievement of corporate and individual performance objectives; and
- Promoting internal equity and a disciplined qualitative and quantitative assessment of performance.

## Compensation Surveys

Centerra relies on a variety of surveys prepared by independent consultants to ensure Centerra's compensation program provides competitive compensation opportunities for its executive officers while satisfying Centerra's compensation philosophy and objectives. In 2008, the surveys used were the 2007 and 2008 Hay Group Global Mining Compensation Review, 2007 and 2008 PWC/Coopers Consulting Mining Industry Salary Survey and 2006 and 2007 proxy data compiled by Mercer Consulting. The amounts paid in 2008 by Centerra to compensation consultants for surveys and other compensation consulting services were as follows:

Consultant	Amount Paid in 2008
The Hay Group	\$ 35,214
Mercer Consulting	36,651
Coopers Consulting	7,304
Total	\$ 79,169

In 2008, The Hay Group and Mercer Consulting provided only compensation-related services to Centerra, and PricewaterhouseCoopers LLP, the parent of Coopers Consulting, provided compensation, SOX compliance, IFRS, tax and other consulting services. In December 2008, the HRC Committee met separately with Mercer Consulting to review the compensation of Centerra's executive officers.

## Benchmarking Total Compensation

In December 2008, Centerra retained Mercer Consulting to assist it with selecting an appropriate group of companies as a reference for determining competitive total compensation packages for 2009. The review focused on companies that are North American-based, publicly-traded gold and base metal mining companies with annual revenues of approximately US\$500 million to US\$1.5 billion and with which Centerra competes to attract and retain talent. The HRC Committee reviewed and approved the selection criteria and the resulting list of nine comparator companies, which are:

Agnico-Eagle Mines Limited	Lundin Mining Corporation
HudBay Minerals Inc.	Quadra Mining Ltd.
IAMGOLD Corporation	Thompson Creek Metals Company Inc.
Inmet Mining Corporation	Yamana Gold Inc.
Kinross Gold Corporation	

## Executive Share Ownership Expectations

The board of directors believes that executive officers should hold a significant number of shares of Centerra within five years of their initial appointment as executive officers in order to align their interests with those of Centerra's shareholders and focus executives on improving total shareholder returns over time. The board of directors expects executives to hold a number of shares equal to a multiple of an executive's base salary (100% of base salary for the President and Chief Executive Officer and 50% of base salary for other executive officers). All continuing NEOs own shares of Centerra. As of December 31, 2008, Bruce Walter met share ownership expectations, and the other continuing NEOs are within the five-year ownership timeline.

## Total Compensation Targets

Centerra's compensation program is designed to provide its executive officers with total compensation targeted at the 50th percentile of the total compensation paid by its comparator group of companies if company and individual performances meet predetermined targets, and up to the 75th percentile of its comparator group when performances exceed predetermined targets. Compared to its comparator group, Centerra's executive compensation program has a greater proportion of total compensation weighted to long-term incentive pay rather than short-term compensation.

## Assessing Individual Performance

Each member of the board of directors annually completes confidential evaluation questionnaires regarding the performance of the President and Chief Executive Officer and the Vice Chair, respectively, and the tabulated results of the evaluations are provided to the Chair of the board of directors. The Chair of the board of directors does a formal assessment of the President and Chief Executive Officer's performance in the year, reviews his assessment with the HRC Committee, and makes recommendations to the board of directors for final approval of the President and Chief Executive Officer's performance and the next year's compensation. The Vice Chair's performance and compensation, including base salary, are reviewed and determined by the Chair of the board of directors in consultation with the HRC Committee and the board of directors. The President and Chief Executive Officer annually provides the Chair of the board of directors with individual performance assessments for each of his executive direct reports, including the NEOs. He also provides the Chair of the board of directors, for his consideration, his compensation recommendations for each of his direct reports. The performance assessments and compensation recommendations are also provided to the HRC Committee, which reviews and approves the compensation recommendations, taking into account the various factors noted below, and retains full discretion over all compensation actions to be recommended to the board of directors for approval. Specifically, in assessing individual performance in the context of making executive compensation recommendations, the HRC Committee considers the executive officer's

- contributions to Centerra's overall performance;
- individual performance relative to pre-established goals;
- long-term performance and potential for future advancement or ability to assume roles of greater responsibility; and
- position against competitive market norms for similar roles.

## Components of Executive Compensation

Centerra's executive compensation program is comprised of four components: (1) salary, (2) annual cash bonus incentive plan compensation, (3) long-term incentive plan compensation made up of share-based and option-based awards, and (4) benefits and perquisites. Centerra's executive compensation program does not include defined benefit or defined contribution pension plans or any other retirement savings plans. The HRC Committee annually reviews the various elements of compensation to ensure that they are aligned with Centerra's and the individual executive officer's goals and Centerra's compensation objectives and philosophy.

## Salary

Base salary is the principal fixed component of pay, and is intended to compensate executive officers for fulfilling their duties and assists in the attraction and retention of key executives. An annual base salary for each executive officer is normally established on a preliminary basis each year using independent compensation surveys and proxy data 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, an assessment of an executive officer's performance and Centerra's performance during the prior year, the scope of the executive's responsibilities, tenure and prior experience, and retention risk. Base salaries are the principal basis for establishing the target payouts of the annual and long-term incentive plan awards discussed below. Salaries are reviewed on an annual basis, and merit increases are considered for all executive officers and are generally effective April 1. Salaries paid to the NEOs in 2008 are reflected in the "Summary Compensation Table" on page 22.

As of December 31, 2008, the base salaries for the NEOs are as follows:

Named Executive Officer <sup>(1)</sup>	Annual Base Salary at December 31, 2008 (\$) <sup>(2)</sup>
Stephen Lang	500,000 <sup>(3)</sup>
Jeff Parr	348,000 <sup>(4)</sup>
Ron Colquhoun	320,000 <sup>(5)</sup>
Ian Atkinson	301,000
Bruce Walter	335,500

(1) Leonard Homeniuk and David Petroff resigned from Centerra on June 16, 2008 and consequently are not included in the table.

(2) Other than for Bruce Walter, 2008 base salaries were effective as of April 1, 2008. Mr. Walter's base salary was effective upon entering into an employment agreement with Centerra as of June 17, 2008.

(3) Stephen Lang also received a 15% premium on his base salary in the amount of \$67,027 in 2008, and he will receive a base salary premium in each of the next 4 years, reduced by 20% in each year, as follows: (i) in 2009 – 12%; (ii) in 2010 – 9.6%; (iii) in 2011 – 7.7%; and (iv) in 2012 – 6.1%. The premium was established on the advice of an independent tax advisor and is a temporary premium to allow Mr. Lang to transition into the Canadian taxation environment from the United States, and is not based on performance criteria. The base salary that is the principal basis for establishing the target payouts of the annual and long-term incentive plan awards for Mr. Lang does not include the premium. Mr. Lang's base salary was increased upon his promotion to President and Chief Executive Officer on June 17, 2008.

(4) Jeff Parr's base salary was increased upon his promotion to Vice President and Chief Financial Officer on June 17, 2008.

(5) Ron Colquhoun's base salary was increased upon his promotion to Vice President and Chief Operating Officer on July 30, 2008.



### *Annual Cash Bonus Incentives (Non-Equity)*

Centerra's cash bonus incentive plan is a short-term incentive designed to provide annual cash bonuses based upon the achievement of individual and corporate targets in the year. Awards are based primarily on the company's results achieved during the year and the individual's contribution towards achieving those results, as well as the achievement of predetermined personal objectives. All executive officers, other than Bruce Walter, are eligible to participate in the plan. Mr. Walter is eligible to receive cash bonuses upon the achievement of certain predetermined objectives set out in his employment agreement, all of which will be difficult to attain because the objectives are set aggressively.

