

centerra**GOLD**



Centerra Gold Inc. Corporate Responsibility Report



2013

CORPORATE PROFILE

Centerra Gold Inc. (Centerra) is a Canadian-based and publicly listed gold mining company engaged in operating, developing, acquiring, and exploring gold properties, primarily in Asia, the former Soviet Union, and other markets worldwide.

We are the largest Western-based gold producer in Central Asia, with two operating gold mines located in the Kyrgyz Republic (Kumtor) and Mongolia (Boroo).

ABOUT THIS REPORT

This report covers the 2013 financial year (ending 31st December, 2013). Financial figures are reported in US dollars unless otherwise stated. We continue to use the Global Reporting Initiative's (GRI) Third Generation (G3) sustainability reporting framework and the GRI Mining and Metals Sector Supplement for reporting purposes. In determining the scope, content, and boundaries of this report, we used a materiality assessment process described in this report (see pages 14-15).

This report is focused primarily on Centerra's two operating mines: Kumtor and Boroo. An associated Conflict-Free Gold Report, prepared in accordance to the requirements of the World Gold Council's Conflict-Free Gold Standard, was subject to limited assurance engagement by KPMG. We self-declare our 2013 report at GRI G3 Level 'B+'. The GRI Disclosure Index for this report is web-posted. We welcome your comments and suggestions on how we can further improve our corporate responsibility practices and reporting. Please send your comments and suggestions to sustainability@centerragold.com.

See Cautionary Note Regarding Forward-Looking Statements on page 53 of this document.



TABLE OF CONTENTS

IFC CORPORATE PROFILE

- IFC About this Report
- 02 Message from the President
- 04 2013 Operational Highlights
- 05 Achievements, Challenges, and Targets
- 06 Centerra at a Glance
- 07 Operations and Assets
- 07 Kumtor Mine
- 07 Boroo Mine
- 08 Gatsurt Deposit
- 08 Öksüt Gold Project
- 09 Other Assets

10 OUR APPROACH AND VALUES

- 11 Responsible Mining
- 11 Our Approach
- 13 Code of Ethics for Directors
- 13 International Business Conduct Policy
- 13 Memberships and Commitments
- 14 Materiality Assessment
- 15 Centerra Materiality Matrix

16 ECONOMIC RESPONSIBILITY

- 19 Employer of Choice
- 20 Procurement
- 23 Financial Impacts of Climate Change

24 HEALTH, SAFETY AND WELLNESS

- 26 Emergency Preparedness

28 ENVIRONMENTAL RESPONSIBILITY

- 29 Environmental Impacts and Management
- 29 Material Inputs
- 29 Biodiversity
- 31 Energy and Greenhouse Gas Emissions
- 32 Air Quality
- 32 Water
- 34 Environmental Incidents and Claims
- 35 Waste Management
- 37 Waste Rock, Ice, and Tailings
- 38 Mine Closure

42 SOCIAL RESPONSIBILITY

- 43 Stakeholder Engagement
- 43 Strategic Community Investments
- 45 Supporting Business
- 48 Addressing Complaints, Road Blocks, and Community Concerns

49 GLOSSARY

53 CAUTIONARY NOTE

IFC | Inside Front Cover



CORPORATE PROFILE

The largest Western gold producer in Central Asia. 690,000 ounces produced in 2013 at two mines.



OUR APPROACH AND VALUES

We aim for safe, responsible and profitable mining consistent with sustainable development.



ECONOMIC RESPONSIBILITY

Employer of choice in the countries where we operate. Maximizing the potential for local procurement.



HEALTH, SAFETY AND WELLNESS

Safe working conditions and healthy employees are our priority.



ENVIRONMENTAL RESPONSIBILITY

We continually strive to minimize our impacts on the environment, maintain its diversity, and engage our stakeholders.



SOCIAL RESPONSIBILITY

Guided by effective stakeholder engagement. Creating a positive impact through strategic community investments.



MESSAGE FROM THE PRESIDENT

This corporate responsibility report highlights key accomplishments and challenges Centerra experienced in 2013, as we continue to follow our responsible mining practices at the Öksüt Gold Project, our development stage project in Turkey, the Kumtor Gold Mine in the Kyrgyz Republic, which has produced 9.3 million ounces (289 tonnes) of gold since 1997, and the Boroo Gold Mine in Mongolia, which is nearing its closure phase.

We recorded a 78% increase in gold production compared to 2012, achieving a total production for Centerra of 690,720 ounces for 2013. This increase was the result of successfully addressing technical challenges associated with ice and rock movements experienced at Kumtor in 2012.

GENERATING ECONOMIC BENEFITS

Our operations provide significant economic benefits in the countries where we operate. This includes taxes and other government payments, employment, and local procurement

(for goods and services for which it is feasible), which has a trickle-down effect into the wider economy.

We also make substantial financial contributions to community support projects. These contributions are highlighted below and described further in this report.

THE MINE LIFE CYCLE

The content and case studies provided in this report illustrate how we apply our corporate responsibility principles in practice through all stages of our operations. These include extensive stakeholder engagement during the development phase of the Öksüt Gold Project, material economic contribution and social investments during the operational phase at the Kumtor Gold Mine, and preparing to leave a positive socio-economic and environmental legacy following closure of the Boroo Gold Mine.

The life of Boroo could be extended by transporting ore from the nearby Gatsuurt deposit. As the 2009 Mongolian Water and Forest Law prohibits mining and exploration activities in

water basins and 'forested areas', but provides exemption for 'strategic deposits', we continue to work cooperatively with Mongolian Government to designate Gatsuurt as a deposit of strategic importance.

The Oksut project is in the feasibility stage with the Preliminary Economic Assessment (PEA) indicating an opportunity for mining operations to commence in late 2016. We are currently conducting a full feasibility study and international standard Environmental and Social Impact Assessment (ESIA) to confirm the PEA. However, structured stakeholder engagement activities started in August 2013 and feature strongly in the mine planning, as well as the environmental and social impact assessment stage. Our initial meetings have included local government, landowners, NGOs and vulnerable groups. In response to the feedback we have received already, we will emphasize fair local employment and procurement practices, generate meaningful community development



initiatives, and ensure our operation will not have any significant impact on water resources.

The Kumtor mine is in the operational phase, having commenced gold production in 1997. Kumtor, which is the largest private sector employer in the country, remains a material driver of the Kyrgyz Republic's economy.

The operation represented 24% of industrial output and 7.7% of the country's GDP in 2013. We proactively encourage and increase local procurement year-by-year, amounting to over \$68 million in 2013. We maintained and invested over \$14 million in our social responsibility programs. This includes \$8.1 million provided directly to the Issyk-Kul Regional Development Fund, which is managed independently of Kumtor.

The Boroo mine in Mongolia is still producing gold but is now approaching its closure phase, with all mining activities having ceased in September 2012 and milling operations due to be completed in late 2014. A key aspect of closure management is land restoration. We have been undertaking award-winning land reclamation

activities for nearly a decade having reclaimed 400 hectares by the end of 2013. Mine closure also has an important social dimension.

In Mongolia, the valuable skills and experience gained at Boroo have improved the employability of our former staff, preparing them for other productive jobs in mining and related industries. An example is highlighted as a case study in this report.

Our social responsibility programs also leave a positive legacy, exemplified by our financial contributions to building a new maternity hospital in Ulaanbaatar.

SAFETY

Maintaining safe operations and ensuring responsible mining practices are always a top priority for Centerra. Overall, our recordable injury frequency rate for Kumtor in 2013 was 0.20 and for Boroo was 0.34, statistics which are favorable compared to other mining operations in the developed world. However, we regrettably experienced a fatality at our Boroo operation in 2013 for which we extended our sincere condolences and provided appropriate

assistance to the family involved.

LOOKING FORWARD

We face a number of short-and long-term sustainability challenges.

Foremost are the ongoing negotiations with the Kyrgyz Government on a new joint venture ownership arrangement of the Kumtor project. These negotiations, which started in 2013, have continued into 2014, creating significant uncertainty for our business, shareholders, employees, our supply chain and the Kyrgyz public at large. We also continue to face a series of unfounded claims, which we dispute, relating to alleged environmental and other concerns from various Kyrgyz state agencies which exceed \$470 million. We continue to work cooperatively towards resolving these issues.

We need to remain vigilant to maintain our occupational health and safety record, learning from each incident and constantly improving. At Kumtor, we must continue to manage moving glacier ice, associated materials and water inflow for safe and efficient access to ore. We continue to improve and integrate

our waste management strategy to further avoid, reduce and reuse our domestic and other waste streams. At Boroo, we must continue restoring the land and leaving an experienced and employable work force which can continue to contribute to the Mongolian economy.

For all sites, we will continue with structured engagement, respond to concerns through continuous improvement, and communicate the significant benefits our business can bring to the regions in which we operate. Where disagreements or grievances arise with government agencies or local communities, we will continue to work through dialogue and understanding to reach mutually satisfactory resolutions.

This publication explains how, whether planning, operating or closing a mine, we follow responsible mining practices. I look forward to hearing from you on how we can further improve our operations.

Ian Atkinson

President and Chief Executive Officer



2013 OPERATIONAL HIGHLIGHTS

\$944 Million
2013 Consolidated
Revenue

\$14.6 Million
Social and Community
Investments

\$453 Million
Spent on Local Vendors
and Suppliers

0.28 Overall RIF
Reportable Injury Frequency
over 200,000 Working Hours

KUMTOR

600,402 oz.
of Gold Production



GOLD PRODUCTION



3,311 Full Time Employees
(Including Contractors)
96% of Full Time Employees
are Kyrgyz Nationals



WORKFORCE

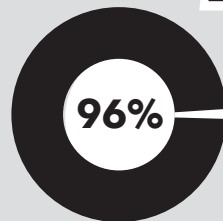
0.20 RIF
(Reportable Injury Frequency)



HEALTH & SAFETY

BOROO

90,318 oz.
of Gold Production



417 Full Time Employees
(Including Contractors)
96% of Full Time Employees
are Mongolian Nationals

0.34 RIF
(Reportable Injury Frequency)
+ One fatality recorded.

2013-2014
TARGETS

2013
OUTCOME

2013 CHALLENGES
& ACHIEVEMENTS

2014
TARGETS



**PROJECT
BENEFITS**

- Return to normal production at Kumtor and conclude negotiations with the Kyrgyz Government
- \$11.5 million for community investments



- 78% increased gold production
- Social and sustainability oriented contributions exceeded \$14 million
- Over \$98 million in local procurement
- Over \$127 million in wages and benefits

- Maintain steady gold production
- Continue to increase local procurement
- Conclude negotiations on restructured project agreement amicably with the Kyrgyz Government



**HEALTH AND
SAFETY**

- No lost time injuries (LTI)
- Recordable Injury Frequency (RIF) rate of 0.36



- LTI total of 7
- One fatality at Boroo
- RIF ahead of target at 0.28

- No Lost Time Injuries
- Maintain RIF at 0.36 or lower



ENVIRONMENT

- Amicably resolve claims in Kyrgyz Republic
- Further improve waste management practices
- Improve data management and reporting systems
- Implement early warning and solutions for glacial lake outburst flood risk to Petrov Lake near Kumtor
- Update conceptual closure plans (CCP)



