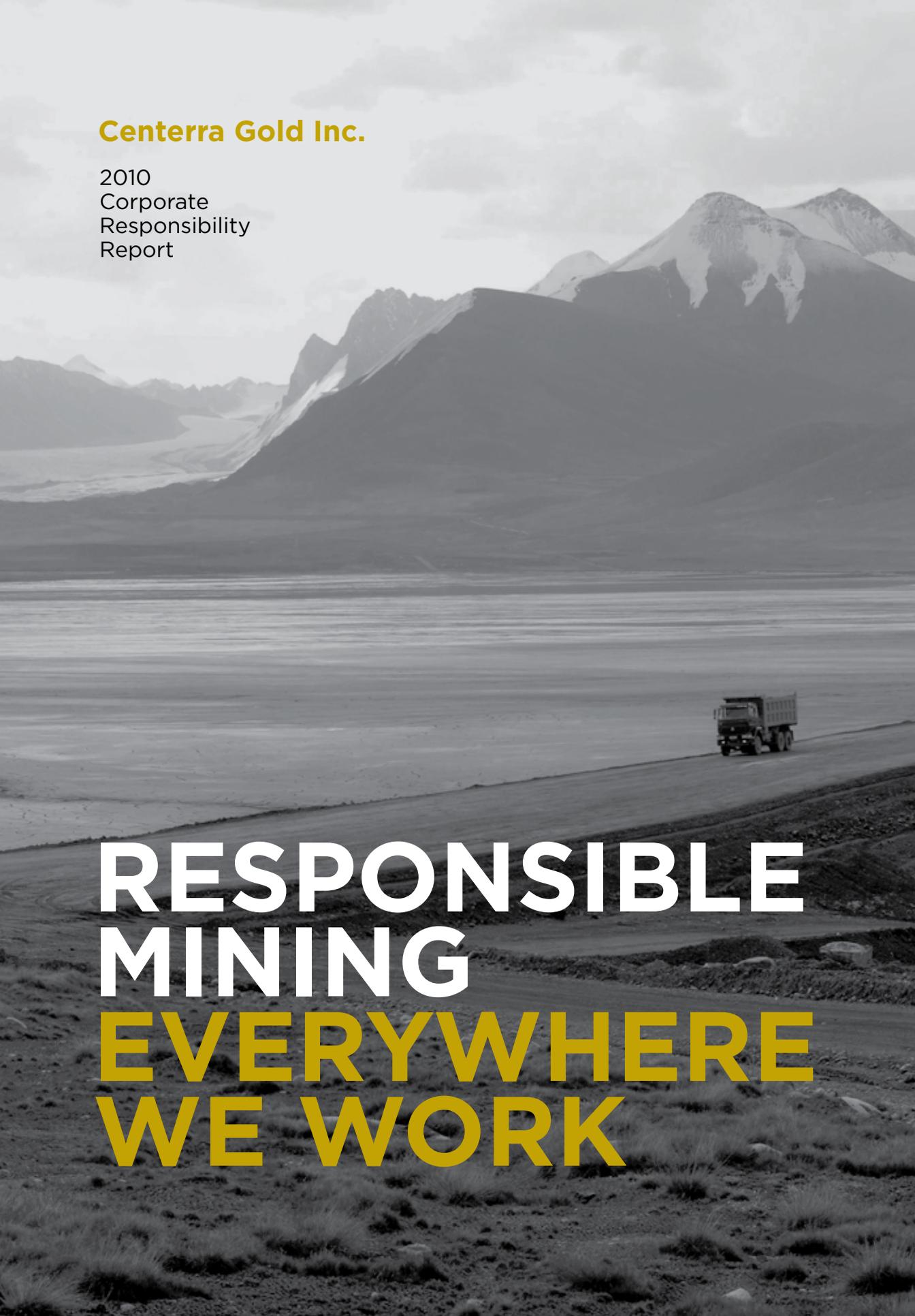


Centerra Gold Inc.

2010
Corporate
Responsibility
Report

A large dump truck is driving on a dirt road in a vast, arid landscape. In the background, there are large, rugged mountains with patches of snow or light-colored rock. The sky is overcast with grey clouds. The overall scene is desolate and industrial.

**RESPONSIBLE
MINING
EVERYWHERE
WE WORK**

Corporate Profile

Centerra is a Canadian-based gold mining company engaged in operating, developing, acquiring and exploring gold properties primarily in Asia, the former Soviet Union and other emerging markets worldwide. The Company is the largest Western-based gold producer in Central Asia, with two operating gold mines located in the Kyrgyz Republic and Mongolia.

Centerra's objective is to expand its portfolio of gold mining operations, continue to increase its reserves and resources and add additional exploration properties. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is headquartered in Toronto, Ontario, Canada.

Centerra believes that socially and environmentally responsible mining practices are a vital element in maximizing the potential of our current properties. Our financial strength, mining experience and history of corporate responsibility position us well to develop and acquire new properties and projects. Our expertise in mining in emerging markets is supported by a focus on stimulating economic development where we operate. We strive to comply with international best practices throughout our operations (you can learn more about our practices on pages 12-14 and 38-45).

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WE SUPPORT:



About this report

This report covers Centerra's two operating mines, Kumtor (Kyrgyz Republic) and Boroo (Mongolia), our development and exploration sites and our corporate office in Toronto (Canada). Unless noted, performance data includes only Centerra employees, although the policies of Centerra apply to both employees and contractors.

The information in this report is for our 2010 financial year (ended December 31, 2010). Financial amounts are reported in US dollars unless otherwise stated. This report is also available in Russian, Kyrgyz and Mongolian.

Certain information contained or incorporated by reference herein may include "forward-looking statements" within the meaning of certain securities laws. Such forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. For a detailed discussion of such risks, uncertainties and other factors, see the Management's Discussion and Analysis included in Centerra's most recent Annual Report and Annual Information Form, both of which are available on Centerra's website.

Although Centerra believes that the assumptions inherent in these forward-looking statements are reasonable, the reader should not place undue reliance on these statements. Forward-looking information is as of December 31, 2010. Centerra disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.



CENTERRA CORPORATE RESPONSIBILITY PRINCIPLES

Centerra works in a safe and responsible way that meets or exceeds our stakeholders' expectations.

At Centerra, integrity and ethics are the foundation for everything we do. As a team, we are results-focused, execute with excellence and strive for continuous improvement without compromising safety or the environment. We are entrepreneurial and flexible. As an international company, we respect the different needs and values of people and their cultures and operate with transparency to ensure stakeholder confidence.

We do this by:

- Meeting our targets by ensuring we run safe, efficient, cost-effective mines and projects
- Maximizing the value of our existing assets and properties
- Striving to lead our peer group in the areas of shareholder value, business ethics, workplace safety, environmental protection, community development, transparency and governance.
- Minimizing the potential for harmful impacts from our operations to the lowest levels we reasonably can
- Improving our engagement with stakeholders to better respond to their needs and concerns

We believe our commitment to these principles will continue to make us an employer and business partner of choice everywhere we work.

2010 Corporate responsibility snapshot

Reporting on our progress

Centerra's first corporate responsibility report is organized according to the four pillars that support our corporate responsibility strategy:

- Health and safety
- Environment
- Community
- Governance and standards

2010 Scorecard

	CR pillar	Achievements	2010 Target	Challenges	2011 Target
●	Health and Safety	<ul style="list-style-type: none"> • 0.36 recordable injury frequency • No disabling injuries or fatalities 	<ul style="list-style-type: none"> • 0.48 recordable injury frequency 	<ul style="list-style-type: none"> • Boroo workforce reduction • Underground at Kumtor 	<ul style="list-style-type: none"> • 0.4 recordable injury frequency
◐	Environment	<ul style="list-style-type: none"> • Began reforestation project at Boroo • Enhanced waste management and recycling processes • Reduced spills by 25% 	<ul style="list-style-type: none"> • 0 uncontained, no-impact spills or above incidents 	<ul style="list-style-type: none"> • 1 Level III* incident, 6 uncontained, no-impact spills incidents in 2010 	<ul style="list-style-type: none"> • 0 uncontained, no-impact spills or above incidents
●	Community	<ul style="list-style-type: none"> • At Kumtor, assisted with a development organization in the Ton Region to establish its small business development committee and operated the fruit-processing plant in the Jety Oguz Region • At Boroo, partnered with Canadian Department of Foreign Affairs to improve community development 	<ul style="list-style-type: none"> • Establish small business development committees near Kumtor and operate the fruit plant • Establish community development partnerships in Mongolia 	<ul style="list-style-type: none"> • Identifying community development opportunities and building capacity to help sustain them • Establishing partnerships 	<ul style="list-style-type: none"> • Implement a new community investment policy • Improve stakeholder engagement at Boroo
◐	Governance and Standards	<ul style="list-style-type: none"> • Completed gap analysis for International Cyanide Management Code • Established Board CSR Committee and published first CR report • Gatsuurt permitting still pending 	<ul style="list-style-type: none"> • Formal CR governance structure and reporting 	<ul style="list-style-type: none"> • Corporate donations policy revision certification 	<ul style="list-style-type: none"> • Draft CR standards • Obtain CN Code certification

Legend: Not Achieved ○ Partially Achieved ◐ Achieved ●

*Reportable (>1,000-litre spill with no environmental impacts); see Glossary.



CEO's message

I AM PLEASED to introduce Centerra's first corporate responsibility report. It follows the Global Reporting Initiative's guidelines for a level C report and describes our values and how we manage risks to people, nearby communities and the environment. Corporate responsibility is not new to Centerra. However, we thought it would be timely to report to our stakeholders in a systematic way on the principles and practices that have characterized Centerra since the Company was formed. This first report reviews the results of our long-standing commitment to corporate responsibility over the years, as well as our performance in 2010.

Implementing responsible mining practices and aligning our operations with international standards are essential for the growth of a responsible resource company. Wherever we operate, a key measure of success is that our stakeholders, including our employees and the neighbouring communities, gain significant benefits from our activity. To ensure that issues related to corporate responsibility continue to receive senior-level attention, Centerra's Board of Directors established a Corporate Social Responsibility (CSR) Committee, in addition to the existing Safety, Health and Environment Committee, and created the position of Vice-President, Environment and Sustainability.

These important steps will enhance our corporate responsibility strategy, improve our efforts to set goals and measure progress, and help communicate our values and accomplishments both inside and outside the Company.

At our operating sites, I am happy to report that our employees succeeded in maintaining safe and healthy workplaces while achieving our production goals. Similarly, our exploration teams achieved an excellent safety record while discovering exciting new opportunities both near our mines and in other emerging markets. As we expand our operations to include underground mining, we will redouble our efforts to ensure that each of our employees and contractors arrives home safe every day.

Our environmental focus in 2010 was on making our management processes more consistent across our operations. The operations and exploration teams continued to use a risk approach to identify, prevent and manage hazards. Although we were disappointed to have one medium-volume, uncontained fuel spill, the response was immediate and prevented environmental impact. Further, we are glad to report on continued efforts to align with guidance issued by the International Cyanide Management Institute (ICMI), as well as tailings management guidance published by the Mining Association of Canada under its Towards Sustainable Mining initiative. Although the ICMI Cyanide Code gap analysis revealed no significant shortcomings, it has helped guide improvements on site and indicated we are well positioned to become certified by 2012.

Centerra is also committed to working cooperatively with our host communities to assist them in improving their quality of life. We provided funds at both of our operations to support microcredit agencies and small business, school and infrastructure upgrades, including roads and drinking water systems. In both Mongolia and the Kyrgyz Republic, we have refocused our community investment approach to help ensure we generate sustainable economic activity in the communities.