The cash bonus incentive plan is designed to link pay with the annual performance of the executive officers and Centerra. Individual performance factors and the weight given to each factor are determined for the President and Chief Executive Officer by the board of directors upon the recommendation of the HRC Committee and for all other executive officers by the President and Chief Executive Officer, subject to confirmation by the board of directors upon the recommendation of the HRC Committee. Corporate performance factors are determined by the HRC Committee in consultation with the President and Chief Executive Officer and, in respect of the health and safety and the environmental performance measures (discussed below), with Centerra's Safety, Health and Environmental Committee, and are approved by the board of directors. Individual performance and corporate performance are given equal weighting in determining annual cash bonus incentive plan payments.

Annual cash bonus targets and possible bonus ranges for the NEOs under the cash bonus incentive plan are as follows:

Named Executive Officer <sup>(1)</sup>	Cash Bonus Target (% of Base Salary)	Cash Bonus Range (% of Base Salary)
Stephen Lang <sup>(2)</sup>	50%	0-100%
Jeff Parr <sup>(3)</sup>	40%	0-80%
Ron Colquhoun <sup>(4)</sup>	40%	0-80%
Ian Atkinson	30%	0-60%

(1) Bruce Walter is not eligible under Centerra's non-equity incentive plan, and Leonard Homeniuk and David Petroff resigned from Centerra on June 16, 2008. Consequently they are not included in the table.

(2) Stephen Lang's cash bonus target was increased to 50% from 40% upon his promotion to President and Chief Executive Officer on June 17, 2008.

(3) Jeff Parr's cash bonus target was increased to 40% from 30% upon his promotion to Vice President and Chief Financial Officer on June 17, 2008.

(4) Ron Colquhoun's cash bonus target was increased to 40% from 30% upon his promotion to Vice President and Chief Operating Officer on July 30, 2008.

The cash bonus target is a percentage of base salary reflecting the NEO's role and responsibilities. When performance meets expectations, executives earn their target bonus. Depending on individual and corporate performance, annual cash bonuses may exceed or fall short of target. Based upon 2008 performance, the eligible NEOs received cash bonuses in 2009 that ranged from 37%-52% of their respective base salaries. See the "Summary Compensation Table" on page 22.

The formula set out below is used to determine actual cash bonus awards for participants, including the NEOs. Other than base salary and bonus target, which are discussed above, each element of this formula is discussed below.

$$\begin{array}{ccccccc} \text{Base Salary} & \times & \text{Individual Bonus} & \times & \text{Corporate Performance} & \times & \text{Individual Performance} & = & \text{Actual} \\ \text{(at Dec. 31, 2008)} & & \text{Target} & & \text{Multiplier} & & \text{Multiplier} & & \text{Cash Bonus} \\ & & \text{(\% of Base Salary)} & & \text{(0.0-1.5)} & & \text{(0.0-1.5)} & & \end{array}$$

The maximum aggregate multiplier that can be applied in the formula is capped at 2.0, resulting in maximum annual cash bonuses of two times an NEO's target bonus. If an NEO is promoted during the year and his or her base salary or bonus target changes, the bonus target is pro rated for the purpose of determining the NEO's annual cash bonus.

### *2008 Corporate Performance*

At or near the beginning of each year, the board of directors and management agree on financial and annual objectives based upon Centerra's long-term business strategy. At the conclusion of each year, the HRC Committee assesses actual performance based upon these objectives. Centerra's 2008 corporate performance measure is based equally upon the following financial and operational measures for cash bonus incentive plan purposes:

- Health and safety performance
- Environmental performance
- Ounces of gold produced
- Cost per ounce of gold produced
- A qualitative or quantitative growth measure

If Centerra meets each of the targeted performance measurements, the corporate performance multiplier is 1.0. If the maximum amounts are achieved or exceeded for each of the corporate performance measures, the corporate performance multiplier is 1.5. If the minimum amounts are not achieved for a particular corporate performance measurement, no amount is payable for that measurement. The degree of difficulty in achieving each of these corporate performance measures is challenging because targets are set aggressively. Detailed descriptions of each of the elements of the 2008 corporate performance measure are set out below.

#### *Health and Safety Performance*

The health and safety measurement is intended to encourage executives and employees to continually improve health and safety management systems and performance at Centerra's properties. The health and safety performance measure is based upon recordable injury frequency ("RIF"), which is defined as follows:

$$RIF = \frac{[LTI + MAI] \times 200,000}{H}$$

where,

LTI = number of lost time injuries

MAI = number of medical aid injuries

H = aggregate number of hours worked by Centerra's employees and contractors in the year

The RIF permits Centerra to measure its health and safety performance against international industry best practices, and is a measure of the number of injuries per 100 workers in a year. For 2008, a RIF of 0.68 or less would result in a corporate performance multiplier of 1.5 on the health and safety component of the corporate performance measure; a RIF of 0.85 or less would result in a multiplier of 1.0, a RIF of 1.02 or less would result in a multiplier of 0.8, and a RIF of more than 1.02 would result in a multiplier of 0.0 on the health and safety component of the corporate performance measure. In 2008, Centerra's RIF was 0.31 with a multiplier of 1.5 on the health and safety measure. In view of the fatality that occurred at the Kumtor mine in 2008, management recommended and the HRC Committee approved a reduction in the 2008 health and safety multiplier to 1.3500.

#### *Environmental Performance*

The environmental measurement is designed to focus executives and employees on continually improving the environmental performance of Centerra's operations, and is measured by Centerra's success in preventing incidents that could affect the environment. The environmental performance multiplier for the Kumtor mine and the Boroo mine are set at 1.5 as of January 1, and deductions are made to these regional environmental multipliers on a per incident basis as follows:

Environmental Incident Level	Reduction Amount
1	No reduction
2	0.1
3	0.3
4	0.75
5	1.5

A higher incident level corresponds to a greater potential adverse effect on the environment. The environmental multiplier is determined by taking the average of the regional environmental multipliers.

In 2008, the Kumtor mine reported five level 2 incidents, for a regional multiplier of 1.0, and the Boroo mine reported eight level 2 incidents, for a regional multiplier of 0.7. None of the incidents was reportable in the relevant jurisdiction. As a result, the 2008 performance multiplier for the environmental measure was 0.8500.

#### *Ounces of Gold Produced*

The production measurement is intended to encourage executives and employees to achieve targeted amounts of gold produced. The production performance measure is based upon the aggregate number of ounces of gold produced from Centerra's mines compared to the forecast. The 2008 production multiplier was determined on the following basis:

	Production Multiplier		
	Minimum (0.8)	Target (1.0)	Maximum (1.5)
Ounces of Gold Produced	720,000	817,000	880,000 or more

Production of less than 720,000 ounces of gold would result in a production multiplier of 0.0. In 2008, Centerra produced 748,888 ounces of gold, with a production multiplier of 0.8596.

### *Cost per Ounce of Gold Produced*

The cost measurement is designed to balance the production measure by encouraging the efficient production of gold from Centerra's mines. The cost measure used is different from the "total cash cost" reported in Centerra's other public disclosure, and is used instead of total cash cost because it reflects costs that are within the control of management. The 2008 cost multiplier was determined on the following basis:

	Cost Multiplier		
	Minimum (0.8)	Target (1.0)	Maximum (1.5)
Cost per Ounce of Gold Produced (\$)	531.77	443.14	369.28

A cost per ounce of gold produced of greater than \$531.77 would result in a cost multiplier of 0.0. In 2008, the cost per ounce of gold produced from Centerra's mines was \$516.87, with a cost multiplier of 0.8336.