- Negotiations with Kyrgyz Government remain on-going.
- Updated Waste Management Strategy developed for Kumtor
- Installed new environmental data management system
- Some water quality exceedances at Kumtor, not deemed significant
- Ongoing installation and implementation of glacial outburst early warning systems at Kumtor
- No significant environmental incidents or spills
- Updated Conceptual Closure Plan (CCP) was completed for Kumtor

- Amicably resolve environmental and ecological claims
- Further improve waste management practices at Kumtor
- Continue reclamation activities at Boroo
- Complete installation of Petrov Lake outburst early warning system
- Focus on continued identification and management of Significant Environment Aspects



COMMUNITY

- Conduct socio-economic baseline study in Issyk-Kul region
- Implement a web-based system to support management of stakeholder engagement and community investment



- Conducted socio-economic baseline study in Issyk-Kul region and presented to local businesses
- Formed 3 regional committees for greater community oversight in Kyrgyz Republic
- Initiated new web-based stakeholder engagement system
- Developed new Community Development Plan for Kumtor

- Continue to provide tangible benefits (see Project Benefits above)
- Continue to improve our stakeholder engagement and grievance management and resolution processes



**GOVERNANCE
AND STANDARDS**

- Develop standards to encourage development of local business through procurement at Kumtor
- Pursue Cyanide Code certification of operational activities at Kumtor and Boroo

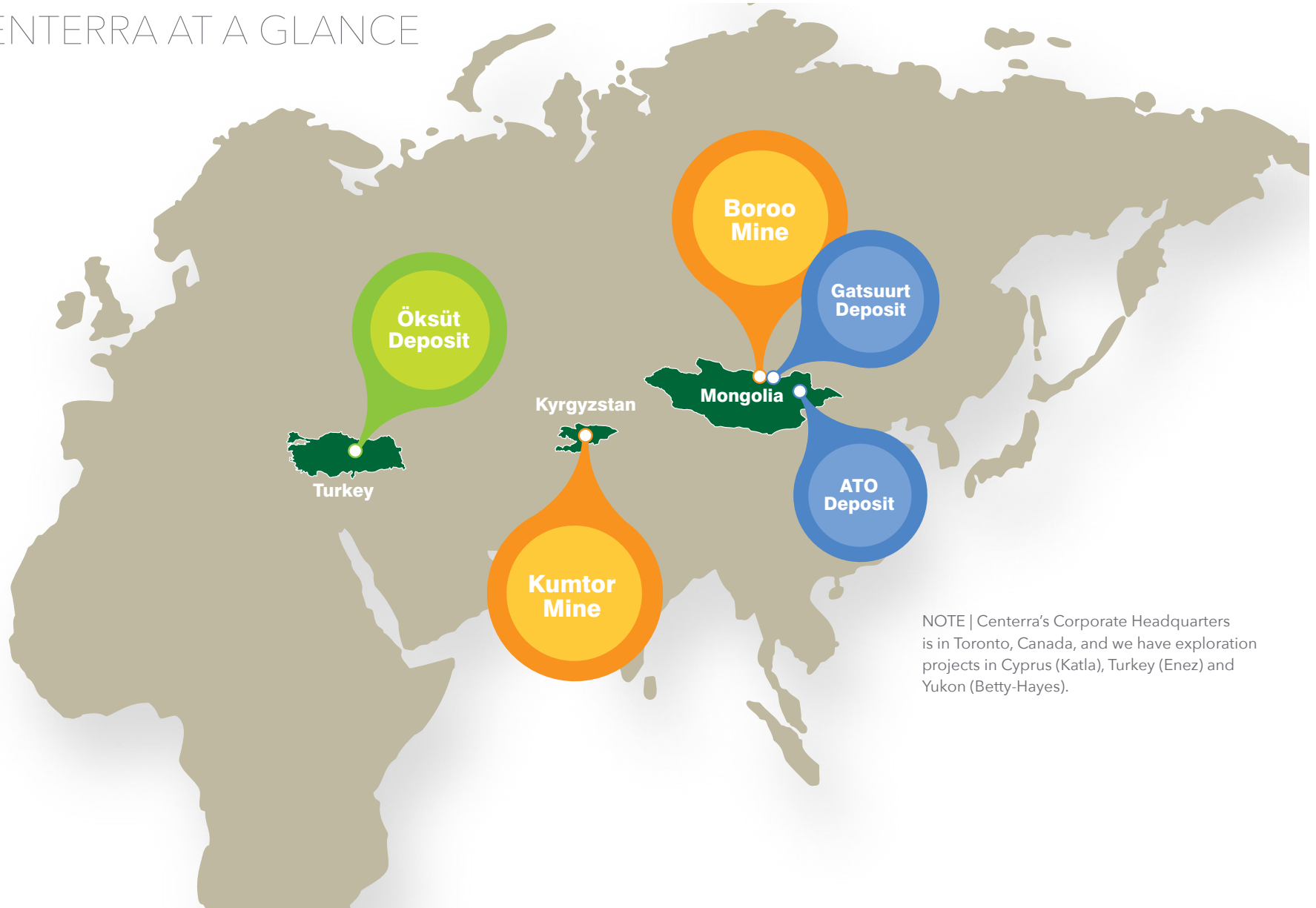


- Increased relative percentage of local procurement
- Provided 'hotline' training and support to ensure ethical conduct
- Adopted and implemented the World Gold Council's Conflict-Free Gold Standard

- Pursue Cyanide Code certification for operations
- Develop appropriate human rights policies including alignment with the Voluntary Principles of Human Rights & Security



CENTERRA AT A GLANCE



NOTE | Centerra's Corporate Headquarters is in Toronto, Canada, and we have exploration projects in Cyprus (Katla), Turkey (Enez) and Yukon (Betty-Hayes).



OPERATIONS AND ASSETS

As the leading Western-based gold producer in Central Asia, we have developed considerable expertise in regards to operating responsibly in the region.

Centerra has assets which are at different stages in their life-cycle. Kumtor is a fully operating gold mine in the Kyrgyz Republic. Boroo, in Mongolia, is also an operating gold mine, but entering its closure phase. The Gatsuurt development property is located approximately 35 km from Boroo and subject to designation as a strategic deposit. Ore from Gatsuurt could be transported to, and processed by Boroo. The Öksüt Gold Project located in central Turkey is in the planning and development stage for a conventional open pit mining operation and heap leach facility.

The Kyrgyz Republic, through the state owned Kyrgyzaltyn Joint Stock Company, is Centerra's largest shareholder, owning approximately 32.74 percent of the outstanding

shares as at the end of 2013. At the time of writing this report, we were continuing negotiations on a new ownership structure with the Kyrgyz Government. Latest updates will be posted on our website www.centerragold.com.

KUMTOR MINE (KYRGYZ REPUBLIC)

Centerra owns 100% of the Kumtor Gold Mine and the Kumtor Gold Company. The Kumtor open pit mine, located approximately 350 kilometres southeast of the capital Bishkek, is the largest western-operated gold mine in Central Asia, having produced approximately 9.3 million ounces of gold by the end of 2013 since its start in 1997. 2013 was the seventeenth year of operation, and the tenth under Centerra ownership.

Located at 4,000 metres above sea level in a partially glaciated permafrost zone, Kumtor is one of the highest gold mines in the world.

The gold is recovered by crushing, grinding, cyanide-leaching, flotation, and electro-winning process. Unrefined gold bars (doré) are sold to the state-owned Kyrgyzaltyn JSC company for further refining.

Kumtor is one of the most important economic assets in the Kyrgyz Republic, having contributed to 7.7% of GDP and 24% of industrial output in 2013.

During 2013, Kumtor produced 600,402 ounces of gold (18,675 kg), up by 190% from 2012, when operations were significantly impacted by accelerated ice and rock movements. Kumtor's proven and probable reserves (as of December 31, 2013) are 8.516 million contained ounces of gold. Life of Mine is projected to 2026. In addition to the open pit reserves, there is an additional 1.9 million contained gold ounces of inferred high-grade underground resources, identified beneath the new KS-13 planned pit bottom.

Kumtor's location at high altitude and proximity to active glaciers presents unique operational challenges requiring constant and expert management, taking into account both the geotechnical risks and the health and welfare of our employees.

BOROO MINE (MONGOLIA)

The Boroo Gold Project is in northern Mongolia, approximately 110 kilometres north of the capital, Ulaanbaatar. It occupies over 550 hectares in a sparsely populated region with a moderate amount of grassland cover in a semi-arid landscape.

Boroo is now entering its closure phase. Mining has stopped, with processing limited to the remaining ore stockpile, from which 90,318 ounces (2,809 kg) of gold were produced in 2013 using a conventional milling, a combination of CIL processing, and heap leach processing.



We expect CIL processing of the remaining ore stockpiles to be completed in 2014, and heap leach processing will continue into 2015. There remains an opportunity to extend the life of the Boroo mill by processing ores from the nearby Gatsuurt deposit (see below).

Boroo has been regularly ranked among the top five taxpayers in Mongolia in recent years, and has been recognized for its outstanding corporate social responsibility programs and mine closure related activities.

GATSUURT DEPOSIT (MONGOLIA)

Centerra owns 100 percent of the Gatsuurt development property, located in an area previously subject to artisanal mining activities, approximately 35 kilometres from Boroo. Proven and probable reserves are 1.6 million ounces of contained gold. Ore from Gatsuurt could be trucked along a 55 kilometre road, completed in 2010, to the Boroo site for processing, using its existing mill and other facilities. Initial site preparation is



complete, but a start to operations depends on designation of the Gatsuurt property as a deposit of strategic importance by the Mongolian Parliament. The 2009 Mongolian Water and Forest Law prohibits mining and exploration activities in water basins and forested areas, but provides exemption for “strategic deposits.”

ÖKSÜT GOLD PROJECT (TURKEY)

Centerra owns 100 percent of the Öksüt Gold Project in Turkey. The Öksüt property is located in the Kayseri region of central Turkey, approximately 300 kilometres south east of the capital, Ankara. As of December 31, 2013, the estimated indicated mineral resources from Öksüt’s Keltepe Deposit contain an estimated 1.1 million ounces of gold. Inferred resources located at the smaller Güneytepe deposit are evaluated to contain 134 thousand ounces of gold. The Öksüt project is currently subject to an environmental and social impact assessment process.



OTHER ASSETS

Centerra is also involved in a number of advanced exploration projects. These include a 100 percent interest in the Altan Tsagaan Ovoo (ATO) property in Mongolia. Centerra also has interests in promising exploration prospects in Cyprus (Katla), Turkey (Enez) and Yukon (Betty-Hayes).





OUR APPROACH AND VALUES

At Centerra, integrity and ethics are the foundation for everything we do.



RESPONSIBLE MINING

While Centerra's ultimate objective is to deliver value to our shareholders, we also believe in the principles of sustainable development.