Mongolia and the Kyrgyz Republic reached important milestones in 2010 with respect to the Extractive Industries Transparency Initiative (EITI). On October 19, 2010, the EITI Board designated Mongolia as EITI-compliant. On October 20, 2010, the EITI Board designated the Kyrgyz Republic an EITI Candidate Country that is “close to compliant,” and we expect it to be EITI-compliant in 2011. Centerra continues to be a strong supporter of EITI as a vital tool in promoting transparency in the extractive sector. Centerra has fully disclosed all payments made to governments in conformity with EITI requirements and has become a corporate supporter of EITI International.

Managing our risks

Centerra is proud of its record of safe, responsible mining in the Kyrgyz Republic. Although there was political unrest in the country in 2010, the Kumtor mine consistently met or exceeded its production targets. We believe that Kumtor’s reputation as a good employer, a good steward of the environment and a growing source of revenue for the government played a large part in ensuring that its operations were largely unaffected by political events. We are confident Kumtor continues to enjoy the support and confidence of a very wide range of Kyrgyz stakeholders. We look forward to maintaining and enhancing our already close working relationships with our host communities and with all levels of the Kyrgyz Government.



Petrov Lake near
the Kumtor mine.

In Mongolia, mining operations were completed at Boroo at the end of November 2010, although milling of the ore stockpile continues. Centerra made further progress in the implementation of the Boroo mine closure plan, the first such plan in Mongolia's history, and set the standard nationwide for land reclamation. Centerra and the Government of Mongolia conducted extensive environmental testing of Boroo's heap leach site and concluded that there would be no negative environmental impact from the heap leach operation. Centerra's application for the operating permit is still pending with the Government of Mongolia. We continue to pursue other opportunities in Mongolia, notably the development of the gold deposit at Gatsuurt, which has been delayed due to the Water and Forest Law. The Water and Forest Law, enacted by the Mongolian Parliament in 2009, introduced a number of restrictions on mineral prospecting, exploration and mining in some parts of the country to protect forested areas and water basins. Centerra regularly consults with the Mongolian authorities to seek a way forward that would respect these worthy environmental objectives, while also allowing Mongolia to derive benefits from its mineral resources. With that in mind, Centerra developed an innovative reforestation and tree offset plan for Gatsuurt, which would deliver a net ecological benefit to Mongolia. The plan would also entail a significant investment by Centerra in repairing the environmental damage stemming from previous placer mining at the Gatsuurt site.

We look forward to continuing to expand the scope of our operations while enhancing our reputation for responsible management of social and environmental aspects of our business. We pride ourselves on transparency in financial transactions with host governments and our strong record of local employment and local procurement. At Centerra, we believe that our commercial success is closely linked to the productive relationships we have developed in our host countries and communities. We will continue to develop and enhance our community relationships and strive for excellence in all aspects of corporate responsibility.

Finally, I want to recognize the important contribution of our employees. Their outstanding efforts have been vital to our success.

I hope that you find this report useful and welcome your comments on how we can improve our corporate responsibility performance and our reporting thereon.

Stephen A. Lang
President and Chief Executive Officer

ABOUT CENTERRA

Responsibly creating
value – everywhere
we work

Centerra's revenues are derived from the sale of gold. In 2010, we invested \$212 million in growth and sustaining capital, up more than 135 percent from 2009. We also spent \$31 million on exploration, an increase of six million over the prior year. The exploration effort resulted in a 24 percent increase in reserves to 8.2 million ounces contained gold. We continue to focus our efforts on emerging markets in Asia. At the end of 2010, the Company's market capitalization was approximately \$4.6 billion.



CENTERRA BY THE NUMBERS

End of FY2010

Employees	3,125
Revenue (millions)	\$846.5
Gold produced (total ounces)	678,941
Kuntor mine, Kyrgyz Republic	567,802
Boroo mine, Mongolia	111,139

ABOUT CENTERRA

Operations and projects

Kumtor (Kyrgyz Republic)

Centerra owns 100 percent of the Kumtor gold mine, located in the Kyrgyz Republic, about 350 kilometres southeast of the capital, Bishkek, and about 60 kilometres north of the border with the People's Republic of China. Kumtor is the largest gold mine in Central Asia operated by a Western-based company. It is an open-pit operation, currently developing access to its underground resource. The gold is separated and recovered from the mined ore using a carbon-in-leach process and refined by electrowinning. Kyrgyzaltyn JSC, a state-owned corporation, purchases all of Kumtor's production of doré at spot prices for processing at its refinery in the Kyrgyz Republic. The Government of the Kyrgyz Republic holds 32.96 percent of Centerra's shares.

Boroo (Mongolia)

Centerra owns a 100 percent interest in the Boroo gold mine, located 110 kilometres northwest of Mongolia's capital, Ulaanbaatar, in the Bayangol and Mandal soums (provinces). Boroo is an open-pit operation and Mongolia's largest hard-rock gold mine. It began commercial production in 2004. Doré produced by the Boroo mine is exported and sold at spot prices under a refining agreement with Johnson Matthey Limited.

Development

Centerra has a 100 percent interest in Centerra Gold Mongolia (CGM), an exploration group that is currently developing its Gatsuurt property near Boroo. CGM also owns a 100 percent interest in the Altaan Tsagaan Ovoo (ATO) project in the eastern steppe of Mongolia.

Exploration

Centerra has interests in promising exploration properties around the world, including:

Location	Property/project	Joint venture with	Potential interest
USA (Nevada)	Tonopah Divide	Tonogold Resources Inc.	70% on option
	Oasis	Redstar Gold USA Inc.	75%
Turkey	Akarca, Samli and Elmali	Eurasian Minerals	70%
	Oksut	Stratex International Plc	70%
Russia (Tyva Republic)	Kara Beldyr	Central Asia Gold AB	70%
Mongolia	Sumber	Altairgold LLC	75%

Changes in operations

In 2010, mining ceased at Boroo (late November), Kumtor increased the life of its open-pit mine from 2019 to 2021, and we sold our 64 percent interest in the REN joint venture to the other joint venture entity, Homestake Mining Company of California (a subsidiary of Barrick Gold Corporation), for \$35.2 million (July).

Kumtor's processing mill adjacent to the open pit.



RESPONSIBLE MINING

Creating value is a process.

We look, plan, act, improve and grow. And then we look again. When we connect with people, our relationships and value grow.

Our approach to creating value

We are open about our mining activities and we approach corporate responsibility by engaging stakeholders – groups who influence or are influenced by our activities or performance. Our key stakeholders include employees, contractors, vendors, communities, shareholders, local and national governments, investors and non-governmental organizations (NGOs).

Putting our corporate responsibility principles into practice at Centerra means:

- Being transparent about our mining activities
- Respecting the rights of all stakeholders, especially our employees, contractors and local residents
- Mining in a way that minimizes environmental effects
- Upholding and promoting the rule of law
- Generating sustainable benefits for the communities in which we operate
- Continually improving the management of our operations so that we can respond to the economic, environmental and social expectations of our stakeholders
- Assigning clear management responsibilities for environmental, social and health and safety performance
- Providing adequate staffing and resources for corporate responsibility management at each operation
- Avoiding, reducing, managing and mitigating any potentially harmful impacts that may arise from our operations
- Offering our employees competitive compensation and the opportunity to learn and excel
- Aligning our activities with international best practices and going beyond regulations and requirements

A strong governance structure – Board oversight

Our Safety, Health and Environment (SHE) Committee reviews performance against our goals, policies and systems to ensure we are meeting our SHE objectives. Management incentives are based on how well employees perform safety and environmental activities. In 2010, we also established a Board committee for Corporate Social Responsibility (CSR) to oversee donations, sustainable development policies, investments, programs and performance measurement. The foundation for the CSR Committee mandate is Centerra’s policy on sustainable development.

Plan, do, check and act – Management systems

Centerra manages SHE issues at every site with formal safety, health and environmental management systems that are based on the ISO 14001 and OSHAS 18000 models. These models include the recognized “Plan, Do, Check and Act” cycle for continuous improvement. Managing our risks and mining responsibly require that we plan before we do work, check by monitoring progress against our plan and act on what we have learned through audits and other forms of verification.

Checking for constant improvement – Assurance program

We perform regular internal and external audits to make sure our facilities comply with our safety, health and environmental policies, applicable laws and regulations, and generally accepted international industry practices. These risk-based programs identify concerns and help us improve.



RESPONSIBLE MINING

A life-cycle approach to mining

Before we open a mine, we plan for every stage of its life cycle. We think about how to minimize the impact of our operations on the environment at each stage, from breaking ground to extracting ore and processing gold through to final closure and remediation. For example, where possible, we practise progressive remediation – setting aside topsoil before mining to remediate areas we have cleared and minimizing the amount of natural land we disturb. We also work with local stakeholders to generate environmental offsets by planting trees or participating in other local offset programs. At the end of the reclamation process, we plan to return the rehabilitated land back to the local government as the last step in our responsible mining life cycle.

Closure and reclamation planning

As a responsible mining company, we plan how we are going to rehabilitate the areas we mine before we start our work. In some cases, we reclaim at the same time as we extract to speed the process of recovery. After mining has stopped, we continue to reclaim and monitor the land to make sure the area recovers strongly. We also update our final closure plans every three years to reflect any changes in operations. Our high standards for reclamation comply with both local and international standards. For example, Kumtor has established a Reclamation Trust Fund following World Bank guidelines. The fund is governed by an independent trustee, and its use is restricted exclusively to remediation work. We are working with the Government of Mongolia to implement a similar program at Boroo.



Summer 2010



Summer 2011

To date, Boroo has restored 264 hectares with its progressive rehabilitation activities, nearly half of the area of disturbed land. Mine closure is an integral part of our responsible mining approach and business plan. We have helped build local capacity for supplying revegetation materials and related contract services and ensured our vendors used safe and environmentally sensitive practices and materials.

Report development process

Centerra's report development is an outcome of our corporate responsibility strategy, approach and activities.

Stakeholder identification

The process for identifying and mapping our key stakeholders included discussions with a group of employees from across the Company (e.g., legal, risk management, finance, external communications, purchasing, human resources and investor relations) at both the corporate and site management levels. The group identified both stakeholders that influence Centerra, such as regulatory bodies, and stakeholders that Centerra affects, such as communities. We will continue to repeat this process as we refine our list of key stakeholders.

Key stakeholders

Our understanding of key concerns

Government and local authorities, including both national and local regulators	Community engagement, community investment, environmental impacts, economic and social development, national employment and procurement, tax compliance
Local communities	Community engagement, community investment, environmental impacts, transparency, local development and jobs
NGOs/civil society	Community engagement, community investment, environmental impacts, transparency
Employees and unions	Compensation, skills development, employment security, health & safety
Investors and lenders of capital (e.g., European Bank for Reconstruction and Development)	Return on investment, corporate responsibility
Media	Transparency

Our corporate responsibility approach focuses on meeting the expectations of key stakeholders. Groups who feel that they should be recognized as stakeholders or who want to share comments or concerns can write notes in operational site logs, contact our confidential third-party reporting service for employees, contact a Community Relations Officer or email or call our corporate office.

RESPONSIBLE MINING

Stakeholder engagement

Responsible mining involves not only listening, but also two-way dialogue. Engaging stakeholders helps us learn, innovate and perform to a standard above and beyond expectations. We continue to improve our understanding and response to stakeholder concerns through ongoing engagement activities. Examples include community meetings, discussions with unions, partnerships with NGOs and participation in international corporate responsibility initiatives.

Materiality and materiality assessment

A materiality assessment is a process that identifies material corporate responsibility issues associated with our operations. This process helps us identify and prioritize issues for action and identify the information that is most important to share in this report.

We explored these issues by speaking with stakeholders, consulting with experts in corporate responsibility, and researching public documents and news stories. We compared the issues that are important to our stakeholders with issues that could affect Centerra and our ability to deliver on our corporate strategy.