### *Growth*

The purpose of the growth measurement is to focus executives, head office employees and country presidents on increasing shareholder value. The growth measure is not used by the HRC Committee in a formulaic or rigid manner, but rather as a general guideline under which it can exercise its discretion, and is tailored annually to meet each year's objectives under the company's strategic business plan and to place emphasis on objectives of special importance in the year. In 2008, the HRC Committee considered, among other things, management's progress in settling outstanding matters in the Kyrgyz Republic and Mongolia and growing the value of the enterprise through new joint venture arrangements, and concluded that a growth multiplier for 2008 of 0.8000 was appropriate in the circumstances.

### *2008 Corporate Performance Non-Equity Incentive Plan Compensation*

Overall, Centerra's 2008 corporate performance for the purpose of determining cash bonus incentive plan compensation was based upon the following calculation:

2008 Corporate Performance Measure	2008 Performance	Performance Multiplier	Factor Weighting (%)	Payout Multiplier
Health and Safety	0.31	1.3500 <sup>(1)</sup>	20	0.2700
Environmental	0.85	0.8500	20	0.1700
Production	748,888 oz.	0.8596	20	0.1719
Cost per Ounce	\$523.58	0.8336	20	0.1667
Growth	qualitative	0.8000	20	0.1600
Total				0.9386

(1) In view of the fatality that occurred at the Kumtor mine in 2008, management recommended and the HRC Committee approved a reduction in the 2008 health and safety multiplier from 1.5000 to 1.3500.

The 2008 corporate performance multiplier was 0.9386, which was below the target factor of 1.0.

### *2008 Individual Performances*

In assessing the 2008 personal performance multiplier used for determining annual cash bonuses, the HRC Committee evaluated progress against Centerra's strategic objectives and the written individual objectives established for each of the NEOs, which were reviewed and approved by the HRC Committee in advance. The Chair of the board of directors and the HRC Committee reviewed the President and Chief Executive Officer's progress against his objectives, and reviewed the President and Chief Executive Officer's assessment of the progress of each of the other eligible NEOs against their respective objectives, and determined the level and quality of each NEO's performance achievement. Based on that assessment, the HRC Committee determined an appropriate individual performance multiplier for the President and Chief Executive Officer, and then reviewed and approved the individual performance multipliers that the President and Chief Executive Officer recommended for each of the other eligible NEOs. Given the 2008 corporate performance multiplier of 0.9386, NEOs that generally met all of the individual performance objectives received an annual incentive award near their individual target level. Similarly, NEOs that exceeded their individual performance objectives received an annual incentive award greater than their individual target. Conversely, if a NEO did not meet many of his or her individual performance objectives, then the NEO's annual incentive would be below his or her individual target. See "Compensation Paid to Named Executive Officers in 2008" on page 21.

### Long Term Incentives

Centerra's long-term incentive program consists of annual grants of performance share units ("PSUs") awarded under its PSU plan and stock options awarded under its share option and share appreciation rights plan ("Option Plan").

#### Performance Share Unit Plan

Centerra's 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 included in the S&P/TSX Global Gold Canada Index Total Return Investment Value (the "TRIV"). The PSU plan is also designed to assist in the retention of key employees. The PSU plan is administered by the HRC Committee and PSUs are awarded at the discretion of the board of directors. The value of PSUs awarded is based upon a target percentage of the participant's base salary at the end of the most recently completed financial year, and the number of PSUs is calculated by dividing such amount by Centerra's closing share price on the Toronto Stock Exchange ("TSX") on the first trading day of the calendar year in which the PSUs are granted. The value of PSUs awarded varies depending upon the HRC Committee's discretion and the participant's level of responsibility, and are targeted as follows:

Named Executive Officer <sup>(1)</sup>	PSUs (% of Base Salary)
Stephen Lang	125%
Jeff Parr	80%
Ron Colquhoun	80%
Ian Atkinson	50%

(1) Bruce Walter is not eligible to participate in Centerra's PSU plan, and Leonard Homeniuk and David Petroff resigned from Centerra on June 16, 2008. Consequently they are not included in the table. Mr. Walter is eligible for share-based awards under Centerra's Vice Chair Deferred Share Unit Plan described below.

PSUs represent the right to receive in the future the cash equivalent of a Centerra share based upon the 90-day weighted average trading price prior to redemption of the PSUs or, at Centerra's election, a share purchased on the open market. Each PSU held by an NEO vests three years from December 31 of the preceding calendar year, or such earlier date as determined by the board of directors. If dividends are paid on Centerra's shares, additional PSUs are 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 90-day weighted average trading price of Centerra's shares on the date credited. Centerra currently does not pay dividends.

At vesting, the number of PSUs that are redeemed may be higher or lower than the number of PSUs initially granted to a participant. The table below sets out the adjustment factors for determining the number of PSUs that will vest based upon Centerra's total return relative to the TRIV during the applicable three-year period.

Centerra Total Return 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
Less than 0.75	Payout subject to board discretion

The number of PSUs that vest is determined by multiplying the number of PSUs granted to the participant by the adjustment factor. There was no payout for PSUs vesting in 2008 because Centerra's total return relative to the TRIV was substantially less than 0.75 and the board of directors, having considered whether there were any mitigating factors that ought to be considered, decided not to exercise its discretion in favour of a payout.

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 become fully vested and immediately payable within 30 days, based upon the performance criteria set out above and the 90-day weighted average trading price 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 (or such longer period set out in any employment contract) of the change of control, all PSUs or substituted similar performance share units then held by the participant 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.

#### *Vice Chair Deferred Share Unit Plan*

Centerra has established the vice chair deferred share unit plan ("VC DSU Plan") to provide compensation in the form of deferred share units ("DSUs") to the Vice Chair, Bruce Walter for so long as he serves in that role. The purpose of the VC DSU Plan is to allow Mr. Walter to participate in the long-term success of Centerra and to further align the interests of Mr. Walter with those of Centerra's shareholders.

Mr. Walter was granted DSUs with an annual value equal to \$52,000 pro rata for the period June 17, 2008 to December 31, 2008 and will be granted DSUs with a value equal to \$70,000 in respect of each year commencing on or after January 1, 2009, pro rated for any part year of employment. DSUs will be granted to Mr. Walter quarterly on the last business day of each calendar quarter. The number of DSUs to be granted quarterly is determined by dividing (a) one quarter of the annual value of DSUs by (b) the market value of Centerra's shares as of the grant date, with "market value" being the volume weighted average trading price of Centerra's shares on the last five trading days prior to the grant date. If a dividend is paid on the shares, Mr. Walter will be allocated additional DSUs equal in value to any dividend paid on Centerra's shares multiplied by the number of DSUs held by Mr. Walter, divided by the market value of Centerra's shares. Centerra currently does not pay dividends.

DSUs cannot be redeemed by Mr. Walter for so long as he holds a position with Centerra. DSUs will be redeemed in full no later than December 15 in the calendar year immediately following the year Mr. Walter ceases to hold all positions with Centerra. Each DSU vests immediately, and represents the right of Mr. Walter to receive, on redemption of DSUs, a lump sum amount calculated by multiplying the number of DSUs credited to his account by the market value of Centerra's shares as at the redemption date, minus any applicable withholding taxes.

#### *Share Option and Share Appreciation Rights Plan*

The purpose of Centerra's Option Plan is to link executive performance with successful, sustained long-term company performance that increases shareholder value. The Option Plan is designed to assist in the retention of key employees. Currently, only the President and Chief Executive Officer, other executive officers and country presidents of Centerra annually receive stock options.