In endeavoring to achieve our strategic objectives we aim to:

- Be a leader among our peers with regard to shareholder value, business ethics, workplace safety, environmental protection, and socio-economic development of communities;
- Minimize the potential for adverse impacts from our operations, taking into account social and economic factors;
- Continually improve the management of our operations so we may respond to the economic, environmental, and social expectations of our stakeholders, including our employees, communities, shareholders, governments and the public; and

- As an international company, respect the different needs and values of people and their cultures, and operate with a high level of transparency to ensure stakeholder confidence.

We believe our strong commitment to these principles will continue to make Centerra the employer and the business partner of choice in Asia and other markets.

OUR APPROACH

All our operations operate under the governance and standards set by Centerra, whose board of directors and management believe that sound and effective corporate governance is essential to our performance. Details relating to corporate social responsibility, the health and safety policy, and environmental policy are detailed in other sections of this report, and posted on our websites.

We have adopted practices and procedures to ensure that these governance principles are followed. We expect all directors, officers, and employees to conduct themselves in accordance with the highest ethical standards. These are detailed in three key policies:

- a) Code of Ethics for officers and employees;
- b) Code of Ethics for directors; and
- c) International Business Conduct Policy for all directors, officers and employees.

We have a "whistle-blower" program, which provides directors, officers and employees with a means to anonymously file complaints or submissions in good faith regarding potential ethical obligations by other directors, officers, and employees. Directors, officers, and employees are also encouraged to speak to in-house legal counsel, human resources, or their managers if they have any concerns or questions.

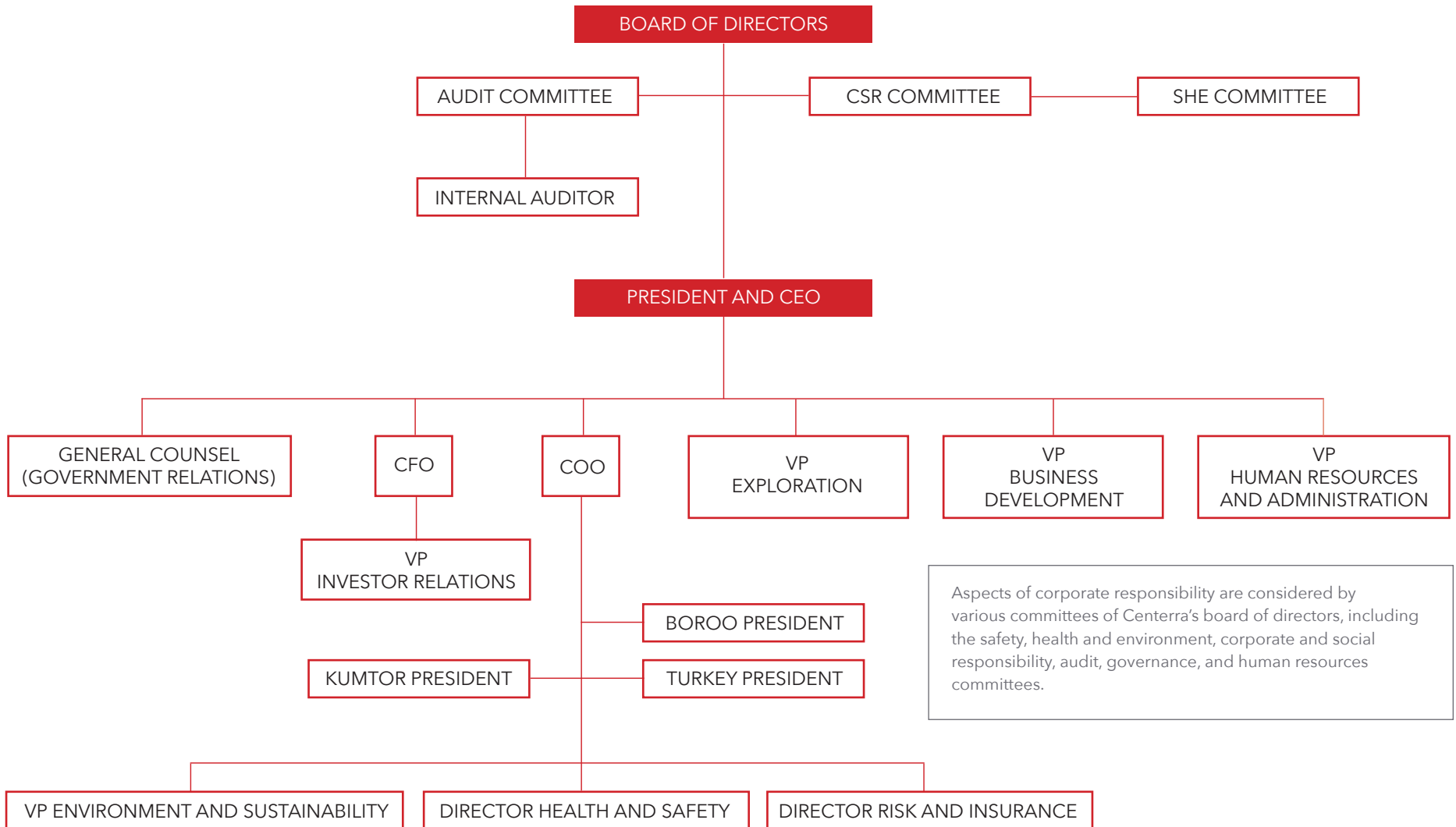
We provide ongoing training on these policies for all of our directors, officers, and employees.

The Code of Ethics for employees addresses, among other things, avoidance of conflicts of interest, protection of confidential information, compliance with applicable laws, rules and regulations, adherence to good disclosure practices, and procedures for employees and third parties to report concerns with respect to accounting and auditing matters.

Employees with such concerns may report these directly, confidentially, or anonymously. We provide additional training at Kumtor related to our Code of Conduct (which our contractors must also sign), and offer a phone "hot line" to provide support to staff with related questions.



CORPORATE RESPONSIBILITY GOVERNANCE





CODE OF ETHICS FOR DIRECTORS

The Code of Ethics for Directors requires Centerra's directors to promptly report all actual, potential, or perceived conflicts of interest to the corporate secretary, who is in turn required to bring such potential conflicts to the attention of the Nominating and Corporate Governance Committee. Directors may not participate in discussions, deliberations, or decision-making for matters in which they have a conflict of interest. All new directors are required to review and accept the Code of Ethics for Directors.

INTERNATIONAL BUSINESS CONDUCT POLICY

The International Business Conduct Policy is our anti-corruption policy and is an important component of our commitment to conduct business in an ethical and lawful manner, wherever we work.

The International Business Conduct Policy prohibits directors, officers and employees from making, offering, or promising, "anything of value" to a "Government Official" for an improper purpose such as (without limitation) obtaining preferential treatment, obtaining business, or securing or amending mining permits, licenses and concessions. In our policy and the accompanying training, we highlight the broad definitions of "anything of value" which is not restricted to monetary payments, and of "Government Officials" which can include individuals whom people do not consider to be Government workers, such as candidates for political parties, and directors of government-owned companies.

CONTRACTORS AND SUPPLIERS

We expect our contractors to comply with our own high standards of business conduct and ethics, and require them to do so through our service contracts, which are aligned with our

International Business Conduct and Ethics Policies.

We also promote our policies to suppliers. At Kumtor, for example, we provide our International Business Conduct and Ethics Policies annually to our top 50 international and top 50 local suppliers (together representing 80% of our spend). We request new suppliers to review our Code of Ethics Policy and to confirm it is read and understood. In 2014, we added anti-corruption and anti-bribery clauses to all our policy and agreement documents.

MEMBERSHIPS AND COMMITMENTS

Our external memberships and commitments provide an opportunity to learn from, and align our activities with, good international industry practice.

Centerra became a Supporting Company of the Extractive Industries Transparency Initiative (EITI) in 2011. The EITI is a coalition of governments,

companies, civil society, investors, and international organizations.

It promotes improved governance in resource-rich countries through the verification and publication of all company payments to governments, as well as government-reported revenues from oil, gas, and mining. Centerra has played an active role in promoting the EITI in the Kyrgyz Republic and Mongolia.

Our operations were among the first to establish, report, and help improve EITI infrastructure in their respective countries. For more information on Centerra's submissions, visit eiti.org/Kyrgyz Republic and eiti.org/mongolia.

Centerra is also a member of the World Gold Council (WGC). The Council's members regard the management of the local environment and relationships with local communities as paramount considerations during the lifetime of any mine project.



In 2013, Centerra Gold adopted and implemented the WGC's Conflict-Free Gold Standard. In doing so, Centerra acknowledges that operating responsibly and maintaining the trust of our stakeholders requires us to demonstrate that the gold we produce has been extracted in a manner that does not fuel unlawful armed conflict or contribute to serious human rights abuses or breaches of international law. A limited assurance of Centerra's Conflict-Free Gold Report for the year ending December 31, 2013 was conducted by KPMG and the resulting opinion letter is posted on our website.

Centerra is a signatory to the International Cyanide Management Code for the Manufacture, Transport, and Use of Cyanide in the Production of Gold. This Cyanide Code was developed by a multi-stakeholder steering committee under the guidance of the United Nations Environmental Program and the predecessor of the

International Council on Mining and Metals. The objective of the Cyanide Code is to improve the management of cyanide used in gold mining and assist in the protection of human health and the reduction of environmental impacts.

MATERIALITY ASSESSMENT

Material issues are those considered most important by several key stakeholder groups, have the ability to significantly impact our business performance, and can be influenced by our actions. Our approach to determine material issues is summarized in this section. This is followed by an illustration - a materiality matrix - of the results of this determination.

We continue to develop and fine-tune Centerra's Enterprise and Operational Risk Management (EORM) framework to assist with risk-based decision making across the organization. The EORM framework calls for the prioritization

of risk management efforts based on estimated risk severity (a function of likelihood and impact of risk occurrence). This process involves the leadership of functional groups across the organization, and includes monitoring of stakeholder concerns both locally and via international organizations (see also Membership).

During 2013, we further defined the risk philosophy of the organization. This is captured in risk appetite statements against key business drivers, including Health, Safety and Environment, Responsible Conduct and Reputation, and Regulatory Compliance. Further, key matrices define the limits of risk tolerance which are used to gauge business performance against risk appetite.

The information gleaned from communications with local stakeholders, be they community members, local employees, government officials, NGOs, as well as what Centerra's shareholders may communicate directly (via investor

relations), is also considered during risk assessments to better define the context in which the company operates. In addition, the monitoring of industry, local, national, and global events and trends, helps to complete the landscape and emerging trends, against which key risks are identified and assessed.



CENTERRA MATERIALITY MATRIX





ECONOMIC RESPONSIBILITY

We continue to create and contribute significant economic value in the countries and communities where we operate.



DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (US\$) (a) (b)

Company		2011	2012	2013	Company		2011	2012	2013	
Revenues				Employee & Contractor Wages and Benefits						
	Kumtor	941,072,769	533,553,407	810,943,801		Kumtor	96,902,394	104,476,687	115,142,726	
	Boroo	79,270,937	127,183,519	133,429,064		Boroo	12,377,541	13,464,813	12,785,549	
	Centerra	1,020,343,706	660,736,926	944,372,865		Others	31,146,165	13,135,683	16,760,785	
				Centerra 140,426,100 131,077,183 144,689,060						
Other Income				Payments to Providers of Funds						
	Kumtor	528,532	274,040	1,060,620		Kumtor	125,000,000	-	200,000,000	
	Boroo	394,862	69,632	81,047		Boroo	120,000,000	18,000,000	23,400,000	
	Others	621,178	624,647	440,051		Centerra	100,499,604	33,500,017	39,342,165	
	Centerra	1,544,572	968,319	1,581,718						
Operating Costs Goods & Services				Taxes and Royalties						
	Kumtor	225,537,528	212,653,080	293,540,903		Kumtor	146,637,113	74,697,477	113,532,132	
	Boroo	2,500,073	30,653,147	34,731,279		Boroo	10,756,662	18,310,309	22,103,751	
(b) (c) (d) (e)	Others	13,387	10,973	9,664		Centerra	157,393,775	93,007,786	135,635,883	
	Centerra	228,050,988	243,317,200	328,281,846						
Corporate Administration Costs				Community Donations and Investments						
	Kumtor	-	-	-		Kumtor	11,494,808	23,954,691	6,240,535	
	Boroo	-	-	-		Boroo	1,145,853	2,207,807	136,585	
	Others	16,576,8813	14,256,278	13,552,030		Centerra	15,177,501	29,314,422	6,377,120	
	Centerra	16,576,8813	14,256,278	13,552,030						
Exploration Costs				Economic Value Retained						
	Kumtor	13,635,847	11,772,443	6,111,582		Kumtor	191,331,183	(140,103,461)	(14,259,114)	
	Boroo	11,383,215	10,025,700	5,484,580		Boroo	(84,046,609)	24,391,586	28,009,944	
	Others	14,582,758	16,014,240	16,741,937		Centerra	183,631,239	(181,100,339)	148,715,581	
	Centerra	39,597,364	37,938,794	29,672,819						
Capital Expenditures										
(b) (f)	Kumtor	127,274,581	217,238,251	2,868,852						
	Boroo	6,301,074	8,771,694	7,442,663						
	Others	923,403	3,817,585	678,000						
	Centerra	134,499,058	229,827,558	97,527,466						
Other Operating Costs										
	Kumtor	3,787,847	29,138,251	2,868,852						
	Boroo	2,247,990	1,428,096	(584,239)						
	Centerra	6,035,837	30,566,347	2,284,613						

NOTE

- a) Data has been prepared on an accrual basis and non-cash costs have been ignored
 - Payments to governments are on a cash basis
 - b) The 2012 comparative period was restated as a result of the adoption of IFRIC 20
 - c) Other Income includes income from financial investments and other services
 - d) 2011 Operating Costs (Goods & Services) were not adjusted in accordance to the IFRIC20 transitional rules
 - e) Includes capitalized stripping costs
 - f) Excludes capitalized stripping costs
- Based on definitions for GRI Indicator EC1



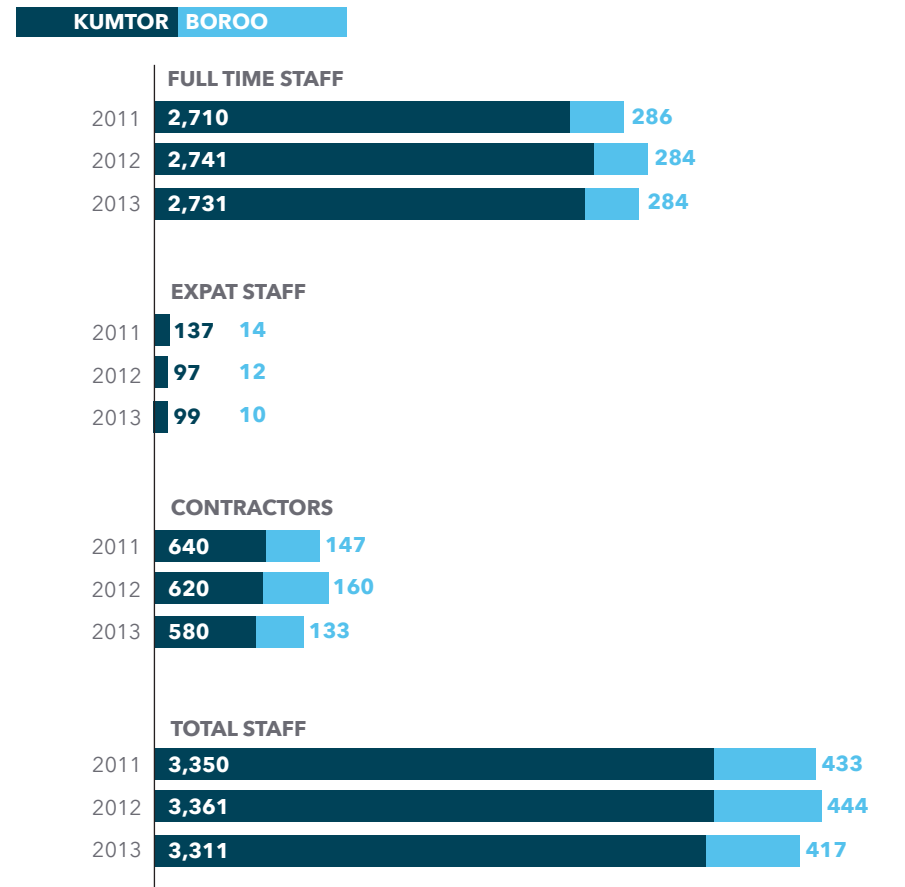
Our consolidated gold production of 690,720 ounces was significantly larger than in 2012, due principally to a 90 percent increase in production at Kumtor, as it recovered from technical challenges associated with ice and rock movements.

We continue to create and contribute significant economic value in the countries and communities where we operate. This includes direct contributions to the national and regional governments; wages and benefits; taxes, royalties and social and community development programs; local procurement of goods and services; and indirect benefits to local economic development, including improvements to local infrastructure. In addition, the Kyrgyz Republic, through the state owned Kyrgyzaltyn Open-End Joint Stock Company (Kyrgyzaltyn JSC), is Centerra's largest stakeholder, owning approximately 32.74 percent of the outstanding shares by the end of 2013. At the time of writing this report, we were continuing discussions regarding a joint venture ownership of the Kumtor project.

Kumtor continues to have a significant positive impact on the Kyrgyz economy, in 2013 contributing 7.7% to GDP and 24.0% to national industrial output. By the end of 2013, Kumtor had a work force of 3,311, with Kyrgyz nationals making up 96 percent of full time staff. Payments made within the Kyrgyz Republic in 2013 were \$270.4 million, including over \$113 million in direct and indirect taxes and mandatory payments, \$115 million in Kumtor employee net wages, and over \$68 million in purchases of local goods and services.

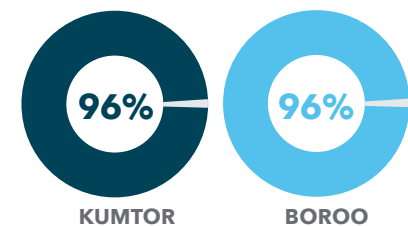
Although a smaller operation which is approaching its closure stage, Boroo has still made a significant contribution to the Mongolian economy. Boroo was the first significant foreign investment in Mongolia for industrial development since 1979, and accounted for a 45% increase in Mongolian gold production. The mine employed about 417 people in 2013, with Mongolian nationals representing 96% of full time staff.

STAFFING AT OUR OPERATING SITES



PROPORTION OF NATIONALS IN FULL TIME STAFF

	2011	2012	2013
Number			
Kumtor	2,573	2,644	2,632
Boroo	272	272	274
Percentage			
Kumtor	95%	96%	96%
Boroo	95%	96%	96%





EMPLOYER OF CHOICE

The wages paid and benefit packages we offer our workforce make us one of the most attractive employers in the regions in which we operate. At Kumtor, 96% of our full time workforce are nationals for whom the entry level wage is 14 times the national minimum. At Boroo, 96% of our full time workforce are nationals, with an entry level wage six times the national minimum.

Kumtor has taken great steps in recent years to further improve the hiring process, its transparency, and its credibility. Our community-based information centers support our local hiring efforts. We also involve community observers during the screening and interview process at Kumtor, to help ensure the recruitment process is transparent and fair.

The benefits available to our full-time employees are comprehensive and include pension, family benefits, health care, compensation for job-related accidents or occupational

diseases, and unemployment insurance. Benefits for full time employees also include scheduled wage increases and employee loans.

At Kumtor, we support collective bargaining with unions to reach collective agreements. The collective agreement signed between the trade union committee and the administration of Kumtor, which became effective January 1, 2013, covers 100 percent of our local employees. This agreement covers labor compensation, schedule of work, health and safety, probation, benefits for employees and their families, labor dispute resolution, and a minimum notice period for significant operational changes.

At Boroo, all local employees are covered by a collective agreement, with the exception that any decisions about base salary increases or incentive bonus payments for senior nationals (about 20 employees at the superintendent, manager, and director level) are determined by

Boroo's President, as guided by the Human Resources policies and guidelines. In addition, no Boroo

senior national can be an elected official of the Boroo Trade Union at the same time.



ENTRY WAGE COMPENSATION RATIOS

	2011	2012	2013
Country Minimum Hourly Wage			
Kumtor (soms)	4.13	4.55	5.18
Boroo (MNT)	826	826	1,129
Entry-Level Hourly Wage			
Kumtor (soms)	57.76	60.36	70.43
Boroo (MNT)	4,269	5,466	6,458
Ratio of Entry-Level Wage/Country Minimum Wage			
Kumtor	14:1	13:1	14:1
Boroo	5:1	6:1	6:1