Preliminary materiality assessment for Centerra

As a result of the above process, we agreed the following matters (in alphabetical order) are material to our business and for reporting:

- Biodiversity
- Climate change
- Closure/remediation
- Communities
- Environmental impacts
- Ethics in business conduct
- Health & safety
- Human rights
- Materials stewardship
- Tailings
- Transparency
- Water



CASE STUDY

Friendly competition with a serious purpose

IN 2010, KUMTOR HOSTED its 10th annual mine rescue competition, while Boroo hosted its fifth. These competitions bring together emergency response teams from our own operations and from our industry peers, local government agencies and private organizations.

We use these competitions to test our preparedness for emergencies, to hone our skills and to learn from the experience and expertise of others. Team-building and enhancing relationships between supervisors and team members are other important benefits of these annual events.

Emergency preparedness is an important element in our overall Health and Safety and Environmental Management Systems and essential to safe operations and achieving our goal of zero harm to workers. It requires planning, training, exercising skills and testing knowledge regularly to reinforce learning. Our dedicated emergency response teams must be ready to act, whether the emergency is our own, at a neighbouring mine or industrial site or in the community.

HEALTH AND SAFETY: Protecting our greatest resource

The well-being of our employees is our top priority. We are committed to providing rewarding jobs in a safe work environment.

2010 Safety scorecard

Score	2010 Target	Results	2011 Objectives
	No fatalities or disabling injuries	No fatalities; 5 disabling injuries	No fatalities or disabling injuries
	0.48 recordable injury frequency (RIF)	0.36 RIF	0.40 RIF
	Develop leading indicators	Completed	Increased use of leading indicators as key metrics
	Establish and conduct an internal health & safety audit	Completed (Boroo and Kumtor)	Improve system implementation

Legend: Not Achieved ○ Partially Achieved  Achieved 

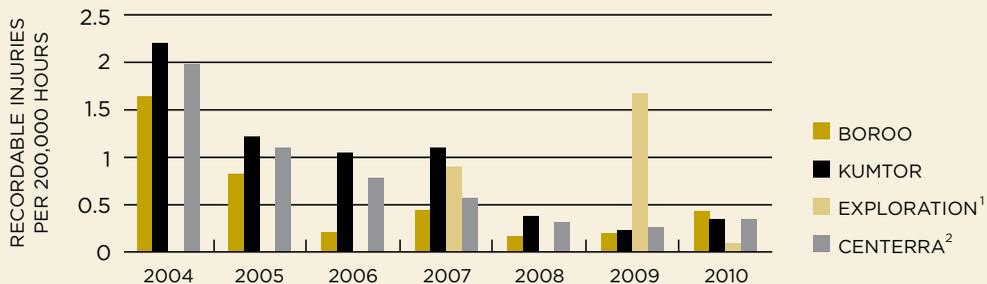
2010 Performance

Our recent safety performance has been mixed. We had no fatalities in 2010, but from 2006 to 2009 we had one each year (most recently, caused by a vehicle collision at Kumtor in 2009). Although we had no fatalities in 2010, our recordable injury frequency (RIF) has levelled after improving in previous years. We were 25 percent below target on RIF in 2010, with five disabling injuries that prevented workers from doing their regular job and 11 medical aid incidents. We were able to maintain high health and safety standards



Increased safety training at Kumtor

RECORDABLE INJURY FREQUENCY



¹ No data available for 2004, 2005, 2006.

² Consolidated.

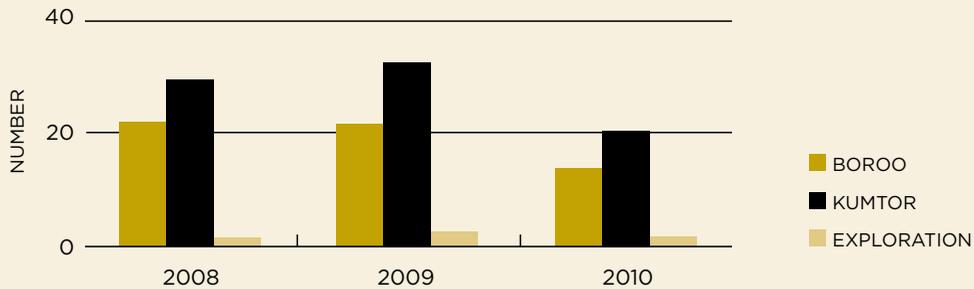
throughout the transition to closure at Boroo, resulting in an overall reduction in the number of reported incidents at that site in 2010 compared to previous years.

Since initiating high potential incident (HPI) tracking in 2008, we are pleased to report that using the process to identify and control them has helped improve performance. We had 34 HPIs in 2010, a reduction of 37 percent from 2009. While a decrease in HPIs shows that we are doing better at identifying and avoiding risks before they result in an incident, there is still more work to be done. Our goal is to identify hazards before starting tasks and to act to eliminate, reduce or control them.

To prevent injuries, we use proactive measures, such as job observations, pre-task planning and workplace and field inspections. To avoid recurrence, we investigate all incidents to identify the root causes and take action as needed. Examples include enhancing our vehicle maintenance, training drivers and monitoring equipment use more frequently. A new program, “Manage by Walking,” gets operations managers actively involved in the hazard control process by communicating with and coaching employees and contractors at the work site. In 2010, we also began a program of annual internal audits of our health and safety management system and conducted our first audits at both operations.

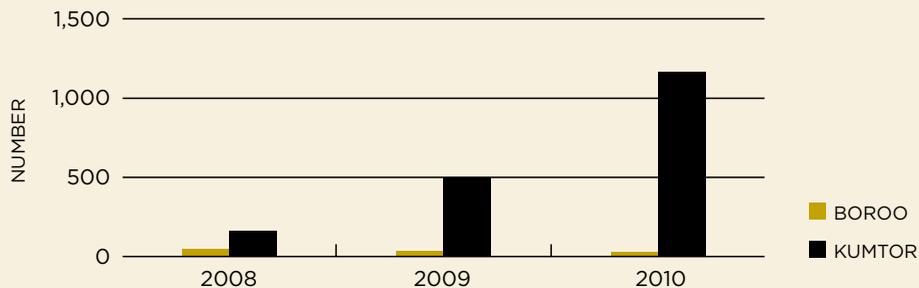
HEALTH AND SAFETY

HIGH POTENTIAL INCIDENTS



We continue to focus on high potential vehicle incidents at operations and exploration projects. Although we began our vehicle incident reduction program (VARP) several years ago, vehicle-related HPIs contributed to the recent levelling off in our performance. We will be reviewing and renewing our vehicle program to better identify and control vehicle hazards and incidents.

NEAR MISS INCIDENT REPORTING AND HAZARD CONTROL



Our hazard identification system also includes the reporting and corrective action related to all near misses. Near misses are hazards we have identified that could lead to serious injuries or damage if not corrected. Examples include knocked-over stop signs, employees not wearing seat belts or someone walking under a crane. Near miss reporting has been a focus at Kumtor. Through concerted efforts, near miss reporting has steadily increased over the last three years, a positive sign that there is field-level recognition of these risks.

Emergency planning and preparedness

We believe all injuries are preventable and make every effort to identify and correct hazards before an incident can occur. But in the event of an incident, we have emergency response and crisis management plans in place. These plans are reviewed and approved by relevant government agencies each year, and the content of the plans is tested and improved frequently through mock exercises and practice sessions. Both our operations maintain volunteer-based mine rescue teams who are dedicated to this regular training.

Exercises in responding to incidents are a critical component of contingency planning. We hold training exercises regularly, often involving community and government emergency response personnel. Our response systems are externally verified to evaluate our effectiveness in the areas of knowledge, organization, team response and crisis communication and coordination. We also host annual competitions attended by local and state rescue teams. You can read more about our 2010 competitions on page 17.

Workforce reduction

Mining at Boroo ceased at the end of November 2010, resulting in a significant workforce reduction that was conducted in a safe and incident-free manner. We offered career transition services, such as assistance with job search and classes to develop practical English language and computer skills. Workforce reductions can be a challenge to morale and safety. Nevertheless, we were able to maintain a safe and productive workplace at Boroo despite having to lay off staff.

Working together for safety

Centerra supports collective bargaining with unions to reach collective agreements. Our agreements cover health and safety topics such as preventing injuries and diseases, safety equipment supply and workplace monitoring to ensure employees are protected against hazards. We engage systematically with unions and employees to promote safety everywhere we work. Our approach is the same with our contractors and vendors.



EMPLOYEES AT KUMTOR KNOW THAT A SAFE WORK ENVIRONMENT IS OFTEN THE RESULT OF MANY SMALL ACTIONS. EMPLOYEES' CHILDREN PARTICIPATED IN OUR SAFETY POSTER CAMPAIGN TO REMIND EVERYONE OF THE BIG REASON WHY SMALL ACTIONS ARE SO IMPORTANT.

ENVIRONMENT:

A vital responsibility

Environmental stewardship is vitally important for our Company and for all of our stakeholders. We continue to focus on improving our practices so that we prevent, reduce or mitigate damage to the natural habitats that provide essential resources to our employees and surrounding communities.

2010 Environmental scorecard

Score	2010 Target	Results	2011 Objectives
○	No significant environmental incidents or impacts	1 10,000 L fuel spill incident at Boroo	No significant incidents or impacts
○	No low-volume, uncontained spills or higher incidents*	6 low-volume, uncontained spills incidents	No low-volume, uncontained spills or higher incidents*
●	Improved incident investigation	Root cause analysis implemented	Conduct root cause analysis on all spills with moderate to high risk potential
◐	Kumtor closure plan revised	Drafted for review	Improve closure cost review process and planning

Legend: Not Achieved ○ Partially Achieved ◐ Achieved ●

*See Glossary for Level II incidents.

2010 Performance

We did not achieve our 2010 environmental target of no significant environmental incidents due to a spill of 10,000 litres of diesel fuel onto frozen soil outside of the secondary containment at Boroo. The fuel was immediately contained and the soil remediated, and the spill did not cause environmental damage. Investigation following the spill identified actions to improve pre-operation inspection and regular maintenance of components, such as valves.

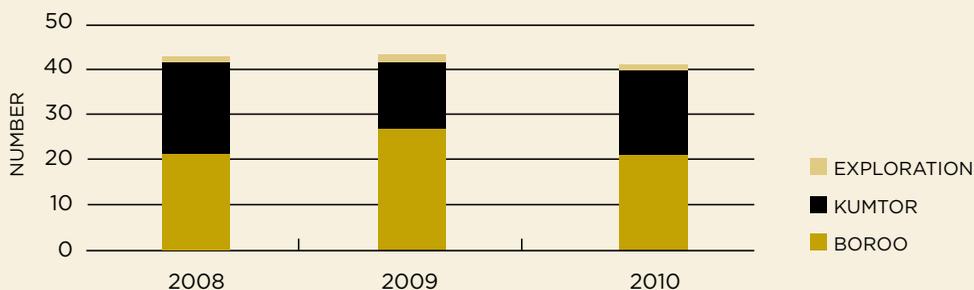
Despite the disappointing Level III incident, Boroo's total number of spills was down 25 percent from 2009 levels - the lowest levels recorded in the last five years at that site. Kumtor, meanwhile, recorded no reportable spills in 2009 or 2010 - a significant improvement from the two preceding years.

In every case of reportable spills (Level III and above), the appropriate authorities were notified and soil samples were taken. We also cleaned the spill sites by removing and replacing the contaminated soil.

Our 2011 goal is to achieve zero reportable environmental incidents and to reduce total spills by 10 percent over 2010.