The value of stock options annually awarded varies depending on the discretion of the HRC Committee and Centerra's board of directors, as well as the participant's level of responsibility, and are targeted as follows:

Named Executive Officer <sup>(1)</sup>	Stock Option (% of Base Salary) <sup>(2)</sup>
Stephen Lang	125%
Jeff Parr	80%
Ron Colquhoun	80%
Ian Atkinson	50%

(1) Bruce Walter is not eligible for annual grants under Centerra's Option Plan, and Leonard Homeniuk and David Petroff resigned from Centerra on June 16, 2008. Consequently they are not included in the table. Mr. Walter is eligible for, and was upon his appointment as Vice Chair on June 17, 2008 the recipient of, special grants of stock options.

(2) The corresponding number of stock options is determined by dividing the target value of the option grant by the product of the volume-weighted average trading price, in Canadian dollars, of Centerra's shares on the TSX for the five trading days immediately preceding the date of the grant and the Black-Scholes option price which The Hay Group, an independent compensation consulting firm, prepares for Centerra at the beginning of each financial year.

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 2006, 2007 and 2008 did not include share appreciation rights.

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. The Option Plan provides 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.

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 Centerra's currently outstanding shares. The maximum number of shares that may be issued to any individual or any insider of Centerra 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 Centerra's outstanding stock options under the Option Plan as of December 31, 2008.

#### EQUITY COMPENSATION PLAN INFORMATION AS OF DECEMBER 31, 2008

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders	1,848,165	\$8.64	16,151,835

The HRC Committee may amend, suspend or terminate the Option Plan at any time, provided that:

- A. no amendment, suspension or termination may materially adversely affect any options or rights granted to a participant without the participant's consent; and
- B. the following amendments to the Option Plan, or to options granted thereunder, 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 Centerra 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 Centerra; and
  7. amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange).

If the Option Plan is terminated, its provisions will continue as long as options or rights remain outstanding.

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 (or such longer period set out in any employment contract) after the change in control following which unexercised options will expire.

The HRC Committee designates the recipients of stock options and the terms and conditions of each grant and grants are approved by the board of directors. Options are granted at prices no lower than the volume weighted average trading price, in Canadian dollars, of Centerra's shares on the TSX 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 and the Black-Scholes model (see footnote (2) above). 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.

#### ***Other Benefits and Perquisites***

Centerra provides competitive employee benefits and executive perquisites to aid in the attraction and retention of key executives. Centerra's employee benefit program includes life, health, dental, disability and accidental death and dismemberment coverage. Centerra's executives are eligible for the same benefits as the other head office employees, with the exception of the group retirement savings plan, which is not available to executives. Executive perquisites include automobile, parking and transit benefits and reimbursement for club memberships and financial, retirement and tax planning, as well as executive medical examinations.

#### **Compensation Paid to Named Executive Officers in 2008**

There were no differences in compensation policies with respect to each NEO which would affect the understanding of any NEO's 2008 compensation.

## SUMMARY COMPENSATION TABLE

The Summary Compensation Table set out below and the related footnotes present information about the compensation of Centerra's "Named Executive Officers" (determined in accordance with applicable rules). Compensation is paid in Canadian dollars.

Name and principal position	Year	(a)	(b)	(c)	(d)	(e)	Total compensation (\$)
		Salary (\$) <sup>(1)</sup>	Share-based awards (\$) <sup>(2)</sup>	Option-based awards (\$) <sup>(3)</sup>	Non-equity incentive plan compensation (\$)	All other compensation (\$) <sup>(5)</sup>	
					Annual incentive plans <sup>(4)</sup>		
Stephen Lang <sup>(6)</sup> <i>President and Chief Executive Officer</i>	2008	532,409	479,708	479,708	285,100	79,320	1,856,245
Jeff Parr <sup>(7)</sup> <i>Vice President and Chief Financial Officer</i>	2008	307,212	208,092	208,092	147,475	24,020	894,891
Ron Colquhoun <sup>(8)</sup> <i>Vice President and Chief Operating Officer</i>	2008	302,614	187,495	187,495	130,328	23,868	831,800
Ian Atkinson <i>Vice President Exploration</i>	2008	295,474	139,449	139,449	111,284	29,939	715,595
Bruce Walter <sup>(9)</sup> <i>Vice Chair</i>	2008	184,303	32,538	1,425,280	0	17,100	1,659,221
Len Homeniuk <sup>(10)</sup> <i>Former President and Chief Executive Officer</i>	2008	257,138	678,930	678,930	300,494	2,974,588	4,890,080
David Petroff <sup>(11)</sup> <i>Former Executive Vice President and Chief Financial Officer</i>	2008	188,217	313,730	313,730	85,000	1,995,973	2,896,650

(1) Amounts indicated represent salary earned in the year.

(2) Share-based units awarded to NEOs other than Bruce Walter are PSUs. Bruce Walter was awarded DSUs. The dollar amount of PSU grants is determined based principally upon a target percentage of the participant's base salary as described in "Components of Executive Compensation – Long Term Incentives – Performance Share Unit Plan". The value of PSUs was calculated based upon the grant date fair value of the award determined by multiplying the number of PSUs granted by the closing price, in Canadian dollars, of Centerra's common shares on the TSX on the grant date. The value of DSUs granted to Mr. Walter was determined in accordance with the VC DSU Plan described in "Components of Executive Compensation – Long Term Incentives – Vice Chair Deferred Share Unit Plan".

(3) Option-based awards represent the portion of total compensation that was granted as stock options. Option-based awards are valued at the date of the grant using the Black-Scholes option pricing model which The Hay Group, an independent compensation consulting firm, prepared for Centerra for 2008. The value of an option granted in 2008 using the Black-Scholes model was 54.4% of the volume weighted average trading price, in Canadian dollars, of Centerra's shares on the TSX for the five trading days immediately preceding the date of the grant. Key assumptions used in the 2008 Black-Scholes valuation were a dividend yield of 0%, a risk-free rate of 4.75%, a volatility of 50.56%, a 3-year vesting period and an 8-year term. This approach may not be identical to that used by other issuers and is sensitive to assumptions. Therefore, the figures may not be directly comparable across issuers. The grant date fair values of stock options set out in the Summary Compensation Table are different from the accounting fair value as a result of the reliance on different assumptions. The aggregate accounting fair value of stock options granted to each NEO in the year is as follows: (i) Stephen Lang – \$299,762; (ii) Bruce Walter – \$995,000; (iii) Jeff Parr – \$129,844; (iv) Ron Colquhoun – \$111,872; and (v) Ian Atkinson – \$88,476.

(4) Other than in respect of Leonard Homeniuk and David Petroff, amounts shown were earned in 2008 and paid in 2009. See note 10 for a discussion of amounts included in column (d) for Mr. Homeniuk and note 11 for a discussion of amounts included in column (d) for Mr. Petroff.

(5) The amounts represent the aggregate amount of benefits and perquisites received in the year.

(6) Stephen Lang was Vice President and Chief Operating Officer until June 17, 2008, when he was promoted to President and Chief Executive Officer. Mr. Lang became a member of the board of directors of Centerra on that date, but does not receive any fees in connection with his service thereon. Amounts in column (a) include a 15% temporary premium applied to Mr. Lang's base salaries in the year. Amounts in column (e) represent perquisites received by Mr. Lang which in the aggregate are worth 10% or more of his salary for 2008, including \$62,231 in respect of relocation expenses and a home price guarantee in respect of the sale of his former residence (which, in the aggregate, exceeded 25% of the total value of the perquisites he received in the year).

(7) Jeff Parr was Vice President, Finance until June 17, 2008, when he was promoted to Vice President and Chief Financial Officer.

(8) Ron Colquhoun was Vice President, Project Development and Engineering until July 30, 2008, when he was promoted to Vice President and Chief Operating Officer.