PROCUREMENT

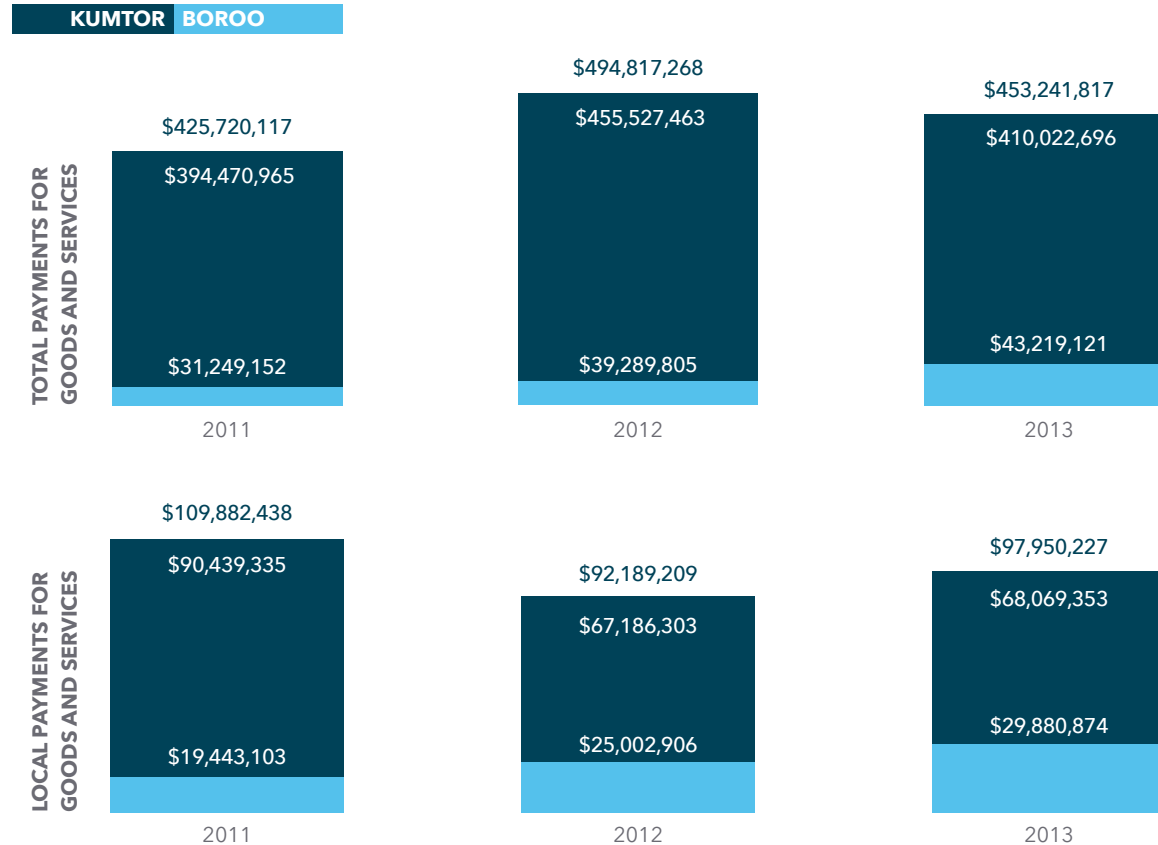
Centerra continues to prioritize procurement of goods and services from local businesses, and support small businesses at all our operations.

For Boroo, local procurement expenditure increased from approximately \$25 million in 2012 to nearly \$30 million in 2013, an increase of 20%, which now represents nearly 70% of Boroo's total procurement expenditure.

In the Kyrgyz Republic, Kumtor is known as a 'budget enterprise', which refers to the scale of our diverse contributions to the Kyrgyz economy. Kumtor is the largest private sector purchaser of goods and services in the country.

The total of payments for goods and services at Kumtor in 2013 was approximately \$410 million. This included over \$68 million in procurement within the Kyrgyz Republic, as exemplified in the two case studies presented in this section.

OUR SPENDING ON LOCAL VENDORS AND SUPPLIERS



NOTE | *Kumtor's figures when adjusted by excluding original equipment manufacturer, capital equipment and parts, major consumables, and reagents that are not readily available for purchase in the Kyrgyz Republic, and fuel, which is imported from Russia.



LOCAL SUPPLIER OF GRINDING BALLS

Each year, Kumtor uses 8,000 tonnes of 25 mm diameter metal balls to crush and mill almost six million tonnes of ore in preparation for the gold extraction processes. The metal balls must meet defined specifications and quality standards. Until 2012, these metal balls were only procured internationally. In 2012, Vulcan Plus was established in the

Kyrgyz Republic with the primary purpose of supplying Kumtor with a portion of its grinding balls. In 2013, Kumtor purchased approximately \$1.7 million of goods from Vulcan Plus. We also continue to support efforts to improve Vulcan Plus's product quality in order to enable it to expand its production and diversify its client base.



SUPPLIER OF SAFETY CLOTHING

Workers at the Kumtor mine need safety and other specialized working clothes. Many are supplied by Aiko Seiko LLC, a local company founded by female entrepreneur, Nurbubu Sultanbaeva. Aiko Seiko demonstrated it could consistently meet our quality, quantity, and safety requirements, becoming a preferred supplier. Established in 2003, the company now employs approximately 120 people. Kumtor, which pays invoices promptly, is a very desirable and reliable customer for Aiko Seiko. Mrs Sultanbaevo said: "With many

customers, we wait months to be paid, but Kumtor pays quickly." Also, having become a preferred supplier of Kumtor is viewed by other prospective customers as a mark of quality. This has helped Aiko Seiko to significantly expand its customer base, becoming less reliant on Kumtor. Its success has also enabled Aiko Seiko to develop its own social responsibility programs and to receive a quality award, as well as an award by Kyrgyzstan's President for 'benefitting the development of the country.'

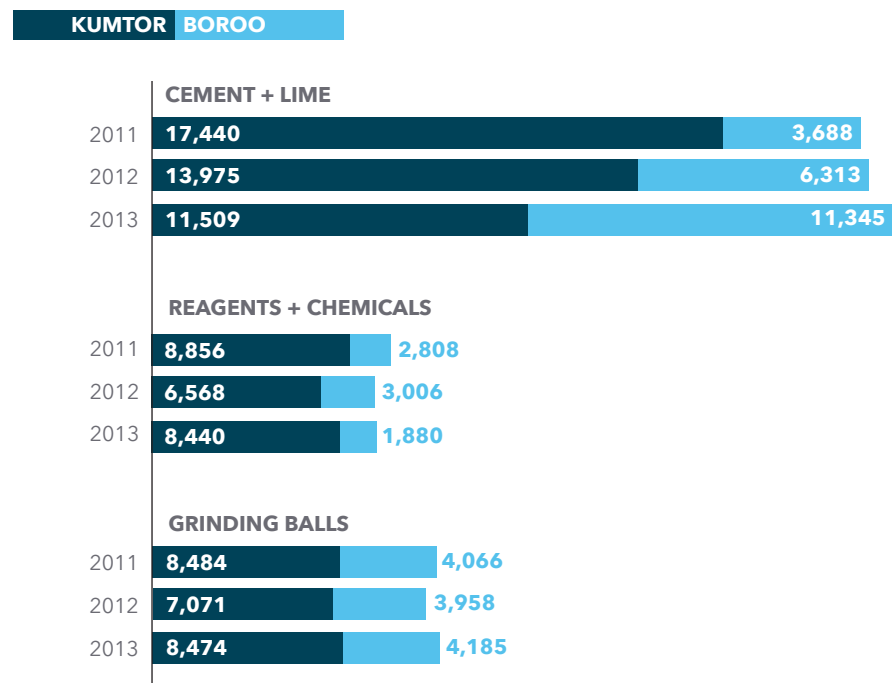


When adjusted to exclude specialized mining-related goods which are not available locally (such as large mining trucks,

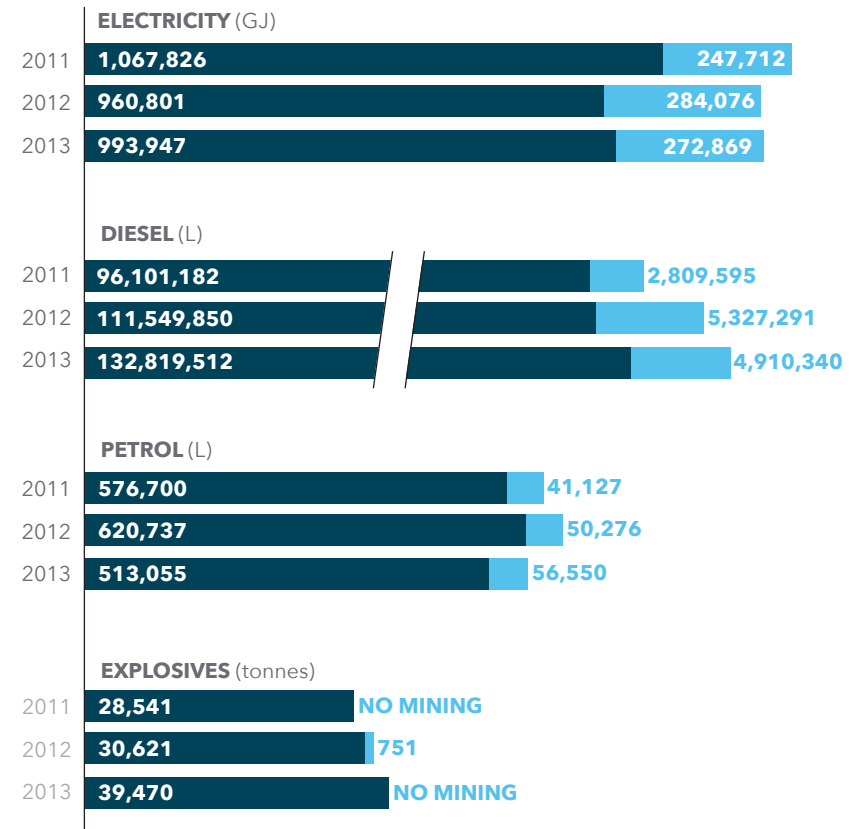
original equipment manufacturer parts, tires, and major consumables and reagents), and fuel directly imported from Russia,

over 57 % of Kumtor's procurement expenditures qualified as local in 2013.

MAJOR CONSUMABLES (tonnes)



ELECTRICITY, FUEL + EXPLOSIVES CONSUMPTION





FINANCIAL IMPACTS OF CLIMATE CHANGE

The changing climate and its impacts can represent a variety of risks to mining operations and associated facilities. For Centerra, these risks are particularly tangible for the Kumtor operation, which is located in the high altitude and glaciated mountains of the Kyrgyz Republic.

Scientists have determined that, between 2003 and 2013, the total glacier area on the mountain massif in which the Kumtor operation is located (the Ak-Shyirak massif), has reduced by 5.9 percent, in line with observations across Central Asia. The annual volume of ice loss was evaluated to be 220 million m³, or approximately 200 million tonnes. By comparison, active ice removal for mining was 30 million tonnes in 2013, and an average 4 million tonnes per year since the start of mining.

The following three issues highlight related challenges for our operations. First, we need to continue to manage and move glacial ice to provide safe

access to the Kumtor ore, expand the open pit, and protect it from moving glaciers. This activity has been ongoing since the start of Kumtor's operation in 1995, although proposals for new legislation are emerging that seek to prevent such activities.