SPILLS - 2008 TO 2010



ENVIRONMENT

At Kumtor, improving waste management is a priority. We have begun to identify and measure all of Kumtor's sources of waste, and this year we implemented a system to sort waste at the source. We are also exploring options for improving final waste disposal, including incineration, salvage and reuse of the site's organic waste. In response to concerns from our community stakeholders, we invested in the relocation of our Balykchy Marshalling Yard, reducing mine-related traffic within town. At Boroo, recycling has been a focus for some time. Each year at this site, we recycle 130 tonnes of used oil, nearly 200 tonnes of scrap steel and 16,000 litres of plastic waste by using an at-source waste sorting approach. In 2011, our goal is to implement a full waste management program, including a waste management plan, waste yard overhaul, new alternatives for disposal, and improved employee awareness. Among other things, we are looking at options for retreading tires on our vehicles. We are also exploring the option of selling our waste oil to local companies who can recycle and reuse it in their equipment.

In 2009, we conducted independent reviews of our operations' tailings facilities in accordance with the Mining Association of Canada tailings management guidance. To comply with best practices and local standards, Kumtor has implemented a program to improve tailings dam stability. Since 2008, we have spent more than \$15 million to construct a tailings dam buttress, improve cyanide storage and improve the waste water treatment system.

To date, the mitigation has been effective at improving performance in those areas. As part of its 2011 tailings impoundment expansion, Boroo will increase its groundwater monitoring.

Spills

We act to prevent spills and minimize the environmental impacts associated with any incidents. Through our emergency response plan and our Environmental Management System (EMS), we go beyond compliance in identifying risks and hazards so we can prevent foreseeable incidents and emergencies. We also use root cause analysis to identify the causes of incidents when they do occur; for example, as a follow-up to Boroo's Level III fuel spill.

Cyanide

Cyanide, used to separate gold from ore, is an essential part of our operations, but there are community concerns about its use. In 1998, a spill of one of our cyanide shipments at Kumtor occurred and was investigated by an independent international team of experts (see our website for a copy of the report). As a result of that incident, we have improved the way we handle, transport and use cyanide at our sites. Although no one was seriously injured or made ill or killed in the 1998 incident, we enacted strict requirements to haul supplies in convoys, using well-rested drivers who have passed fit-for-duty testing. We use regular convoy rest stops and timed driving up the mine access road to further reduce the risk of incidents during transport, and our cyanide shipments have police and response team escorts.



CASE STUDY

Reforestation and seed collection projects at Boroo

In 2007, Boroo partnered with local non-governmental organizations and community groups from the Bayangol and Mandal soums of Selenge aimag to start a seed collection project. The project established a native seed reserve for the area through a cooperative relationship with the local communities and non-governmental organizations, providing valuable skills to the local people. Together, we harvested over 1.6 tonnes of four kinds of native perennial seeds from the surrounding areas. The seeds were stored for use in the planned 2011 reclamation work.

In 2010, to compensate for the use of 82 hectares of land by our Gatsuurt project, 4,948 young trees for planting were given to local communities, including 1,260 trees to Tunkhel village in Mandal soum.

Two vegetation growth trials on tailings slurry at Boroo were completed, and a sea buckthorn plantation with a water-efficient drip irrigation system was established. Use of the native grass species for restoration allows for better plant cover and the growth of plants similar to those present before mining began, which have greater ecological value to the local communities.



CASE STUDY

Reclamation and shelterbelt work at Kumtor

Mining, like any form of industrial production, affects the environment. But with good environmental stewardship and planned mitigation, nature restores itself.

At Kumtor, we continue to work to develop an effective forestry management program and to find innovative ways to protect and improve the natural environment. Recent efforts included planting over 200 fir trees in the Barskoon Gorge along the road to the mine, which have successfully taken root. We have worked hard to develop practical solutions to help ensure the survival of newly planted trees and to use vegetation to prevent erosion and stabilize soils.

For example, one of the best measures we have found to reduce dust on the road to the mine in the vicinity of Barskoon has been the creation of a shelterbelt, which is a roadside biological filter made up of approximately 16,000 trees that have been planted since beginning the project in 2000. Species of trees and plants used include poplar, fir, barberry shrub, dog rose and sea buckthorn.

Our reforestation program and shelterbelt work have also provided opportunities to increase environmental awareness in the local communities. Among other initiatives, we have created a special program to donate saplings to farmers, local administrators and schools. We look forward to further cooperative greening efforts in the years to come.

We have aligned our approach to cyanide management at all operations with the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold (“the Cyanide Code”), which is recognized as an international best practice. The Cyanide Code helps protect human health and reduce the potential for environmental impacts. Companies that become signatories to the Cyanide Code must have their operations audited by an independent third party to demonstrate compliance. We have fully integrated the Cyanide Code principles and standards of practice into our Health, Safety and Environmental Management Systems. Our certification audits are scheduled to be completed in 2011.

Compliance and fines

We are not aware of any pending material environmental litigation against our operations. Our environmental and other operational permits and licences for our mines were kept in good standing, with effective systems for renewals. Refer to GRI EN28 on page 50 for information on minor fines and sanctions over the past three years.

Water

To ensure effective water and mine waste management, we measure and monitor water quantity and quality and mine waste stability. Water quality and quantity are key concerns for all of us, so our approach to water management takes public safety, community health and environmental protection into consideration. Our water and mine waste management design, layout and closure plans also consider the risks associated with climate change, including increased storm intensity, drought and receding glaciers. See EN8 and EN10 on pages 48 and 49 for more details.

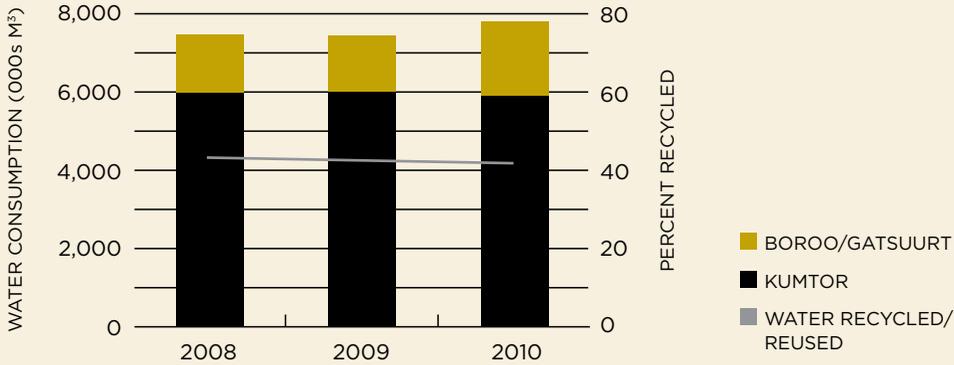
At Kumtor

The Kyrgyz Republic is a mountainous country with many glaciers (estimated up to 8,208 across its territory). Although the area occupied by the glaciers varies, it is estimated that 4.2 percent of the total territory of the Kyrgyz Republic is covered by ice. To access ore at Kumtor, we must remove ice from one side of the open pit. Our operating approach has improved in line with recommendations from the European Bank for Reconstruction and Development (EBRD) and includes working together with local authorities to protect glaciers and reduce the impact of our activities. Kumtor gets its water from a glacial lake formed by a natural moraine dam at the toe of the Petrov Glacier. The lake’s volume, estimated at 60 million cubic metres, is closely monitored to ensure no significant drawdown. We consume approximately six million cubic metres of water at Kumtor annually.

ENVIRONMENT

Kumtor recently invited the community to participate in local water sampling to educate stakeholders about the testing process and demonstrate the accuracy of our test results. This joint monitoring process has progressed well, and the community has expressed no concerns about our approach to water management.

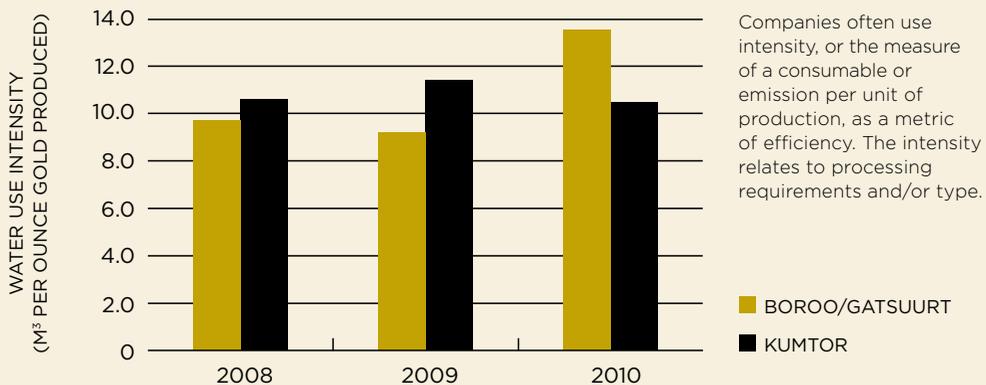
WATER USE - CONSUMED AND RECYCLED



At Boroo

Mongolia is a dry region, so we constantly seek ways to limit our water use at Boroo, such as recycling tailings pond water, making it a zero discharge site. Boroo consumed 1.5 million cubic metres of water in 2010; approximately 60 percent was recycled. We also maintain and monitor groundwater wells at Boroo. Our approach was approved by the Mongolian Agency of Standardization and Metrology in 2010.

WATER USE - INTENSITY



Air and emissions

We align with international best practices by participating in the annual survey from the Carbon Disclosure Project (CDP), an independent not-for-profit organization that collects and shares corporate climate change information. Our greenhouse gas emissions and energy consumption performance can be found at www.cdproject.net. We also monitor air quality at our operations. Kumtor, for example, completed a full study of road dust materials and is currently developing improved dust suppression procedures, including the use of suppression salts along different sections of road. In 2011, Kumtor will assess options for more effective dust control along the mine access road.



CASE STUDY

Lake Issyk-Kul – Helping improve the fishery

Four years ago, a non-governmental organization requested that Kumtor finance a fish repopulation project for Lake Issyk-Kul. At the time, the lake was subject to a fishing moratorium to allow the fishery to recover from overfishing. Unfortunately, the moratorium seemed to be insufficient and additional efforts were required to help restore the native fish population.

Since the beginning of the project, the lake has been restocked with millions of reproductive commercial fish species; 12.5 million whitefish in 2010 alone. Kumtor has financed the provision of fish, transportation and assistance at the source fish farm. Restocking is conducted each spring where the Barskoon River enters Lake Issyk-Kul as a joint effort by Kumtor, the non-governmental organization and local residents.

ENVIRONMENT

Biodiversity

Biodiversity is an important part of our reclamation process and, in keeping with our zero harm goal, we look for innovative ways to promote biodiversity wherever we operate. In recent years, we have started a program to collect native, high-alpine seeds near our Kumtor site, with help from local shepherds and farmers. Seeds from plants that already grow on slopes and hills at the mine site have demonstrated the ability to improve soil quality and provide an organic base that will sustain vegetation well. This program allows us to draw on local expertise and deepen our relationship with the community. Along with our zero hunting policy, this initiative is an important way that we protect native animals and vegetation around the Kumtor mine. Restoration at Boroo and tree offset commitments at Gatsuurt have demonstrated our approach to restore habitat and suitable post-mining land use.

Transparent operations

We have an open policy regarding our mining operations and environmental activities. We work closely with regulatory organizations and inspectors in our efforts to improve environmental performance, and we host site tours to show the public what we do. In 2010, the Mongolian State Specialized Inspection Agency and other organizations performed 20 inspections, and approximately 560 members of the public had one-day tours of our Boroo mine site. Similarly, Kumtor conducts site tours and hosts inspections on a regular basis including all stakeholders whether local residents, employee family members, regulators, national and international non-government organization representatives or lenders.