(9) Bruce Walter was appointed Vice Chair on June 17, 2008. Amounts in column (a) include salary paid by Centerra from June 17, 2008 to December 31, 2008. Mr. Walter was elected to the board of directors of Centerra on May 7, 2008, and received DSUs and cash fees of \$13,265 in connection with his service thereon until his appointment as Vice Chair. Mr. Walter's director cash fees are also included in column (a), and his director DSUs are included in column (b). He did not receive fees for acting as a director following his appointment as Vice Chair.

(10) Leonard Homeniuk resigned on June 16, 2008. Amounts in column (a) represent salary paid by Centerra from January 1, 2008 to June 16, 2008. Mr. Homeniuk was a member of the board of directors of Centerra until his resignation, but did not receive any fees in connection with his service thereon. Amounts in column (d) include the following payments made to Mr. Homeniuk upon his resignation: (i) annual incentive cash bonus of \$157,512 in respect of Mr. Homeniuk's performance in 2007 not previously paid and (ii) annual incentive cash bonus of \$142,983 in respect of Mr. Homeniuk's performance in 2008 (pro rated for his period of employment in the year and assuming Mr. Homeniuk's cash bonus target of 50% of his base salary). Amounts in column (e) include the following payments made to Mr. Homeniuk upon his resignation: (i) \$1,715,790 (equivalent to 3 years base salary), (ii) \$129,653 (in lieu of continuation of benefits and perquisites for 3 years), (iii) \$857,895 (equivalent to 3 years annual incentive cash bonus assuming Mr. Homeniuk's cash bonus target of 50% of his base salary), (iv) forgiveness of an outstanding housing loan in the amount of \$250,000 and (v) \$1,100 for accrued vacation.

(11) David Petroff resigned on June 16, 2008. Amounts in column (a) represent salary paid by Centerra from January 1, 2008 to June 16, 2008. Amounts in column (d) represent an annual incentive cash bonus in respect of Mr. Petroff's performance in 2008 (pro rated for his period of employment in the year and assuming Mr. Petroff's cash bonus target of 40% of his base salary). Amounts in column (e) include the following payments made to Mr. Petroff upon his resignation: (i) \$1,275,000 (equivalent to 3 years base salary), (ii) \$113,931 (in lieu of continuation of benefits and perquisites for 3 years), (iii) \$470,594 (equivalent to 3 years annual incentive cash bonus assuming his cash bonus target of 40% of Mr. Petroff's base salary) and (iv) \$77,645 for accrued vacation.



## INCENTIVE PLAN AWARDS

### OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$) <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(3)</sup>
Stephen Lang	52,921	11.43	December 17, 2015	nil	114,703	75,624
	39,620	14.29	March 18, 2016			
	60,248	5.24	June 27, 2016			
Jeff Parr	19,342	11.17	May 8, 2015	nil	33,691	36,596
	16,080	14.29	March 18, 2016			
	29,155	5.24	June 27, 2016			
Ron Colquhoun	18,741	12.78	February 8, 2014	nil	28,988	11,558
	19,801	11.17	May 8, 2015			
	17,824	14.29	March 18, 2016			
	19,189	4.68	August 12, 2016			
Ian Atkinson	21,789	12.78	February 8, 2014	nil	20,266	nil
	23,024	11.17	May 8, 2015			
	17,983	14.29	March 18, 2016			
Bruce Walter	500,000	5.24	June 27, 2016	nil	7,345	32,612
Leonard Homeniuk <sup>(4)</sup>	143,370 <sup>(5)</sup>	5.16	June 16, 2009	nil	98,231	nil
	110,427	6.71	June 16, 2009			
	102,414	12.78	June 16, 2009			
	111,054	11.17	June 16, 2009			
	87,336	14.29	June 16, 2009			
David Petroff <sup>(4)</sup>	87,366 <sup>(5)</sup>	5.16	June 16, 2009	nil	45,292	nil
	67,293	6.71	June 16, 2009			
	48,114	12.78	June 16, 2009			
	51,080	11.17	June 16, 2009			
	40,358	14.29	June 16, 2009			

(1) The exercise price of options is determined based upon the volume weighted average trading price, in Canadian dollars, of shares on the TSX for the five trading days immediately preceding the date of the grant.

(2) Based on the difference between the closing price on the TSX of the shares' underlying options on December 31, 2008, which was \$4.44, and the exercise price of the options. Centerra did not have any stock options outstanding on December 31, 2008 that were "in-the-money".

(3) The market value of PSUs is based upon Centerra's total return performance relative to the S&P/TSX Global Gold Canada TRIV Index as at December 31, 2008, and assumes the board of directors would not exercise its discretion under the PSU plan. See "Components of Executive Compensation – Long Term Incentives – Performance Share Unit Plan". In the case of Bruce Walter, the value of DSUs he received as a director, until June 17, 2008, and as Vice Chair, from June 17, 2008, was determined by multiplying the number of DSUs held by him by the closing price on the TSX of Centerra shares on December 31, 2008, which was \$4.44.

(4) Leonard Homeniuk and David Petroff resigned on June 16, 2008. Notwithstanding the terms of Centerra's Option Plan, which would have required Mr. Homeniuk and Mr. Petroff to exercise outstanding options and share appreciation rights on or before September 15, 2008, Mr. Homeniuk and Mr. Petroff are entitled to exercise those options and share appreciation rights which would vest on or before June 11, 2011 until the earlier of expiry of their original term and June 16, 2009, after which they will expire. Notwithstanding the terms of Centerra's PSU plan, which would have required immediate redemption of PSUs (at zero value, given the performance of Centerra's shares compared to the TRIV), Mr. Homeniuk's and Mr. Petroff's PSUs will be redeemed on their original redemption dates based on the performance target adjustment factor determined at such redemption date.

(5) Stock options were granted with a related share appreciation right.

## INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$)
Stephen Lang	nil	nil	285,100
Jeff Parr	nil	nil	147,475
Ron Colquhoun	6,248	nil	130,328
Ian Atkinson	8,498	nil	111,284
Bruce Walter	nil	nil	nil
Leonard Homeniuk	230,093	nil	142,983
David Petroff	134,646	nil	85,000

(1) Represents the aggregate dollar value that would have been realized in 2008 if stock options had been exercised on the applicable vesting date. The value was determined by calculating the difference between the closing price on the TSX, in Canadian dollars, of the shares underlying the options on the vesting date and the exercise price of the options.

(2) The value of PSUs vested in 2008 was based upon Centerra's total return performance relative to the S&P/TSX Global Gold Canada TRIV Index as of the vesting date of December 31, 2008. Given that Centerra's total return relative to the TRIV was substantially less than the minimum payout threshold of 0.75, the board of directors decided not to exercise its discretion in favour of a payout. Therefore the payout amount for PSUs that vested in 2008 was nil.

A description of the significant terms of all plan-based awards are set out on pages 18 to 20.

### TERMINATION AND CHANGE OF CONTROL BENEFITS

#### Stephen Lang

If Mr. Lang is terminated without just cause, or he resigns for good reason as defined in his 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 (or payment in lieu thereof) and a lump sum payment of a pro rata bonus (assuming personal and corporate performance at target) 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 and are exercisable for 90 days.

If Mr. Lang is terminated with just cause or if he dies, Centerra has no further obligations to Mr. Lang. Mr. Lang may resign on one month's written notice and he is entitled to any unpaid salary to date of resignation.

In the event that Mr. Lang's employment is terminated without just cause, or he resigns for good reason, within 36 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 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. Lang is entitled to receive on a termination without just cause or resignation for good reason.