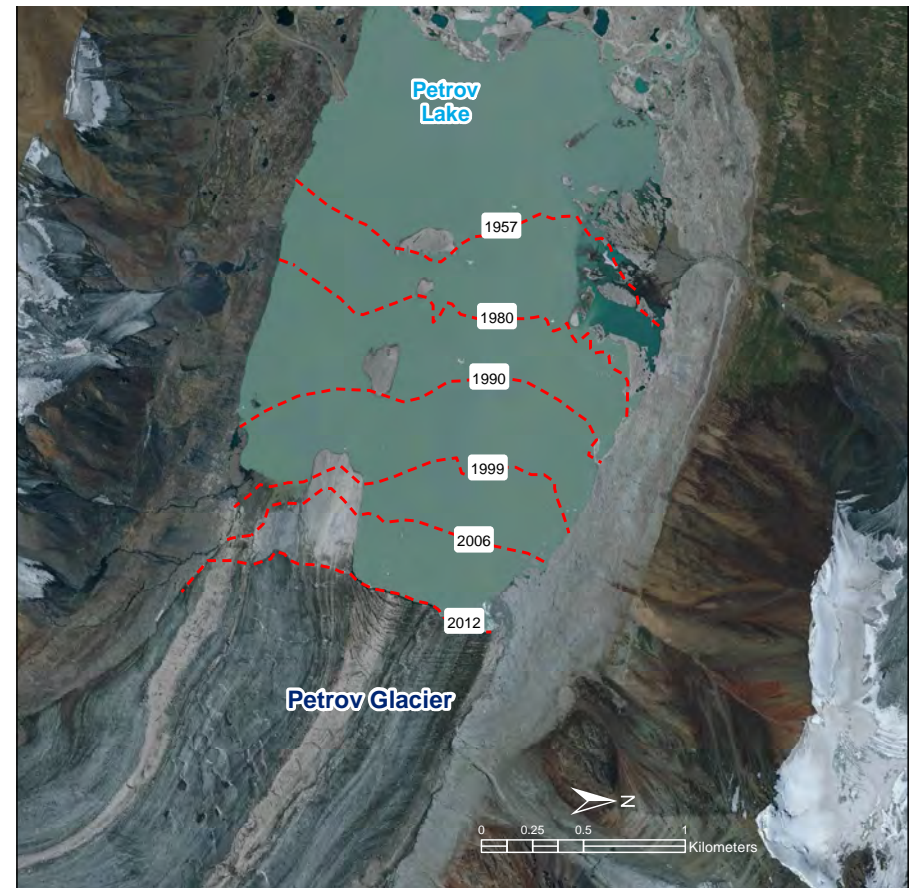
Second, the accelerated melting of glaciers and the movement of waste rock dumps means that we need to invest in replacing and installing new infrastructure. Also, we must collect and remove increasingly larger volumes of glacial melt water entering the open pit. This requires a series of expensive pumps, related infrastructure, and reliable energy supply, and results in an annual discharge of approximately 10 million m³ to the Kumtor river.

Third, the melting of ice within natural moraine dams of high altitude glacial lakes, such as Petrov Lake which supplies Kumtor's fresh water needs, reduces the stability of moraine dams. This, in turn, can lead to a sudden release of large volumes of water stored behind the moraine dam. For Kumtor, this risk has necessitated

additional studies and the installation of early warning and mitigation systems.

For Boroo, which is nearing its mine closure period, financial impacts associated with Climate Change are not expected to be significant.

Overall, increased average temperatures and longer growing cycles may have a net positive impact on the success of ongoing reclamation activities. However, these positive impacts may be offset by changes or severity in rainfall patterns.





HEALTH, SAFETY, AND WELLNESS

At Kumtor, in 2013, we invested \$1.73 million and 50,000 person hours for training of employees and contractors.





A commitment to the health and safety of all our employees is integrated within all our mining activities. As an example, Kumtor, a remote mining operation, maintains its own medical clinics and staff. We maintain medical clinics in the Kyrgyz capital, Bishkek, at the Balykchy Marshalling Yard, and at the mine site. These facilities feature trained staff ranging from first-aid instructors to medical doctors. Kumtor moved its medical clinic to a new facility in Bishkek in 2013.

In addition to detailed medical examinations at the start of employment and annual checkups, we have proactive programs to protect our employees and improve their general health and well-being. We conduct an annual influenza immunization program, which reached 580 people during the 2013/14 season. We have also been conducting a smoking cessation program since 2002.

All of our staff and contractors receive industry standard health and safety training appropriate to their



duties, including both initial and refresher training. All are supplied with, and required to wear, appropriate personal protective equipment and clothing.

We maintain accident reporting programs to identify, record, assess, and control accidents and hazards. When any employee observes or identifies a hazard in an operational area, they are required to complete an industrial hazards form and submit it to the safety manager. The coordinator then evaluates the risk and, according to risk classification, coordinates the implementation of appropriate measures to remove the hazard and reduce future risk.

With a total RIF from the company of 0.28, our overall statistics are favorable, compared to other mining operations in the developed world. However, we regrettably experienced a fatality at our Boroo operation in 2013 for which we extended our sincere condolences, and provided appropriate assistance to the family involved.



All significant incidents are thoroughly investigated so as to understand the causes and to introduce changes to prevent reoccurrence. Reducing vehicular accidents in our operations remains a top focus area.

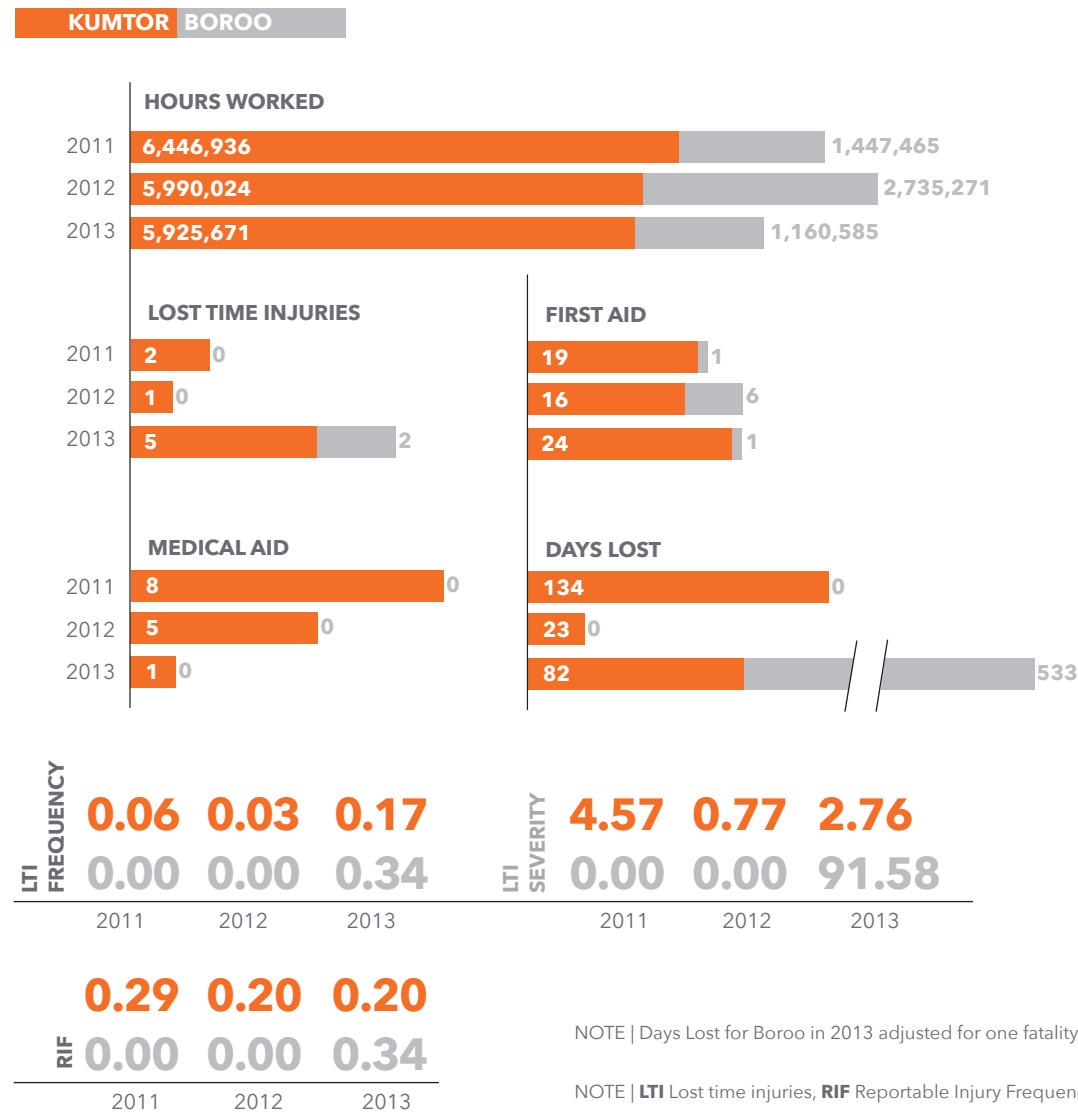
EMERGENCY PREPAREDNESS

Each of our operations maintains an emergency response capability suited to its working environment and risks. Our emergency response plans are generally reviewed and revised annually. We maintain emergency response teams and trained medical staff, as well as on-site emergency response equipment. In order to test and refine our preparedness procedures, we conduct mock emergencies and Kumtor hosts an annual competition among the emergency response teams of our operations, selected contractors, and Kyrgyz Government agencies. Cyanide use and handling is an important element of emergency response planning.



In 2012, Kumtor was certified by the International Cyanide Management Institute (ICMI) for the transportation of cyanide from the Balykchy Marshalling Yard to the mine site in accordance with the International Cyanide Management Code. Also, independent audits have deemed the remainder of both Kumtor's and Boroo's gold mine operations to be in "substantial compliance" with the Cyanide Code. In 2013 we continued to work towards achieving full compliance with the Cyanide Code.

ANNUAL LOST TIME INJURY RATES



NOTE | Days Lost for Boroo in 2013 adjusted for one fatality

NOTE | **LTI** Lost time injuries, **RIF** Reportable Injury Frequency
LTI Frequency and Severity: see Glossary



ENVIRONMENTAL RESPONSIBILITY

We continually strive to minimize our impacts on the environment, maintain its diversity, and engage our stakeholders.



ENVIRONMENTAL IMPACTS AND MANAGEMENT

In this section, we highlight activities ranging from partnership-based biodiversity stewardship efforts in the Kyrgyz Republic, to award-winning mine reclamation activities in Mongolia. We also acknowledge and discuss challenges and concerns being voiced about our environmental performance by our stakeholders.

In line with good international practice, we undertake environmental and social impact assessments from the early planning stage, throughout operation, for which we implement an environmental management system, and finally, through to completion of the mine closure plan.

Each operation applies an environmental management system (EMS), generally aligned with ISO 14001 environmental management systems. These are designed to

address the effects of operations on the environment, to monitor compliance with permits and other requirements, and to provide for scheduled monitoring, engineering controls, reporting, and audits.

MATERIAL INPUTS

Mining, milling, and metallurgical operations require large quantities of materials to generate unrefined gold bars, our end product. We review our materials consumption in order to ensure efficiency and control our costs.

As depicted on page 22, the major raw materials we consume include cement and lime, reagents and chemicals (including cyanide) used in the milling or leaching processes, in addition to grinding balls used to crush the ore to enable gold extraction. We also consume substantial quantities of non-renewable materials, such as fuel, lubricants, grease, and explosives.

Gold mining does not provide many opportunities to use recycled materials. However, we seek to

maximize the recycling of our waste streams, as detailed further below.

In 2013, we saw a general increase in material consumption at Kumtor compared to 2012, but this is mostly due to recovery from reduced production during 2012. In 2013 at Boroo, the use of cement, lime, and grinding balls increased over 2012, while the use of reagents and chemicals declined. As no mining took place, no explosives were used at Boroo in 2013.