Going beyond compliance in environmental planning

We support the protection of water and land resources. Before mining, we conduct thorough environmental impact assessments (EIAs) and develop environmental management plans (EMPs) so that we can eliminate, reduce or mitigate any identified negative impacts. A project baseline study and detailed EIA for a bio-oxidation process plant were completed for Boroo and Gatsuurt, and the reports were approved by the Mongolian Ministry of Nature, Environment & Tourism.

Regulations vary from country to country. We approach this challenge by aligning our policies and procedures with internationally accepted best practices for responsible mining. For example, in addition to completing the activities for our approved EIA for Gatsuurt, we went beyond compliance by analyzing water and soil samples for heavy metals, counting trees and conducting studies on wildlife, cultural heritage and historical sites. As a result, Gatsuurt's EMP sets out how we would minimize damage from our future operations, while cleaning up existing contamination from historical mining in the area.



CASE STUDY

Promoting wildlife and being a good steward

In the context of the Company's EMP, Kumtor contracted a group of biologists to survey the snow leopard, ram and goat populations. Biologists from the International Snow Leopard Trust (ISLT) and the NGO Bashat Community Business Forum (CBF) conducted the studies. The main goal was to identify signs of the snow leopard in the Sarychat-Ertash Preserve and record its hunting base, represented by wild ram and wild mountain goat. The surveys followed standard methodology and techniques involving and resulting in observations of healthy predator and prey populations. The conservation specialists concluded:

"...the animals at the mine area had not disappeared but were saved and that there is even an increase of population concerning argali, marmot, fox and birds."

COMMUNITY: Creating value together

Our mines provide income for families, support healthy local economies and contribute to infrastructure for regions.

Partnering with local communities for social and economic development creates value for everyone – today and beyond the life of the mine.

2010 Community scorecard

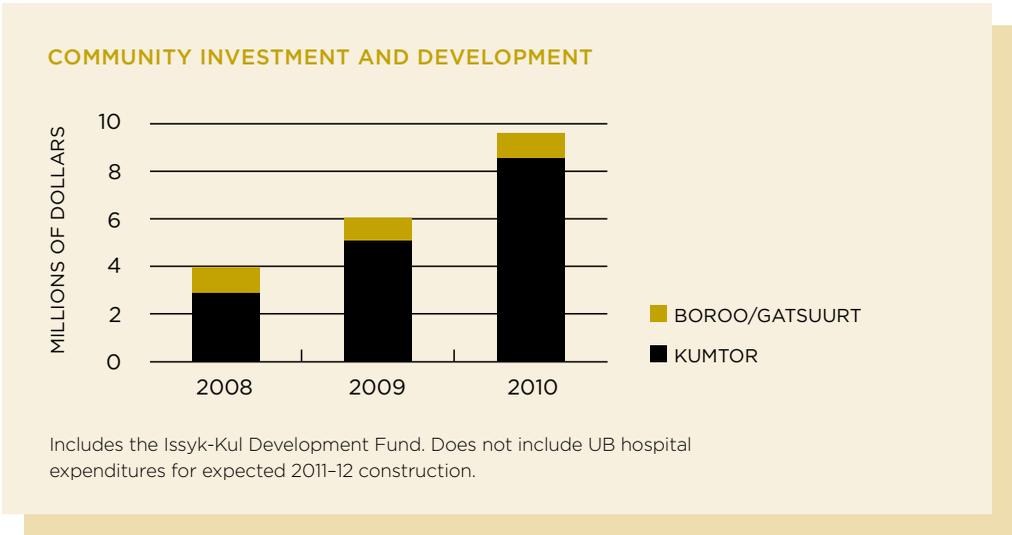
Score	2010 Target	Results	2011 Objectives
●	Work with Boroo and Kumtor communities; focus on small business and capacity-building	Initiated partnerships with Canada’s Department of Foreign Affairs and Eurasia Foundation	Improve stakeholder engagement
○	Revise donations policy	Deferred to 2011	Revise policy
◐	Improve community investment tracking	Data compiled for review by CSR Committee	Establish community investment tracking system

Legend: Not Achieved ○ Partially Achieved ◐ Achieved ●

We are encouraged by our community and stakeholder relations performance in 2010, especially because this work took place against a backdrop of civil unrest, government changes and parliamentary reform in the Kyrgyz Republic and legislative changes in Mongolia.

Our 2009 internal audit of high-risk transactions, including donations, identified that we need to be more strategic in our approach to community investment, planning, measurement and tracking. In 2010, we compiled and reviewed data from over the last five years with our CSR Committee, resulting in the initiative to revise our donations policy.

From revenues of nearly \$850 million, we contributed approximately one percent for community development and investment in 2010, not including approximately seven million dollars to the Issyk-Kul Development Fund. In addition, approximately 70 percent of our revenues remained in the local economies in the form of paid taxes, wages, procurement of local goods and services, capital invested to improve the in-country assets, and exploration. Details can be found within this section and in the GRI tables on page 46 and 47.



Our 2010 economic contribution

- In 2010, our economic contribution to our host countries included:
- Community development and investment - two to three percent of net revenue
 - Other economic contributions - 70-75 percent of revenues (taxes, wages, local procurement, capital investments, exploration)

2010 Performance

Community development and capacity building

Centerra has community development funds in the Kyrgyz Republic and Mongolia. Our goal is to help build businesses and regions that can sustain themselves over the long term.

KUMTOR

The Issyk-Kul Development Fund (IDF) was established to finance infrastructure projects in the Issyk-Kul region.

To ensure transparent and fair expenditures, a Supervisory Board selects the projects that will be funded. Two representatives of the Issyk-Kul Province Administration, one representative of the administrations of the Jety-Oguz and Ton districts and the city of Balykchy and one representative of Kumtor sit on the IDF board.



CASE STUDY

Fruit-processing plant near Kumtor

From 2007 to 2010, Kumtor worked with communities in the Issyk-Kul region to construct and begin operation of a fruit-processing plant. Fruit such as apricots and apples can now be processed into a preservative-free purée and sealed for delivery to other markets.

Currently, local orchard owners and growers have limited opportunity to sell their product. Full production is expected in 2011. Future work will include improving the marketing of the 100 percent pure and natural product and efforts to again assist local growers form a sustainable cooperative or other association to operate the facilities and business.

In addition, Kumtor works with local small business owners to increase tourism opportunities. Several local guest houses and vendors are interested in cooperating to improve advertising for their businesses and improving their facilities.

In 2010, the fund helped build and repair 18 schools in the region. Other successful past projects include the Local Craftsmen Support Program, a program that provided financial assistance to craftsmen in the Issyk-Kul province for eight years from 1999, helping them improve their skills and the quality of their products through participation in training workshops.

In the future, the goal is to focus the fund on building up sustainable local businesses. In 2011, we plan to implement a business training program that will cover planning, risk assessment and decision-making. This training will address the needs of small business owners and the leaders of local villages and districts.

BOROO

The soum development funds support Bayangol and Mandal soums, two communities in Selenge aimag. These funds help finance employment and infrastructure projects that improve the overall standard of living in the area, such as the Cultural and Sports Center in Tunkhel village that was completed in 2010.

In partnership with local community groups, we are also finalizing plans for one or more projects designed to increase local incomes. Projects we are considering include a milk collection and processing centre, improving the storage and marketing of locally grown vegetables and improving the sustainability of existing wood processing facilities by encouraging the operators to replenish the wood they use with new forests.

Community achievement

We measure our success in part by the success of the communities where we operate. Between 2004 and 2010, Bayangol and Mandal soums were selected as the best soums in Selenge aimag for their social, economic and educational attributes. In 2007, Selenge was named Mongolia's "Aimag of the Year." In 2010, Mandal soum was selected as the best soum in Mongolia, and Bayangol soum was named the best soum in the Central Region.

Other examples of our community involvement, partnerships and donations

KUMTOR

- Partnered in a United Nations Women (UNIFEM) program and micro-loans in Ton district
- Supported local schools by renovating the buildings, heating systems and sports grounds
- Identified partners on business development projects in Ton district
- Supported local libraries
- Funded capital construction of a hospital in Barskoon village
- Partnered with Ayil Bank to open a credit line for farmers in Ton district
- Funded renovations at the Ton territorial hospital
- Contributed computers to six school classrooms in Osh and Jalal-Abad
- Opened a playground in Balykchy

COMMUNITY

- Helped renovate the resuscitation department of the Bishkek municipal children's hospital (in partnership with CityHope International, the US Department of State, AUB Charity and the Bishkek City Administration office)
- Supported a regional vocational scholarship program for low-income families from the Jety-Oguz region
- Supported a war veterans program (lifelong monthly bonuses for veterans living in five target villages in the Jety-Oguz district)
- Supported local sports clubs by providing sports equipment and organizing tournaments and events
- Contributed equipment for school classrooms in need
- Installed and tested the purée production line at the fruit-processing plant
- Donated to the Barskoon-based Diagnostic Center each year

BOROO

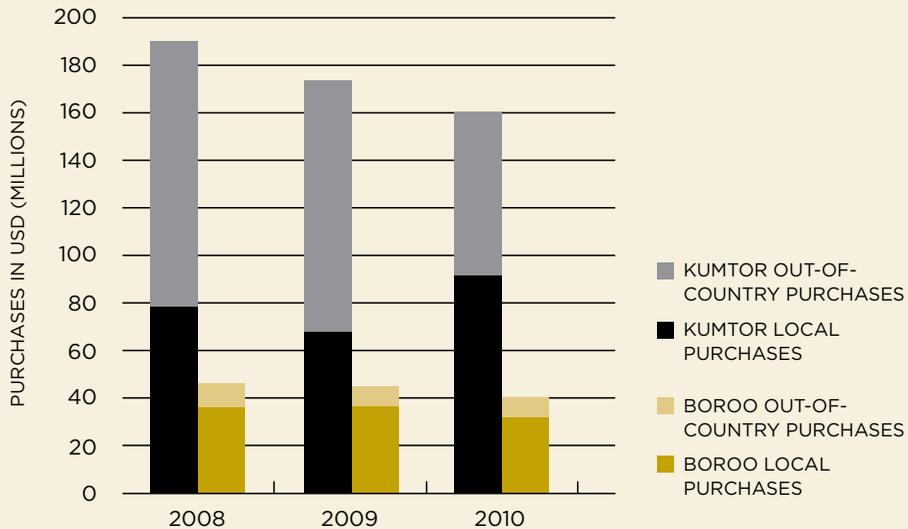
- Renovated a school dormitory at Baruunkharaa
- Funded the building of agricultural and community centres, repairs to municipal streets and the purchase of new dental clinic equipment in the Bayangol and Mandal soums
- Partnered in a children's nutrition program with World Vision
- Participated in a successful long-term vegetable growing and processing program with the Canadian International Development Agency (CIDA)
- Secured \$270,000 from the Government of Canada's Investment Cooperation Program (to support environmental and jobs training and community development initiatives)

You can learn more about our other community involvement activities on our website (www.centerragold.com).



BOROO AND CENTERRA'S SUCCESS IN MONGOLIA COUPLED WITH A NEED FOR IMPROVED FAMILY HEALTH AND MEDICAL AID IN THE FORM OF MATERNITY CARE PROMPTED US TO PARTNER WITH MONGOLIAN HEALTH AUTHORITIES TO CONSTRUCT A NEW MATERNITY HOSPITAL AT EXISTING HEALTH FACILITIES IN THE CAPITAL OF ULAANBAATAR. CONSTRUCTION BEGAN IN MID-2011 AND IS EXPECTED TO BE COMPLETED IN 2012.

LOCAL PURCHASES BY KUMTOR AND BOROO



Local purchasing keeps money in the community

We understand the importance of supporting local businesses where we operate. Wherever possible, we purchase construction materials and agricultural produce locally. We define local suppliers as suppliers of goods and services based in the countries where we operate.