Mr. Lang has agreed that except for with advance written consent from Centerra, he will not compete with Centerra for a period of six months following the cessation of his employment or solicit Centerra's employees or full-time consultants for a period of two years following the cessation of employment. Mr. Lang has further agreed not to disclose any confidential information after the cessation of his employment, to waive all moral rights he may have in any intellectual property in favour of Centerra, and that all right, title and interest in any intellectual property and copyright is for the exclusive use of Centerra.

#### Jeff Parr

If Mr. Parr is terminated without just cause, or he resigns for good reason as defined in his employment agreement, he will be entitled to a lump sum payment equal to his base salary and target incentive for 24 months, continuance of participation in the benefits plans for that 24-month period (or payment in lieu thereof) and a lump sum payment of a pro rata bonus (assuming personal and corporate performance at target) for the year of termination as if individual and corporate targets had been met. All PSUs will be paid on a pro rata basis determined by calculating the number of months from the start of the performance period to the end of the 24-month termination period, divided by 36 and adjusted based on the performance criteria as at the date of termination. Any options that would have vested in that 24-month period vest immediately and are exercisable for 90 days.

If Mr. Parr is terminated with just cause or if he dies, Centerra has no further obligations to Mr. Parr. Mr. Parr may resign on one month's written notice and he is entitled to any unpaid salary to date of resignation.

In the event that Mr. Parr's employment is terminated without just cause, or he resigns for good reason, within 24 months following a change of control, Mr. Parr 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. Parr's salary and target annual incentive for 24 months, continuance of participation in benefits plans for that 24-month period and a lump sum payment of a pro rata bonus for the year of termination that Mr. Parr is entitled to receive on a termination without just cause or resignation for good reason.

Mr. Parr has agreed that except for with advance written consent from Centerra, he will not compete with Centerra for a period of six months following the cessation of his employment or solicit Centerra's employees or full-time consultants for a period of two years following the cessation of employment. Mr. Parr has further agreed not to disclose any confidential information after the cessation of his employment, to waive all moral rights he may have in any intellectual property in favour of Centerra, and that all right, title and interest in any intellectual property and copyright is for the exclusive use of Centerra.

### **Ron Colquhoun**

If Mr. Colquhoun is terminated without just cause, or he resigns for good reason as defined in his 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 (or payment in lieu thereof) and a lump sum payment of a pro rata bonus (assuming personal and corporate performance at target) for the year of termination. All PSUs will be paid on a pro rata basis determined by calculating the number of months from the start of the performance period to the end of the 24-month termination period, divided by 36 and adjusted based on the performance criteria as at the date of termination. Any options that would have vested in that 24-month period will vest immediately and are exercisable for 90 days.

If Mr. Colquhoun is terminated with just cause or if he dies, Centerra has no further obligations to Mr. Colquhoun. Mr. Colquhoun may resign on one month's written notice and he is entitled to any unpaid salary to date of resignation.

In the event that Mr. Colquhoun's employment is terminated without just cause, or he resigns for good reason, within 24 months following a change of control, Mr. Colquhoun 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. Colquhoun'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. Colquhoun 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. Colquhoun has agreed that except for with advance written consent from Centerra, he will not compete with Centerra for a period of six months following the cessation of his employment or solicit Centerra's employees or full-time consultants for a period of two years following the cessation of employment. Mr. Colquhoun has further agreed not to disclose any confidential information after the cessation of his employment, to waive all moral rights he may have in any intellectual property in favour of Centerra, and that all right, title and interest in any intellectual property and copyright is for the exclusive use of Centerra.

### **Ian Atkinson**

If Mr. Atkinson is terminated without just cause, or he resigns for good reason as defined in his employment agreement, he will be entitled to a lump sum payment equal to his base salary and target incentive for 24 months, continuance of participation in the benefits plans for that 24-month period (or payment in lieu thereof) and a lump sum payment of a pro rata bonus (assuming personal and corporate performance at target) for the year of termination as if individual and corporate targets had been met. All PSUs will be paid on a pro rata basis determined by calculating the number of months from the start of the performance period to the end of the 24-month termination period, divided by 36 and adjusted based on the performance criteria as at the date of termination. Any options that would have vested in that 24-month period vest immediately and are exercisable for 90 days.

If Mr. Atkinson is terminated with just cause or if he dies, Centerra has no further obligations to Mr. Atkinson. Mr. Atkinson may resign on one month's written notice and he is entitled to any unpaid salary to date of resignation.

In the event that Mr. Atkinson's employment is terminated without just cause, or he resigns for good reason, within 24 months following a change of control, Mr. Atkinson 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. Atkinson's salary and target annual incentive for 24 months, continuance of participation in benefits plans for that 24-month period and a lump sum payment of a pro rata bonus for the year of termination that Mr. Atkinson is entitled to receive on a termination without just cause or resignation for good reason.

Mr. Atkinson has agreed that except for with advance written consent from Centerra, he will not compete with Centerra for a period of six months following the cessation of his employment or solicit Centerra's employees or full-time consultants for a period of two years following the cessation of employment. Mr. Atkinson has further agreed not to disclose any confidential information after the cessation of his employment, to waive all moral rights he may have in any intellectual property in favour of Centerra, and that all right, title and interest in any intellectual property and copyright is for the exclusive use of Centerra.

#### **Bruce Walter**

If Mr. Walter is terminated without just cause, or he resigns for good reason (as defined in his employment agreement), he will be entitled to a lump-sum payment equal to unpaid salary to June 17, 2010 and continuance of participation in the benefits plans to June 17, 2010. In addition, any options that would otherwise vest on or before June 17, 2010 will vest on the date of termination of employment.

If Mr. Walter is terminated with just cause, if he dies or the term of employment ends, Centerra has no further obligations to Mr. Walter. Mr. Walter may resign on one month's written notice and he is entitled to any unpaid salary to date of resignation.

In the event that Mr. Walter's employment is terminated without just cause, or he resigns for good reason, immediately following a change of control, Mr. Walter is entitled to a lump-sum payment equal to unpaid salary to June 17, 2010, continued participation in the benefits plans to June 17, 2010 (or payment in lieu thereof), and immediate vesting of all of his options on the date of termination of employment or to a lump sum payment in respect of options which cannot vest or become exercisable.

Mr. Walter has agreed that except with advance written consent from Centerra, he will not compete with Centerra for a period of six months following the cessation of his employment or solicit Centerra's employees or full-time consultants for a period of two years following the cessation of employment. Mr. Walter has further agreed not to disclose any confidential information after the cessation of his employment, to waive all moral rights he may have in any intellectual property in favour of Centerra, and that all right, title and interest in any intellectual property and copyright is for the exclusive use of Centerra.