BIODIVERSITY

The Boroo mine has been planning biological reclamation and mine closure since commencement of its operations in 2003. Successful implementation has been dependent upon the extensive efforts of our employees, the local community, and international and national research institutions and researchers. Benefits have included the reintroduction to the project area of species, such as two "Red Book" listed butterflies and the marmot. These efforts are documented and published in two



SARYCHAT ERTASH NATURE RESERVE, KUMTOR

At Kumtor we have worked with stakeholders concerned about nature conservation since the start of our operations in the mid-1990s. This early engagement, including involvement by the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC), contributed to the creation of the Sarychat Ertash Nature Reserve (SCER), established by a government decree in 1995.

A draft management plan for the SCER reserve was published in 2008, facilitated by Flora and Fauna International (FFI) and co-financed through the EBRD and the IFC. FFI is the world's longest established international conservation body (founded in 1903), operating in more than 40 countries. The plan has unfortunately progressed little to date due to a lack of resources and funding, but we expect this will not prevent eventual implementation.

Following a biodiversity stakeholder workshop hosted by Kumtor in October 2012, we signed a Memorandum of Understanding with FFI. The organization is also a recipient of Kyrgyz State-awarded Honorary Diplomas in recognition of its conservation initiatives and achievements in Kyrgyzstan.

Funded by Kumtor, FFI continued its efforts to support the SCER reserve by conducting workshops, fine-tuning the management plan (expected to be finalized in 2014), and providing technical and financial support to mount expeditions, and further baseline studies, in and around the SCER.

Various surveys (including those not funded by Kumtor) added to essential regional nature conservation knowledge during 2013, including:

- Survey of snow leopards and birds of prey (USAID/WWF project);

- Provision of 20 yaks (by WWF) to help build a sustainable income source for the Reserve;
- Botanical and zoological surveys (FFI/Kumtor);
- Review of the original management plan (FFI/Kumtor);
- Snow leopard survey (by Panthera);
- Ornithological surveys (French/Belgian researchers);
- Satellite monitoring of wildlife and vegetation, provision of 4 camera traps (Shinshu University, Japan).





biodiversity photo guides published in 2011 and 2013.

These web-posted guides, which identify the key species and their conservation status, have been widely distributed to academic research institutes, local communities, and the public at large.

The presence of the Sarychat Ertash Nature Reserve, which was established to protect endangered

species such as Marco Polo sheep and snow leopards after the Kumtor concession was granted, means biodiversity is of high interest to stakeholders. Kumtor's web-posted Biodiversity Management Strategy and Plan provides a detailed listing of species and their conservation status. It also outlines our planned partnership activities to support nature conservation in the Kyrgyz Republic. This is exemplified by the

partnership we developed with Fauna and Flora International (see page 30).

ENERGY AND GREENHOUSE GAS EMISSIONS

As depicted on page 22, our largest mining operation at Kumtor is a significant consumer of fuel and electricity. The mill is the most ener-

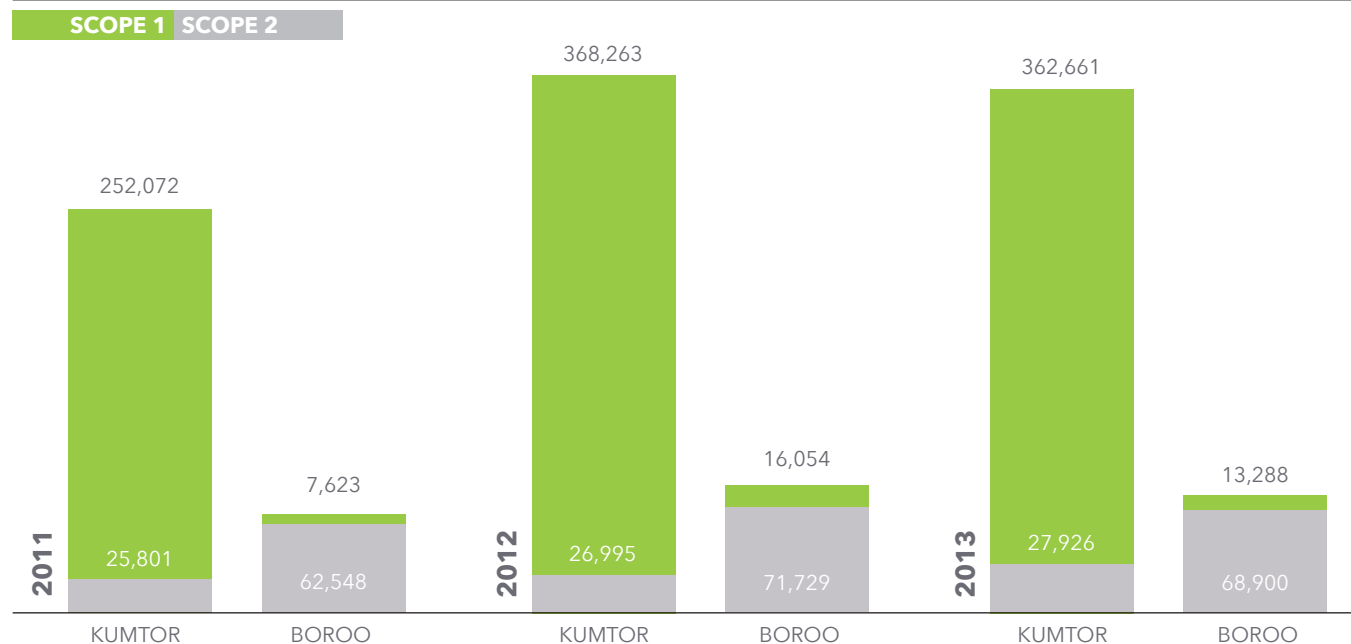
gy-intensive part of the operation, representing more than 70 percent of our grid-supplied electricity consumption. Boroo is a relatively small energy consumer compared to Kumtor, especially since mining has ceased.

We monitor our energy use and evaluate our greenhouse gas (GHG) emissions, and explore ways to reduce them. Explosives, currently used only at Kumtor, are included as a significant GHG component.

Use of electricity at Kumtor provides not only a cost advantage, but also reduces our GHG footprint as 70 percent of Kyrgyz grid electricity is generated from hydropower. At Boroo we cannot get the same GHG advantages from electricity use, since Mongolia's grid electricity is largely fossil fuel based.

GHG emissions remained little changed for Kumtor in 2013 compared to 2012, and slightly down for Boroo. GHG intensity was reduced at both sites for 2013 compared to 2012.

GREENHOUSE GAS EMISSIONS FROM DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) SOURCES (Tonnes, CO₂e)





The lower GHG intensity for Kumtor compared to Boroo reflects the use of a hydropower electricity supply.

We reduce our GHG intensity by both reducing total energy consumption and improving efficiency. As the Kumtor mine develops, energy in new areas - for lighting, dewatering pumps, and other equipment - must often first be supplied by diesel generators. When and where feasible, this is converted to grid electricity, providing reductions in both cost and GHG emissions.

We are applying a number of measures to reduce fuel use associated with our large truck fleet. At Kumtor, this includes a gradual transition to automatic transmission on larger trucks, and measures to reduce running of engines on parked or waiting vehicles.

We have also implemented general energy conservation measures at the mine camp and working facilities, ranging from automated lighting to encouraging behavior changes.

AIR QUALITY

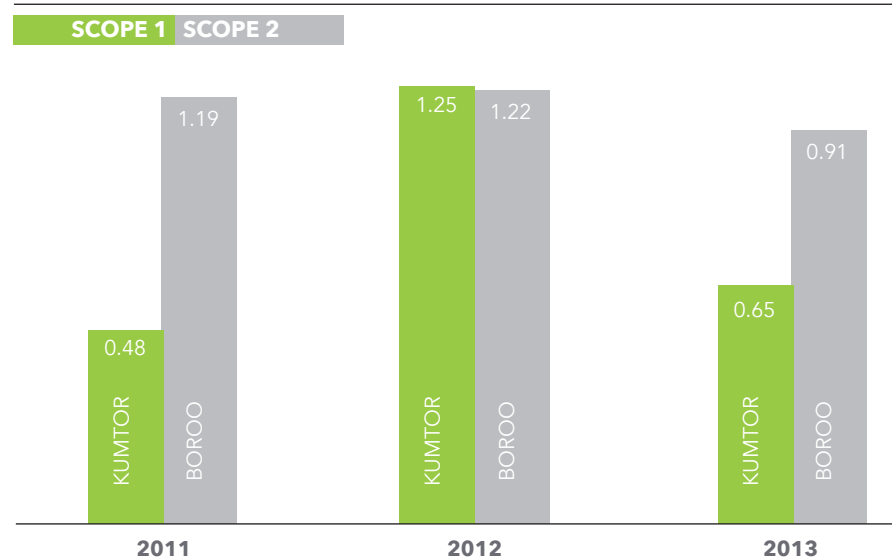
We regularly monitor air quality at our operational sites and along road access routes.

Our operations generally use electricity supplied by the national grid and do not produce significant amounts of air pollution typically associated with point source pollution sources. For both Kumtor and Boroo, dust dispersed by road traffic, travelling to and from the mine site, is the principle source of air quality concern for local stakeholders. In response to such concerns, we expanded dust mitigation - such as planting "green fences" (brush and trees), using magnesium chloride as suppressant, and watering the roads for dust suppression.

WATER

Water management is an important aspect of our operations at Kumtor, where we must manage glacier meltwater and large quantities of treated effluent. Water also has a