Process for community engagement and project funding

As part of our community involvement, we respect local cultures, traditions and priorities by developing projects in consultation with local community members.

At Kumtor, local communities propose projects to regional liaison committees that include heads of the regions and village counties and representatives of the district councils. A committee for the Ton region was formed in 2010, while the committee for the Jety-Oguz region (where we opened an information centre to improve our interaction with the local community) has been meeting quarterly since 1998.

At Boroo and Gatsuert, groups from the local soums present proposals to the Company and the Governor, and the community votes on the projects it believes are best to fund. Other soums discuss community needs directly with us. In April 2010, we established a Joint Working Group (JWG) at Gatsuert. Six Company representatives meet with six community representatives every second month to provide information and receive feedback on topics such as mine development, employment, business opportunities, community projects and environmental activities. Community members can also speak directly to our Community Relations Officers or record concerns and comments in a Community Diary at the offices in Mandal soum.

GOVERNANCE AND STANDARDS: Foundations for creating value

Accountability, ethics, transparency – Centerra establishes policies to create and reinforce best practices in our relationships with stakeholders.

2010 Governance and standards scorecard

Score	2010 Target	Results	2011 Objectives
●	Establish CSR Committee	Established and met in 2010	Consider international best practices and commitments
●	Initiate CR report planning	Established plan and Steering Committee	Publish inaugural CR report
◐	Identify VP, Environment and Sustainability, candidates	Began process	Establish CR standards

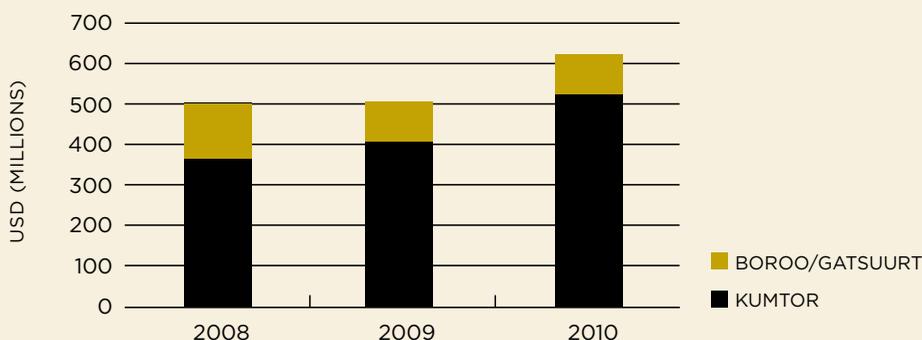
Legend: Not Achieved ○ Partially Achieved ◐ Achieved ●

In 2010, we made significant progress in the governance and standards that guide corporate responsibility at Centerra.

Economic value of our operations

Total in-country expenditures for the two operations were more than \$600 million in 2010, including goods and services, capital, exploration, wages, taxes and community investments. See ECI and EC6 in the GRI tables on pages 46 to 49.

ECONOMIC VALUE OF OUR OPERATIONS



2010 Performance

As part of our commitment to transparency, we disclose our payments to governments annually.

Transparency

Centerra has played an active role in promoting the Extractive Industries Transparency Initiative (EITI) in the Kyrgyz Republic and Mongolia. Both our mines were among the first to sign on, report and help improve EITI infrastructure in their respective countries. You can find more information on the Mongolian EITI and reports containing Boroo Gold's audited submissions to the EITI at <http://eitimongolia.mn>. You can find Kumtor's reporting as part of the annual Kyrgyz Republic reports at <http://eiti.org/KyrgyzRepublic>. Given the importance of the EITI as a transparency tool and the significant progress that has been achieved in this area in both countries, Centerra has become a Supporting Company of the EITI.

Taxes

At Kumtor, Centerra and the Government agreed to replace the former tax regime with a simplified tax formula based on revenues (Restated Investment Agreement, finalized June 11, 2009). We are now subject to:

- Gross proceeds tax of 13 percent of gold sales revenue
- Issyk-Kul contribution of one percent of gold sales revenue

In addition to the GRI table at the back of this report, please see the Taxes section of Centerra's 2010 Annual Report for a detailed description of tax payments.

GOVERNANCE AND STANDARDS

The corporate income tax rate for Boroo Gold Company (BGC) is 25 percent for taxable income over three billion Mongolian tugriks (approximately \$2.4 million at the 2010 year-end exchange rate) with a tax rate of 10 percent for taxable income up to that amount. Centerra paid \$20.4 million in corporate income taxes to Mongolia in 2010. Boroo also paid royalties totalling \$7.2 million in 2010 and an additional \$6.4 million in other taxes and fees, including withholding taxes, social insurance fees, water taxes, licence fees and stamp duties.

The Boroo Stability Agreement, entered into by Boroo and the Mongolian Government in 1998 and first amended in 2000, guaranteed that Mongolian tax laws in effect in 1998 would apply to Boroo's income from the project. In accordance with the law at the time, the Boroo Stability Agreement provided that BGC was exempt from income tax for a period of three years following commencement of commercial production and was entitled to 50 percent tax relief for the subsequent three-year period. All other taxes that were due under the 2000 tax laws were applicable to Boroo and were paid.

In September 2006, at the request of the Mongolian Government, Centerra and Boroo entered into discussions with the Government regarding amendments to the Boroo Stability Agreement, including its tax stabilization provisions.

On August 3, 2007, Centerra and the Government of Mongolia agreed to an amendment to the Boroo Stability Agreement. Pursuant to that amendment, effective January 1, 2007, Boroo is subject to a 10 percent rate for taxable income up to three billion tugriks and a 25 percent rate for taxable income above that amount, until the termination of the Boroo Stability Agreement in July 2013. In addition, effective August 3, 2007, the mineral royalty was increased from 2.5 percent to 5 percent.

Compliance, assurance and performance assessment

As a responsible mining company, we focus significant effort on ensuring compliance with a complex set of environmental, health, safety and labour laws, regulations, guidelines and permitting requirements across all of the jurisdictions where we work. We believe we are in material compliance with all applicable laws and regulations and we frequently exceed the level of compliance required by law.

Internal audit schedules

Centerra has an independent internal auditor who reports directly to the Chair of the Audit Committee of our Board of Directors. There were no material discoveries during safety, health and environmental audits conducted in the past three years. The table on page 42 provides a summary of the audited aspects of our business.



Kumtor site tour near new underground access looking toward Davidov Glacier.

GOVERNANCE AND STANDARDS

Internal auditing – Corporate responsibility aspects

2009	2010	2011 Plan
Tailings dam assessments	CN Code gap analysis	CN Code audit
SHE systems	Anti-fraud and high-risk transactions	Explosives management
Groundwater assessment	Reclamation and closure planning	Kitchen health and safety

Annual performance incentives – Safety, health and environment review

Compensation for Centerra’s corporate operations and exploration managers is supplemented with an annual performance-based payment, 40 percent of which is determined by safety, health and environmental performance.

The annual incentive for site managers also has annual performance incentives, 50 percent of which is based on health and safety performance and environmental performance, and the application of the following management systems:

- Leadership and Commitment
- Knowledge and Skill Training
- Risk Assessment
- Inspections and Planned Maintenance
- Emergency Preparedness
- Health, Hygiene and Environmental Sampling
- Incident/Hazard Reporting and Investigation
- Communications
- Materials and Services Management
- Joint SHE Committees
- Engineering and Change Management
- Document Control
- Measurement and Evaluation
- Program Administration

Centerra conducts annual evaluations of the effectiveness of these systems as part of our continual improvement approach to our business.

Alignment with international standards

International standards help us identify the best way to manage the social, economic and environmental impacts of mining. Over the past two years, we have worked to align our systems, practices and performance incentive review with guidelines and standards established by the following:

- The Carbon Disclosure Project (CDP)
- The European Bank for Reconstruction and Development (EBRD)
- The Extractive Industries Transparency Initiative (EITI)
- The Global Reporting Initiative (GRI)
- The International Council on Mining & Metals (ICMM)
- The International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold (CN Code)
- The International Organization for Standardization (ISO)
- The Mining Association of Canada's Towards Sustainable Mining initiative
- Mongolia's Responsible Mining Initiative (RMI)

Business ethics

We take business ethics seriously. Our approach to business ethics is defined by several procedures and policies, including:

- Disclosure and insider trading policy
- Sustainable development policy
- International business conduct (anti-corruption) policy
- Code of ethics
- Donations policy
- Delegation of authority

Our corporate risk assessment process and related policies require senior managers to review and sign business conduct and ethics certificates each year.

Whistle-blower protection

Employees are encouraged to communicate concerns to local senior management, Centerra senior management or the Board by calling a confidential independent third-party hotline or filing a report through a web-based service. Centerra policy prohibits retaliation against whistle-blowers.

Share ownership

Centerra's largest shareholder is Kyrgyzaltyn JSC, which owns approximately 33 percent of the common shares. Kyrgyzaltyn is owned and controlled by the Kyrgyz government. Retail shareholders make up 13 percent, and the remaining 54 percent is held by institutional shareholders.

GOVERNANCE AND STANDARDS

Governance

Centerra's Board of Directors currently has 12 members, of whom nine are independent. As of writing, three members of the Board are citizens of the Kyrgyz Republic. You can find more information about corporate governance at Centerra on our website (www.centerragold.com).

Board of Directors

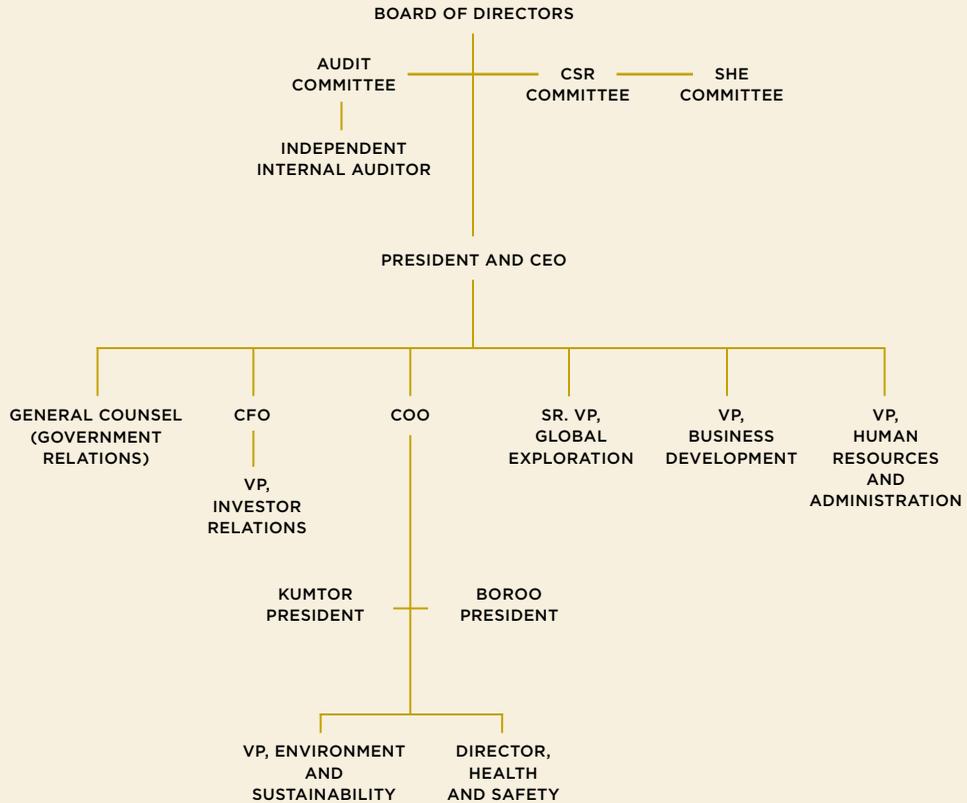
- Niyazbek Aldashev
- Ian Austin *Audit Committee Chair*
- Raphael Girard *CSR Committee Chair*
- Karybek Ibraev
- Patrick James *Board Chair (non-executive)*
- John Lill *Safety, Health and Environmental Committee Chair*
- Amangeldy Muraliev
- Sheryl Pressler
- Terry Rogers
- Bruce Walter
- Anthony Webb
- Stephen A. Lang *Centerra CEO*

Corporate responsibility governance

In 2010, we formed a Board CSR Committee to complement our existing Safety, Health and Environmental (SHE) Committee. The Chair of the SHE Committee sits on the CSR Committee, which enhances corporate responsibility communication between the two committees.