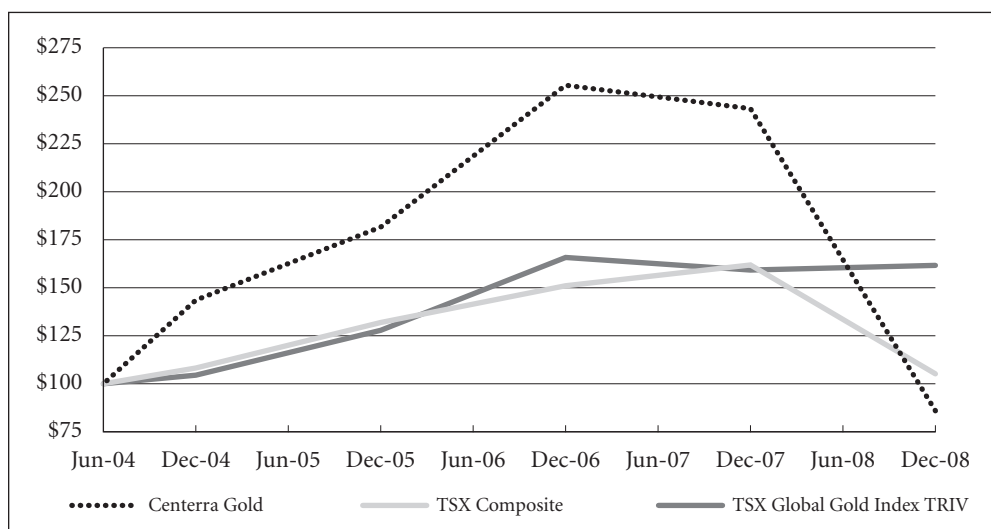
Name	Termination without Cause or Resignation for Good Reason (\$)	Termination Without Cause (or Resignation for Good Reason) following a Change of Control (\$) <sup>(1)</sup>	Termination for Cause (\$)	Resignation (\$)
Stephen Lang, <i>President and Chief Executive Officer</i>	\$2,730,177 comprised of: <ul style="list-style-type: none"> <li>• \$1,500,000 (3 x base salary)</li> <li>• \$750,000 (3 x target annual incentive)</li> <li>• \$154,553 (cost of benefits plans premiums for 36 months)</li> <li>• \$250,000 (pro rata entitlement to annual incentive for calendar year in which termination occurs as if individual and corporate targets were met at target level)</li> <li>• \$75,624 (dollar value of accelerated PSUs that are accelerated)</li> <li>• \$0 – No options which were unvested as at December 31, 2008 are in the money</li> </ul>	\$2,730,177 comprised of: <ul style="list-style-type: none"> <li>• \$1,500,000 (3 x base salary)</li> <li>• \$750,000 (3 x target annual incentive)</li> <li>• \$154,553 (cost of benefits plans premiums for 36 months)</li> <li>• \$250,000 (pro rata entitlement to annual incentive for calendar year in which termination occurs as if individual and corporate targets were met at target level)</li> <li>• \$75,624 (dollar value of accelerated PSUs that are accelerated) (all PSUs are accelerated)</li> <li>• \$0 – No options which were unvested as at December 31, 2008 are in the money</li> </ul>	0	0
Jeff Parr, <i>Vice President and Chief Financial Officer</i>	\$1,218,756 comprised of: <ul style="list-style-type: none"> <li>• \$696,000 (2 x base salary)</li> <li>• \$278,400 (2 x target annual incentive)</li> <li>• \$69,560 (cost of benefits plans premiums for 24 months)</li> <li>• \$139,200 (pro rata entitlement to annual incentive for calendar year in which termination occurs as if individual and corporate targets were met at target level)</li> <li>• \$35,596 (dollar value of accelerated PSUs that are accelerated)</li> <li>• \$0 – No options which were unvested as at December 31, 2008 are in the money</li> </ul>	\$1,218,756 comprised of: <ul style="list-style-type: none"> <li>• \$696,000 (2 x base salary)</li> <li>• \$278,400 (2 x target annual incentive)</li> <li>• \$69,560 (cost of benefits plans premiums for 24 months)</li> <li>• \$139,200 (pro rata entitlement to annual incentive for calendar year in which termination occurs as if individual and corporate targets were met at target level)</li> <li>• \$35,596 (dollar value of accelerated PSUs that are accelerated) (all PSUs are accelerated)</li> <li>• \$0 – No options which were unvested as at December 31, 2008 are in the money</li> </ul>	0	0

Name	Termination without Cause or Resignation for Good Reason (\$)	Termination Without Cause (or Resignation for Good Reason) following a Change of Control (\$) <sup>(1)</sup>	Termination for Cause (\$)	Resignation (\$)
Ron Colquhoun, <i>Vice President and Chief Operating Officer</i>	\$1,104,590 comprised of: <ul style="list-style-type: none"> <li>• \$640,000 (2 x base salary)</li> <li>• \$256,000 (2 x target annual incentive)</li> <li>• \$69,032 (cost of benefits plans premiums for 24 months)</li> <li>• \$128,000 (pro rata entitlement to annual incentive for calendar year in which termination occurs as if individual and corporate targets were met at target level)</li> <li>• \$11,558 (dollar value of accelerated PSUs that are accelerated)</li> <li>• \$0 – No options which were unvested as at December 31, 2008 are in the money</li> </ul>	\$1,104,590 comprised of: <ul style="list-style-type: none"> <li>• \$640,000 (2 x base salary)</li> <li>• \$256,000 (2 x target annual incentive)</li> <li>• \$69,032 (cost of benefits plans premiums for 24 months)</li> <li>• \$128,000 (pro rata entitlement to annual incentive for calendar year in which termination occurs as if individual and corporate targets were met at target level)</li> <li>• \$11,558 (dollar value of accelerated PSUs that are accelerated) (all PSUs are accelerated)</li> <li>• \$0 – No options which were unvested as at December 31, 2008 are in the money</li> </ul>	0	0
Ian Atkinson, <i>Vice President Exploration</i>	\$941,548 comprised of: <ul style="list-style-type: none"> <li>• \$602,000 (2 x base salary)</li> <li>• \$180,600 (2 x target annual incentive)</li> <li>• \$68,648 (cost of benefits plans premiums for 24 months)</li> <li>• \$90,300 (pro rata entitlement to annual incentive for calendar year in which termination occurs as if individual and corporate targets were met at target level)</li> <li>• \$0 (dollar value of accelerated PSUs that are accelerated)</li> <li>• \$0 – No options which were unvested as at December 31, 2008 are in the money</li> </ul>	\$941,548 comprised of: <ul style="list-style-type: none"> <li>• \$602,000 (2 x base salary)</li> <li>• \$180,600 (2 x target annual incentive)</li> <li>• \$68,648 (cost of benefits plans premiums for 24 months)</li> <li>• \$90,300 (pro rata entitlement to annual incentive for calendar year in which termination occurs as if individual and corporate targets were met at target level)</li> <li>• \$0 (dollar value of accelerated PSUs that are accelerated) (all PSUs are accelerated)</li> <li>• \$0 – No options which were unvested as at December 31, 2008 are in the money</li> </ul>	0	0
Bruce Walter, <i>Vice Chair</i>	\$517,072 comprised of: <ul style="list-style-type: none"> <li>• \$463,636 (base salary for Jan. 1 to Dec, 31, 2009 plus base salary pro-rated for Jan. 1 to Jun. 17, 2010)</li> <li>• \$53,436 (cost of benefits plans premiums until June 17, 2010)</li> <li>• \$0 – No options which were unvested as at December 31, 2008 are in the money</li> </ul>	\$517,072 comprised of: <ul style="list-style-type: none"> <li>• \$463,636 (base salary for Jan. 1 to Dec, 31, 2009 plus base salary pro-rated for Jan. 1 to Jun. 17, 2010)</li> <li>• \$53,436 (cost of benefits plans premiums until June 17, 2010)</li> <li>• \$0 – No options which were unvested as at December 31, 2008 are in the money</li> </ul>	0	0

(1) Termination without cause or resignation for good reason must occur within 36 months of a change of control for Mr. Lang to receive entitlements. Termination without cause or resignation for good reason must occur within 24 months of a change of control for other NEOs to receive entitlements.

## PERFORMANCE GRAPH

The following graph compares the cumulative shareholder return for \$100 invested in Centerra's shares from June 30, 2004 to December 31, 2008, 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, 2008 was \$4.44.



Compared to its comparator group, Centerra's executive compensation program has a greater proportion of total compensation weighted to long-term incentive pay rather than short-term compensation. Therefore, executive compensation is highly sensitive to the performance of Centerra's shares. As a result, there was no payout for PSUs vesting in 2008 because Centerra's total return relative to the TRIV was substantially less than 0.75 and the board of directors, having considered whether there were any mitigating factors that ought to be considered, decided not to exercise its discretion in favour of a payout. In addition, no vested stock options that were outstanding as of December 31, 2008 were in-the-money on that date.