In 2010, we also created a new Vice-President position, recognizing our increasing focus on the environmental and sustainability aspects of our business. The new Vice-President and the Director of Health & Safety will drive our corporate responsibility strategy and provide support to operations, exploration, business development and management. They will also communicate regularly with the Board. Additionally, each mining and exploration site has corporate responsibility obligations and objectives and has its own professionals, including government affairs and community relations officers, as well as environment, health and safety professionals.

Corporate responsibility governance



ASPECTS OF CORPORATE RESPONSIBILITY ARE CONSIDERED BY VARIOUS COMMITTEES OF CENTERRA'S BOARD OF DIRECTORS, INCLUDING THE SAFETY, HEALTH AND ENVIRONMENT, CORPORATE SOCIAL RESPONSIBILITY, AUDIT, GOVERNANCE, AND HUMAN RESOURCES COMMITTEES.

Performance data

		Centerra			
GRI	INDICATOR	UNITS	2010	2009	2008
	ECONOMIC				
	Economic performance				
EC1	Centerra continues to create value for the communities in which we operate. Our contributions to local economies, as shown below, align with our commitment to supporting economic development, as well as our overall financial performance in light of rising commodity prices.				
	Net revenues	\$ USD	846,500,000	685,490,171	635,980,000
	Goods, services and materials purchased for operating sites	\$ USD	200,741,325	218,549,691	236,330,501
	Exploration expenditures	\$ USD	31,295,726	25,012,287	23,508,070
	Capital expenditures	\$ USD	211,977,000	89,764,000	94,525,000
	Development capital (Gatsuurt)				
	Other operating costs at operating sites	\$ USD	5,872,205	2,347,676	8,842,278
	Employee wages and benefits at operating sites	\$ USD	88,822,932	79,308,760	77,438,436
	Taxes and royalties at operating sites	\$ USD	122,344,017	115,152,460	71,913,876
	Community donations and investments*	\$ USD	9,255,679	6,087,029	3,996,733

*Includes Issyk-Kul Development Fund. Hospital expenditures expected for 2011–2012 construction.

Market presence

EC5	Centerra believes the wages of our workforce make us one of the most attractive employers in the regions in which we operate. The average starting wage at Kumtor is nearly 25 times the national minimum wage and two to three times the national average wage. The average starting wage at Boroo is five times the national minimum wage.				
	Ratio of entry-level wage/ country minimum wage (ratio)	Ratio	N/A	N/A	N/A
	Entry-level wage per hour	Local Currency	N/A	N/A	N/A
	Country minimum wage per hour	Local Currency	N/A	N/A	N/A

Kumtor			Boroog/Gatsuurt		
2010	2009	2008	2010	2009	2008
704,264,671	523,704,179	468,293,471	142,200,000	161,785,992	167,600,000
160,328,742	173,335,403	190,311,461	40,412,583	45,214,288	46,019,040
11,919,614	11,758,945	13,689,787	1,078,501	219,720	932,500
186,521,520	73,362,897	57,140,116	7,893,772	3,291,194	35,935,735
			17,244,000	12,896,000	617,000
3,746,865	2,192,793	5,786,321	2,125,340	154,883	3,055,957
70,202,942	65,116,152	59,596,139	18,619,990	14,192,608	17,842,297
98,597,046	85,548,844	40,333,453	23,746,971	29,603,616	31,580,423
8,226,743	5,068,091	2,856,886	1,164,000	1,018,938	1,139,847
24.8:1	16.1:1	15.4:1	5.2:1	4.6:1	4.4:1
49.52 soms	32.25 soms	30.82 soms	3,301 MNT	2,921 MNT	2,782 MNT
2.0 soms	2.0 soms	2.0 soms	637 MNT	637 MNT	637 MNT

PERFORMANCE DATA

Centerra					
GRI	INDICATOR	UNITS	2010	2009	2008
ECONOMIC					
Market presence					
EC6	Centerra attempts to purchase high-quality and cost-effective goods and services from local suppliers in a manner consistent with our CR principles and values. In 2010, we were able to purchase more from local suppliers than in 2009 and we continue to work more and more closely with them to determine if we can purchase even more. The figures show a drop from 2008 to 2010.				
	Spend on local suppliers at operating sites	\$ USD	120,903,102	93,663,207	102,901,544
		%	N/A	N/A	N/A
ENVIRONMENT					
Water					
EN8	Centerra works to measure and monitor water quantity and quality everywhere we operate. We continue to make improvements through focused activity to reduce freshwater consumption. The figures show an increase in water consumption from 2008 to 2010.				
	Total water withdrawn (includes water from wetlands, rivers, lakes and oceans)	m ³	5,952,000	6,007,000	5,890,000
	Groundwater	m ³	1,501,082	1,390,947	1,880,407
	Rainwater	m ³	0	0	0
	Waste water	m ³	0	0	0
	Municipal water/water utilities	m ³	1,501,082	1,390,947	1,880,407
EN10	As part of our commitment to water conservation, Centerra continues to explore ways to optimize the recycling and reuse of water at our operations.				
	Water recycled/reused	m ³	884,682	707,799	840,478
		%	43	42	41
Emissions, effluents and waste					
EN23	Centerra takes the environment, health and safety very seriously and we have a five-level incident reporting system in place to ensure we address these issues. We continue to place significant focus on eliminating spills. Significant spills are those that must be reported to our Board, and in 2010 we had one incident where 10 cubic metres of fuel was spilled due to a leak in a fuel valve. The spill was cleaned immediately and the state inspector of Bayangol soum confirmed no pollution to the environment.				
	Recorded significant spills	Number	1	0	3
		m ³ unless noted	10	0	0.2 m ³ synthetic oil; 12 tonnes lime; 9 tonnes nitrates

Kumtor		Boroo/Gatsuurt			
2010	2009	2008	2010	2009	2008
89,736,918	67,225,241	78,398,080	31,166,184	35,990,573	34,316,398
56	39	41	77	80	75
5,966,000	6,007,000	5,890,000	0	0	0
0	0	0	1,501,082	1,390,947	1,880,407
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,501,082	1,390,947	1,880,407
2,314,290	2,404,936	2,375,382	884,682	707,799	840,478
40	40	40	59	51	45
0	0	3	1	0	0
0	0	0.2 m ³	10	0	0
		synthetic oil;			
		12 tonnes lime;			
		9 tonnes nitrates			

PERFORMANCE DATA

		Centerra			
GRI	INDICATOR	UNITS	2010	2009	2008
	ENVIRONMENT				
	Compliance				
EN28	In 2010, the fuel line spill described above drew a small fine to local environmental regulators in Mongolia. There were also seven cases of sanctions brought against Centerra and no cases brought against us requiring dispute resolution.				
	Total significant fines ¹	Number	2	2	0
	Non-monetary sanctions	Number	7	0	0
	Cases brought through dispute resolution mechanisms	Number	0	0	0
	Overall				
EN30	Centerra's efforts to protect and preserve our natural resources and habitats are not only demonstrated by our actions, but also by our financial commitments for environmental treatment and prevention. As we continue to grow, our environmental expenditures continue to increase as well.				
	Waste disposal, emissions treatment and remediation costs	\$ USD	14,333,844	9,457,800	13,741,164
	Prevention and environmental management costs	\$ USD	3,854,191	3,049,270	3,034,713
	SOCIAL: LABOUR PRACTICES AND DECENT WORK				
	Employment				
LA1	In late 2010, mine operations ceased at Boroo, causing us to reduce our workforce. We worked with our employees to assist with their job transition and are hopeful that with our corporate emphasis on growth and enhanced operations, our workforce will grow in the future.				
	Employees	Number	3,125	3,049	2,939
	Supervised workers	Number	2,572	2,387	2,316
	Self-employed supervised workers	Number	443	584	508
	Indefinite or permanent contract employees	Number	2,389	2,204	2,235
	Fixed-term or temporary contract employees	Number	578	798	693
	Full-time permanent employees	Number	2,709	2,838	2,833
	Part-time permanent employees	Number	608	572	475
	Total workforce for each region	Number			

¹ For reported spill.

Kumtor		Boroo/Gatsuurt			
2010	2009	2008	2010	2009	2008
1	1	0	1	1	
2	1	1	7		
	0	0	0		
8,084,703	5,535,822	9,700,547	6,935,032	3,887,887	4,102,376
3,381,174	2,874,947	3,460,318	2,391,279	1,872,084	1,789,521
2,645	2,364	2,328	322	638	600
2,479	2,213	2,188	93	174	128
350	410	380	93	174	128
2,387	2,202	2,233	2	2	2
258	162	95	320	636	598
2,387	2,202	2,233	322	636	600
608	572	475	0	0	0
5,124	4,577	4,516	322	638	600

PERFORMANCE DATA

		Centerra			
GRI	INDICATOR	UNITS	2010	2009	2008
SOCIAL: LABOUR PRACTICES AND DECENT WORK					
Occupational health and safety					
LA7	<p>The health and safety of our people are of utmost importance to Centerra. Monitoring and managing risks and incidents are a fundamental part of our health and safety programs. Our injury rates show varied levels of improvement in recent years, and we know more needs to be done to get even better.</p>				
	Total workforce ²	Number	3438	3080	3139
	Independent contractors	Number	901	776	856
	Injury rate (IR) by region	ratio	0.36	0.27	0.31
	Lost day rate (LDR)	Ratio	4.41	151.47	149.57
	Fatalities	Number	0	1	1
*Numbers for much of 2010 used to calculate statistics, including laid-off workers.					
LA9	<p>Centerra works with unions and employees to promote safety across all of our operations. While no formal policies exist to include health and safety topics in agreements with employee groups, we have collective agreements that include health and safety clauses and we encourage both management and staff to work together toward promoting a safe and healthy working environment.</p>				
	Whether formal agreements (either local or global) with trade unions cover health and safety	Yes/No	Partial	Yes, safety committees	Yes, safety committees

² Total employees plus supervised workers.

Kumtor		Boroo/Gatsuurt			
2010	2009	2008	2010	2009	2008
2,645	2,364	2,328	666*	598	707
432	394	376	423*	351	457
0.36	0.24	0.38	0.44	0.20	0.17
5.7	208.9	211.8	1.68	1.22	7.76
0	1	1	0	0	0
Yes			Over 80% of the workforce is represented in formal joint management-worker health and safety committees.		