## DIRECTORS COMPENSATION

Name <sup>(2)</sup>	Fees Earned in 2008 <sup>(1)</sup>						
	Fees Earned (\$)	Cash portion (\$)	Percent of Fees (%)	Share-based portion paid as DSUs <sup>(3)</sup> (\$)	Percent of Fees (%)	All other compensation (\$)	Total (\$)
Ian Austin	126,100	64,500	51	61,600	49	nil	126,100
John Auston <sup>(4)</sup>	36,712	16,379	45	20,333	55	nil	36,712
Almazbek Djakypov	107,750	36,250	34	71,500	66	0	107,750
Kim Goheen <sup>(5)</sup>	nil	nil	nil	nil	nil	nil	nil
Patrick James	231,650	92,250	40	139,400	60	1,313 <sup>(6)</sup>	232,963
Sheryl Pressler <sup>(7)</sup>	68,403	21,500	31	46,902	69	nil	68,403
Terry Rogers	98,687	44,919	45	53,768	55	nil	98,687
Josef Spross	113,700	56,000	49	57,700	51	nil	113,700
Anthony Webb	111,950	54,750	49	57,200	51	nil	111,950

(1) Directors receive a portion of their fees in the form of DSUs (see the description of the Directors Deferred Share Unit Plan on page 31).

(2) Compensation disclosure for Leonard Homeniuk, Stephen Lang and Bruce Walter, each of whom was an NEO and a director in 2008, can be found in the Summary Compensation Table on page 23.

(3) The number of DSUs awarded is equal to the dollar amount of fees paid as DSUs divided by the volume weighted average trading price of Centerra's shares on the TSX for the five trading days immediately preceding the date of the grant.

(4) John Auston retired from Centerra's board of directors on May 7, 2008. Amounts represent fees paid by Centerra from January 1, 2008 to May 7, 2008.

(5) Kim Goheen, as Senior Vice President and Chief Financial Officer of Cameco, is not considered a non-executive director and, as a result, is not remunerated for his service on the board of directors.

(6) Amount represents fees reimbursed for a club membership.

(7) Sheryl Pressler was elected to Centerra's board of directors on May 7, 2008. Amounts represent fees paid by Centerra from May 7, 2008 to December 31, 2008.

Only directors who are not employees of Centerra, Cameco or their respective 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 equal to 40% of the retainer, chair and meeting fees in the form of DSUs or cash. In addition to these amounts, the directors receive annually an additional payment of 40% of the retainer, chair and meeting fees in DSUs (travel fees are excluded).

Patrick James is the non-executive Chair of the board of directors. Mr. James sits on three committees and chairs one of them. 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.

#### **Directors Deferred Share Unit Plan**

Centerra has established a deferred share unit plan 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 respective 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 15 in the calendar year that immediately follows the calendar year of termination of board service. A director who is a United States citizen or a resident alien in the United States is paid in full on the 30th day following his or her separation from service. Each DSU vests immediately and represents the right of the director to receive, after termination of board service, the market value of the DSUs equal to the weighted average of the closing price of Centerra's shares on the TSX for the five trading days immediately preceding the payout date. 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 \$125,000 for each director), to be achieved within a period of five years of becoming a director. Stephen Lang, as President and Chief Executive Officer of Centerra, Bruce Walter, as Vice Chair of Centerra, and Kim 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 of December 31, 2008, Ian Austin, Patrick James, Josef Spross and Anthony Webb have met share ownership expectations, and Almazbek Djakypov, Sheryl Pressler and Terry Rogers are within the five-year ownership timeline.



## DIRECTORS SHARE-BASED AWARDS, OPTION BASED AWARDS AND NON-EQUITY INCENTIVE PLAN COMPENSATION

Name <sup>(1)</sup>	Share-based Awards	
	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(2)</sup>
Ian Austin	35,921	159,489
John Auston <sup>(3)</sup>	0	0
Almazbek Djakypov	26,279	116,679
O. Kim Goheen <sup>(4)</sup>	0	0
Patrick James	96,451	428,242
Sheryl Pressler	10,583	46,989
Terry Rogers	12,429	55,185
Josef Spross	34,819	154,597
Anthony Webb	37,046	164,484

(1) Compensation disclosure for Leonard Homeniuk, Stephen Lang and Bruce Walter, each of whom was an NEO and a director in the year, can be found in the Summary Compensation table on page 22.

(2) The payout value of DSUs was determined by multiplying the number of DSUs held by a director by the closing price on the TSX of Centerra's shares on December 31, 2008, which was \$4.44.

(3) John Auston retired from Centerra's board of directors on May 7, 2008. All of Mr. Auston's DSUs were redeemed on that date.

(4) Kim Goheen, as Senior Vice President and Chief Financial Officer of Cameco, is not considered a non-executive director, and as a result is not remunerated for his service on the board of directors.

### DIRECTORS INCENTIVE PLAN AWARDS (VALUE VESTED DURING 2008)

While serving as a director, DSUs cannot be paid out. John Auston retired from Centerra's board of directors on May 7, 2008. On that date, all of Mr. Auston's 37,204 DSUs vested and were redeemed for proceeds of \$497,788. No other DSUs vested or were paid out in 2008.

### 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, 2008 and December 31, 2008, 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](http://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 Nominating and Corporate Governance Committee (of which Mr. James also serves as chair) 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, 2008 and, as of the same date, the number of DSUs credited to the account of the director.

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 five of the directors are independent and:

- Mr. Lang is not independent because he is a member of management of Centerra;
- Mr. Walter 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;
- Mr. Djakypov is not independent because he 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 2008, the members of the Audit Committee were Messrs. Austin (Chair), Auston and James and Ms. Pressler. Mr. Auston was a member until his retirement on May 7, 2008. 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, 2008 and December 31, 2008, 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](http://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 2008, the members of the Nominating and Corporate Governance Committee were Messrs. Austin, Goheen, James (Chair) and Webb. Other than Mr. Goheen, each of these directors is independent. Between January 1, 2008 and December 31, 2008, the Nominating and Corporate Governance Committee met 4 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 2008, the members of the Human Resources and Compensation Committee were Messrs. Austin, Spross and Webb (Chair) and Ms. Pressler, each of whom is independent. Between January 1, 2008 and December 31, 2008, 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 2008, the members of the Safety, Health and Environmental Committee were Messrs. James, Djakypov, Rogers, Spross (Chair) and Walter. Two of these directors are independent. Between January 1, 2008 and December 31, 2008, 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 2008, the members of the Reserves Committee were Messrs. Rogers (Chair), Auston, Djakypov, Spross and Webb. Mr. Auston was a member until his retirement on May 7, 2008. Two of these directors are independent. Between January 1, 2008 and December 31, 2008, the Reserves Committee met 3 times.

#### ***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.

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. All directors attended every meeting.

#### **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 2008 is set out under "Compensation of Directors".

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

#### **Code 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 Code of Ethics for employees and directors can be found on Centerra's website at [www.centerragold.com](http://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](mailto: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 CAD \$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 CAD \$100 million) to the extent that it or a subsidiary has indemnified a director or officer in excess of a deductible of CAD \$2.5 million for each loss. The premium paid by Centerra in 2008 was CAD \$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, Canada M5J 2P1, Attention: Director, Investor Relations, or (416) 204-1953 or can be found on SEDAR at [www.sedar.com](http://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 2010 is December 31, 2009.

### ADDITIONAL INFORMATION

Financial information for the financial year ended December 31, 2008, 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](http://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 27, 2009

## 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, counselling 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 fulfillment 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. CODE 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.