PERFORMANCE DATA

		Centerra			
GRI	INDICATOR	UNITS	2010	2009	2008
SOCIAL: LABOUR PRACTICES AND DECENT WORK					
Community					
SO1	Centerra is dedicated to partnering with local communities to promote social and economic development in each area of operation. Our numerous community investment programs are the result of continuous consultation with local community members, government officials and NGOs. We continue to devote a significant portion of our revenues to skills-building and infrastructure development to create long-term benefits for our communities. Examples of these programs are described in more detail in the Community section of this report.				
	Programs in place for assessing the impacts of operations on local communities while operating in the community	n/a			
	Number and percentage of operations to which programs apply	Number			
Corruption					
SO3	Business ethics is a key part of our commitment to acting as a responsible mining company. We continue to focus on increasing awareness and training efforts at all levels of our workforce in order to reinforce awareness of the Company's zero tolerance of corrupt practices.				
	Management received anti-corruption training	%	100	—	100
	Non-management received anti-corruption training	%	32	—	30
Mining sector: Closure planning					
MM10	Centerra is committed to safe minerals extraction that minimizes environmental impact through the entire life cycle of our mines. Each site has a closure plan describing potential impacts of our operations and how we plan to remediate those impacts. While remediation is often expected at the time of mine closure, we actually perform remediation on an ongoing basis each year.				
	Operations with closure plans	Number	4	4	4
		%	100	100	100
	Financial provision for closure	\$ USD			

Kumtor		Boroo/Gatsuurt			
2010	2009	2008	2010	2009	2008
4 regional	3 regional	3 regional	7 projects	6 projects	5 projects
1	1	1	2	2	2
67	—	50	83	—	33
—	—	0.001	14	—	0.003
2	2	2	2	2	2
100	100	100	100	100	80
22,088,175	19,012,770	15,283,935	18,571,260	18,571,260	7,320,953

GRI index

We wrote our first corporate responsibility report in accordance with the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines and the GRI Mining and Metals Sector Supplement (MMSS). GRI has now released an updated version of these reporting guidelines, G3.1. We will explore the possibility of alignment with that version for our future reports. The GRI guidance, indicators and sector supplements are the most widely used and generally accepted framework for sustainability and corporate responsibility reporting.

Centerra self-declares that this inaugural report is at a GRI G3 C-level. We look forward to our employees, communities, management and other stakeholders using this report to identify further opportunities to improve our approach, performance, monitoring and reporting on corporate responsibility.

2010 Global Reporting Initiative G3 Scorecard

Report Application Level	C	C+	B	B+	A	A+
STANDARD DISCLOSURES	G3 Profile Disclosures	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17		Same as requirement for Level B	
	G3 Management Approach Disclosures	Not required	Not required		Management approach disclosed for each indicator category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 performance indicators, including at least one from each of: social, economic and environment.	Report on a minimum of 20 performance indicators, at least one from each of: economic, environment, human rights, labour, society, product responsibility.		Respond on each core G3 and Sector Supplement* Indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	
		Report Externally Assured		Report Externally Assured		Report Externally Assured

*Sector supplement in final version.

G3 Content Index – Mining & Metals Sector Supplement – GRI Application Level C

INDICATOR	DESCRIPTION	LAYOUT PAGE
1.1	Statement from the most senior decision-maker of the organization.	4
2.1	Name of the organization.	Inside Front Cover
2.2	Primary brands, products and/or services.	Inside Front Cover, 6
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	Inside Front Cover, 6–8, 42
2.4	Location of organization's headquarters.	Inside Front Cover
2.5	Number of countries where the organization operates and names of countries either with major operations or that are specifically relevant to the sustainability issues covered in the report.	Inside Front Cover, 6–8
2.6	Nature of ownership and legal form.	Inside Front Cover, 6–8
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	Inside Front Cover, 6–8
2.8	Scale of the reporting organization.	Inside Front Cover, 6–8
2.9	Significant changes during the reporting period regarding size, structure or ownership.	CEO's Message, 8
2.10	Awards received in the reporting period.	Not applicable
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	1
3.2	Date of most recent previous report (if any).	4
3.3	Reporting cycle (annual, biennial, etc.).	Annual
3.4	Contact point for questions regarding the report or its contents.	Inside Back Cover
3.5	Process for defining report content.	13–14
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	1
3.7	State any specific limitations on the scope or boundary of the report.	1

GRI CONTENT INDEX

INDICATOR	DESCRIPTION		LAYOUT PAGE
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations.		1, 8
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).		Not applicable, first report
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.		Not applicable, first report
3.12	Table identifying the location of the Standard Disclosures in the report.		57-59
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.		43-44
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.		43
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.		43
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		43
4.14	List of stakeholder groups engaged by the organization.		13
4.15	Basis for identification and selection of stakeholders with whom to engage.		3, 13-14
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	39-40, 46-47
EC5	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.	Fully	46-47
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation.	Fully	33-34, 36, 48-49
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	Partially	33-35
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Partially	31

INDICATOR	DESCRIPTION		LAYOUT PAGE
EN8	Total water withdrawal by source.	Fully	48-49
EN10	Percentage and total volume of water recycled and reused.	Fully	48-49
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	Fully	27-30
EN23	Total number and volume of significant spills.	Fully	48-49
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	50-51
EN30	Total environmental protection expenditures and investments by type.	Fully	50-51
LA1	Total workforce by employment type, employment contract and region.	Fully	7, 50-51
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region.	Fully	52-53
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	52-53
SO1	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	Fully	33-36, 54-55
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	54-55
MM10	Number and percentage of operations with closure plans.	Fully	54-55

Glossary

Aimag – A local word for province in Mongolia. Mongolia consists of 21 aimags.

Biodiversity – Short for “biological diversity,” the variability among living organisms and the ecosystems of which they are part. This includes diversity within species, between species and within ecosystems.

Boroo Gold Company – The name of Centerra’s operating entity in Mongolia.

Capacity Building – Activities and initiatives that strengthen the knowledge and skills of individuals and improve structure and processes such that communities can grow and develop in a sustainable way.

Carbon-in-Leach (CIL) – A recovery process in which a slurry of gold ore, carbon granules and cyanide are mixed together. The cyanide dissolves the gold, which is then absorbed by the carbon. The carbon is subsequently separated from the slurry and the gold removed from the carbon.

Closure Plan – A plan designed to ensure public safety and restore the physical, chemical and biological quality of the area disturbed by mining to an acceptable level. It must aim at leaving the area in such a way that the rehabilitated property does not become a burden to society after the mining operation is over.

Code of Ethics – A policy that sets out Centerra’s dedication to upholding high moral and ethical standards and specifies basic business conduct and behaviour.

Collective Bargaining Agreement – An agreement between a company and one or more workers’ organizations or, in absence of such organizations, the representatives of the workers duly elected and authorized by them in accordance with national laws and regulations.

Corporate Responsibility – A form of corporate self-regulation integrated into a business model where companies embrace the responsibility for the impact of their activities on the environment, consumers, employees, communities and stakeholders.

Currencies – Mongolian tugrik (MNT): 2010 exchange rate 1 USD = 1,357.04 MNT;
Kyrgyz som (KGS): 2010 exchange rate 1 USD = 45.872 KGS.

Cyanidation – A method of extracting gold or silver by dissolving it in a weak solution of sodium cyanide.

Cyanide – A chemical compound containing carbon and nitrogen used to dissolve gold from ore.

Doré – Unrefined gold and silver bullion bars usually consisting of approximately 90 percent precious metals that will be further refined to almost pure metal.

Electrowinning – Recovery of a metal from ore by means of electro-chemical processes.

Engagement – A process of contact, dialogue and interaction that ensures all parties of interest are informed and participate in decisions that affect their future.

Environmental Assessment – The process of identifying, predicting, evaluating and mitigating the biophysical, social and other relevant effects of development proposals prior to making major decisions and commitments.

Environmental Management System (EMS) – A framework developed by an organization to help improve its environmental performance by taking environmental considerations into account when making decisions and managing risks.

Global Reporting Initiative (GRI) – A global network-based organization that has developed a widely used sustainability reporting framework consisting of principles and indicators to measure and report on an organization's economic, environmental and social performance.

Governance – A set of processes, customs, policies, laws and institutions affecting the way a company is directed, administered or controlled.

Hazard – A source of potential damage, harm or adverse effects on something or someone under certain conditions at work.

Heap Leach – A process used for the recovery of gold from ore (usually low-grade ore) whereby crushed ore is laid on a slightly sloping, impervious pad and uniformly leached by the percolation of a cyanide solution trickling through the ore by gravity to a pond or other collection system.

High Potential Incident (HPI) – An incident that could have resulted in a serious injury.

Independent Contractor – An individual legally recognized as being self-employed.

Joint Venture (JV) – The partnership of two or more companies in a specific operation, each agreeing to share profit or loss according to ownership percentage. Operational control often depends on ownership percentage.

Kumtor Operating Company – The name of Centerra's operating entity in the Kyrgyz Republic.

Kyrgyz Som – Kyrgyz som (KGS): 2010 exchange rate 1 USD = 45.872 KGS.

Leading Indicator – Performance metrics that can be used to predict future SHE (safety, health and environment) performance.

Level I to V Environmental Incident – Level I: Low-volume, contained spill and no regulatory exceedance. Level II our target is 0 low-volume, uncontained spills or one-off exceedance. Level V: Significant environmental or community impact and major regulatory or reputational risk.

GLOSSARY

Local Suppliers – Suppliers based in the same country as the operation that they supply.

Materiality – The threshold at which an economic, environmental or social issue or indicator becomes sufficiently important that it warrants disclosure in the corporate responsibility report.

Mongolian Tugrik – Mongolian tugrik (MNT): 2010 exchange rate 1 USD = 1,357.04 MNT.

Near Miss – An identified hazard that could lead to an HPI or injury.

No Net Loss – The application of mitigation measures (such as biodiversity offsets) that should achieve measurable conservation outcomes and that can reasonably be expected to result in no net loss of biodiversity.

Non-Governmental Organization (NGO) – A not-for-profit group largely funded by private contributions and operating outside of institutionalized government or political structures. NGOs focus on environmental, social and economic issues at local, regional, national and international levels.

Open Pit – A mine where the minerals are mined entirely from the surface.

Ore – A metal or mineral, or a combination of these, of sufficient quality and quantity to enable it to be mined at a profit.

Reclamation – The restoration of a site after the completion of mining or exploration activity. Reclamation initiatives are used to create biologically diverse environments that are similar to the pre-mining landscape and will be attractive to a variety of wildlife species.

Recordable Injury Frequency (RIF) – A measurement of the percentage of people seriously hurt in a given year, including fatal, lost-time and medical aid injuries.
 $RIF = [(lost-time\ injuries + medical\ aid\ injuries) \times 200,000] / \text{hours worked}$.

Responsible Mining – A comprehensive and transparent minerals activity that respects the rights of all stakeholders, especially those of local people, operates safely, protects the environment, minimizes the impact on human health, embraces the best international practices and upholds the rule of law while generating benefits for host countries. See also Corporate Responsibility.

Significant Locations – Locations where Centerra has operations or development. For the purposes of this report, significant locations include Kumtor, Boroo and Gatsuurt.

Significant Spill – Any spill that is Level III or higher, as defined by Centerra's incident reporting system. Level III spills are significant enough that they must be reported to Centerra's Board of Directors.

Soum – A local word for sub-province or district in Mongolia.

Spot Price – Current market price of goods, services or financial assets traded for immediate delivery.

Stakeholder – Any person or group of people who may be affected in a good or bad way by the financial, safety, environmental and social aspects of our operations and those who have an interest in or an influence on our activities.

Supervised Worker – Contractors or non-Centerra, Kumtor or Boroo employees who perform work for the Company.

Sustainability – An approach to decision-making that integrates economic, environmental and social considerations. See also Corporate Responsibility.

Sustainable Development – As used in the report Our Common Future (also known as the Brundtland Report): “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” See also Corporate Responsibility. Centerra develops mineral deposits in a manner that does not restrict communities’ efforts to sustain themselves and strives to catalyze economic activity that promotes long-term sustainability among our communities and their surroundings.

Tailings – The material that remains after recoverable metals or minerals of economic interest have been removed from ore through milling.

Total Water Consumption/Withdrawal – The sum of all fresh water withdrawn by Centerra from all sources (including surface water, groundwater, rainwater and municipal water supply) for any use over the course of the reporting period.

Zero Discharge Site – No release of harmful or toxic material to the environment



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