GREENHOUSE GAS INTENSITY

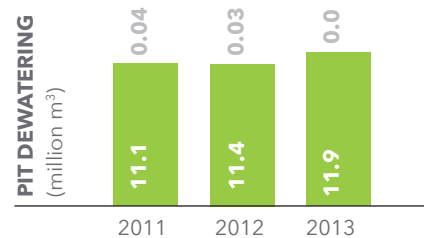
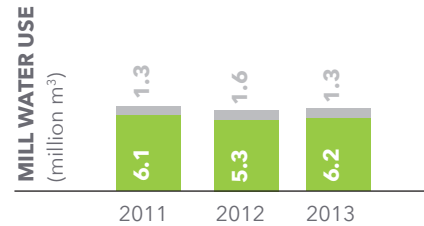
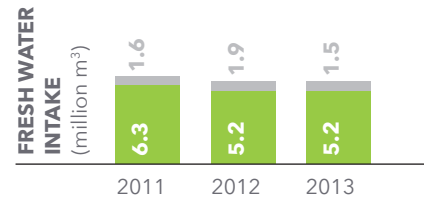
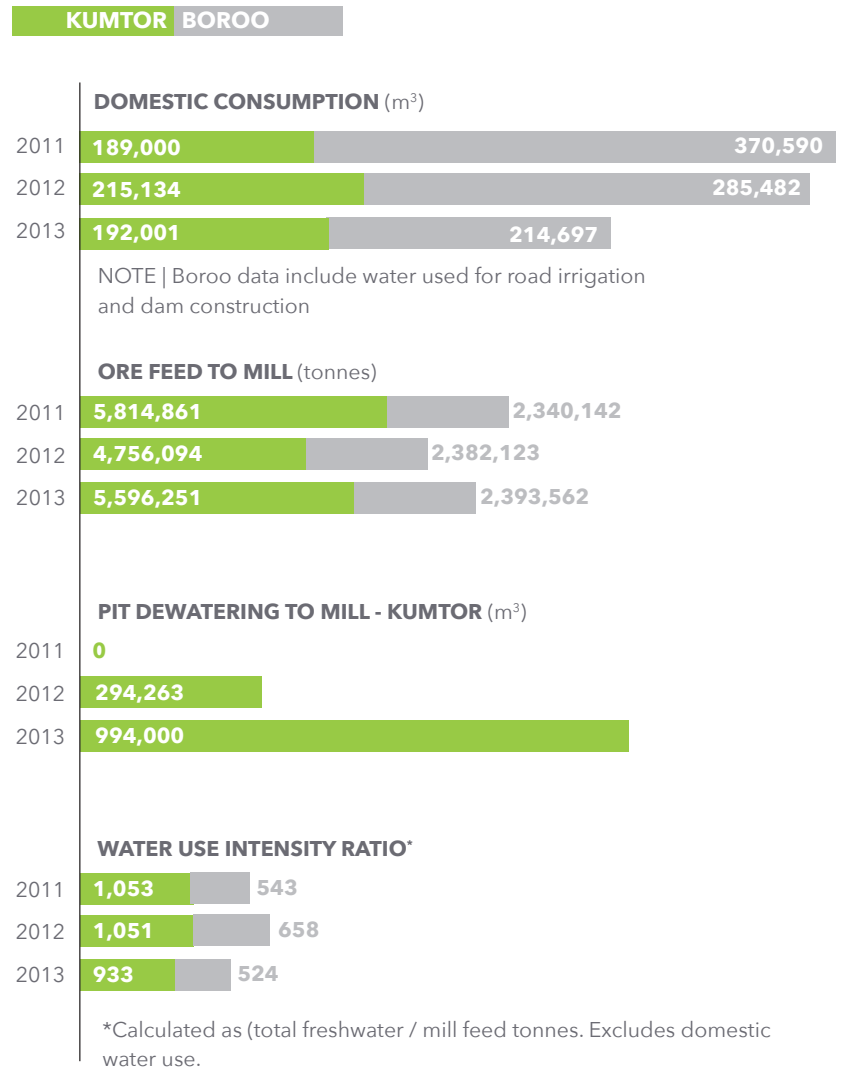


NOTE | GHG = Greenhouse Gas; Intensity Ratio calculated as Total GHG emission (tonnes of CO₂e)/Total Gold Produced (ounces)





WATER USE + INTENSITY



high level of stakeholder interest.

At Boroo, located in a semi-arid area, we maintain a “zero discharge” operation. This means that Boroo collects and recycles effluents and does not need to treat and discharge them.

Kumtor uses water pumped from the glacial Petrov Lake, and to a smaller degree, from pit dewatering. Kumtor’s water use intensity has reduced due to an increase of water use from pit dewatering. This has resulted in water abstractions from Petrov Lake reducing 17% (over 1 million m³ per year) since 2011.

Boroo uses groundwater from wells located in the Boroo River valley. Boroo mill water use decreased from 1.6 million m³ in 2012 to 1.3 million m³ in 2013. Fresh water intake reduced from 1.9 to 1.5 million cubic meters. Boroo maintains a ‘zero discharge’ facility.

At Kumtor, we remained in material compliance with our key water quality standards during 2013.



Kumtor’s annual environmental and sustainability report provides more detail, including plans to address occasional exceedances for certain parameters (www.kumtor.kg/en/environment-protection).

ENVIRONMENTAL INCIDENTS AND CLAIMS

Centerra maintains a system for reporting environmental and safety related incidents. We use a five point system, which considers environmental impact, regulatory compliance, and local community concerns. Senior environmental staff are immediately informed of all incidents and allocate the appropriate

classification level. These range from Type I incidents, signifying low impact or severity of impacts, to Type V incidents, signifying impacts with extensive external reporting requirement. Type III to V level incidents are reported to our board of directors and, if appropriate, are subject to an external reporting requirement. In 2013, we recorded one Type III reportable environmental incident at Boroo. This was the result of diesel leakage from a contracted fuel delivery truck within the mine property. The leakage did not impact water resources or other sensitive receptors, and the impacted soil was appropriately disposed of within the

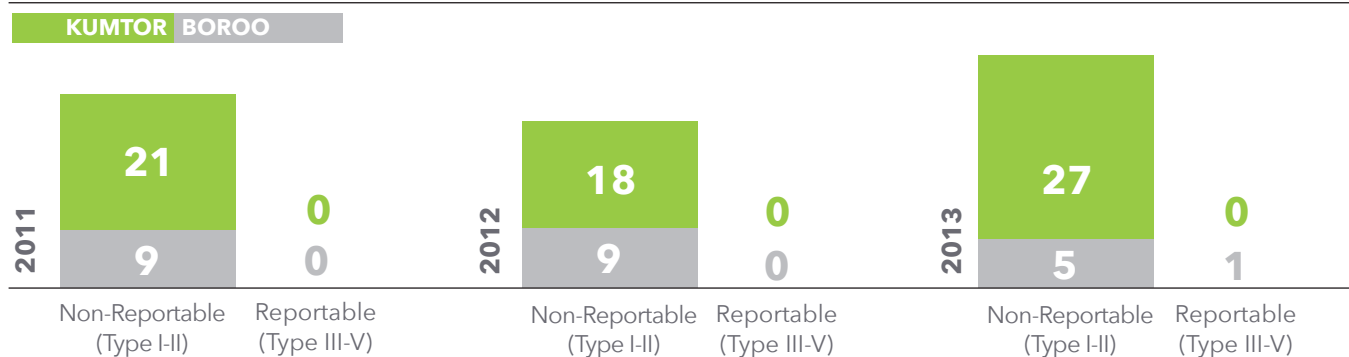
tailings management facility. This case study has been introduced to Boroo’s staff and supplier training.

Our operations are regularly inspected by regulatory agencies and corporate audits. During 2013, we participated in numerous meetings, discussions and inspections with Kyrgyz Government agencies and international experts to resolve a series of water quality, environmental, and technical concerns about the Kumtor mine site and associated series of claims exceeding \$470 million. Three independent, internationally

recognized engineering/environmental firms have carried out studies and issued reports on Kumtor’s performance on environment matters, which conclude that no major or materially significant environmental issues were identified. As previously disclosed, we dispute the allegations made in these claims and consider them to be exaggerated and without merit.

In 2013, Boroo received fines totaling approximately \$5,700. These fines were imposed by state inspectors following two spill events within the mine property which were reported by Boroo to the relevant authorities.

ENVIRONMENTAL INCIDENTS + SPILLS





WASTE MANAGEMENT

Our operations produce domestic, industrial, and hazardous waste streams, the latter including cyanide packaging, sewage sludge, waste oil, batteries, and expired reagents. Our waste management statistics are presented on page 36.

Our operations maintain waste management plans and instructions. Wastes, such as scrap metal, timber, and waste oil, are typically sold or recycled. Materials with a potential to be recycled or reused, but with no current local recycling market, are temporarily stored on site.

In 2013, we commissioned an expert review of Kumtor's waste management practices. We plan to implement the resulting recommendations to develop a more integrated solid waste management plan in 2014. We also continue to explore appropriate re-use and disposal options for used tires.



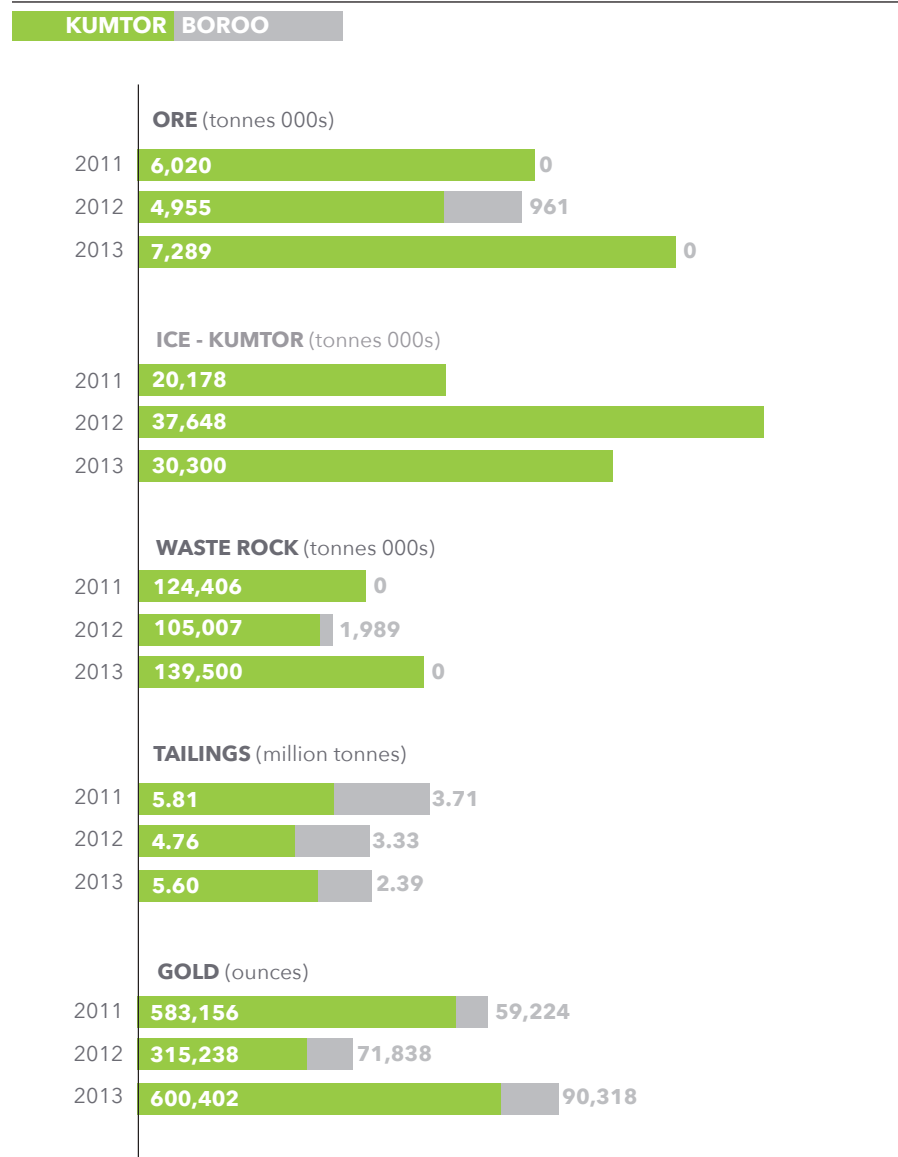
WASTE PRODUCED AT KUMTOR (weight in tonnes)



*Drop in value reflects more accurate data collection method.



PRODUCTION OF ORE, WASTE ROCK, ICE, TAILINGS + GOLD
(tonnes, Gold in ounces)



WASTE ROCK,
ICE AND TAILINGS

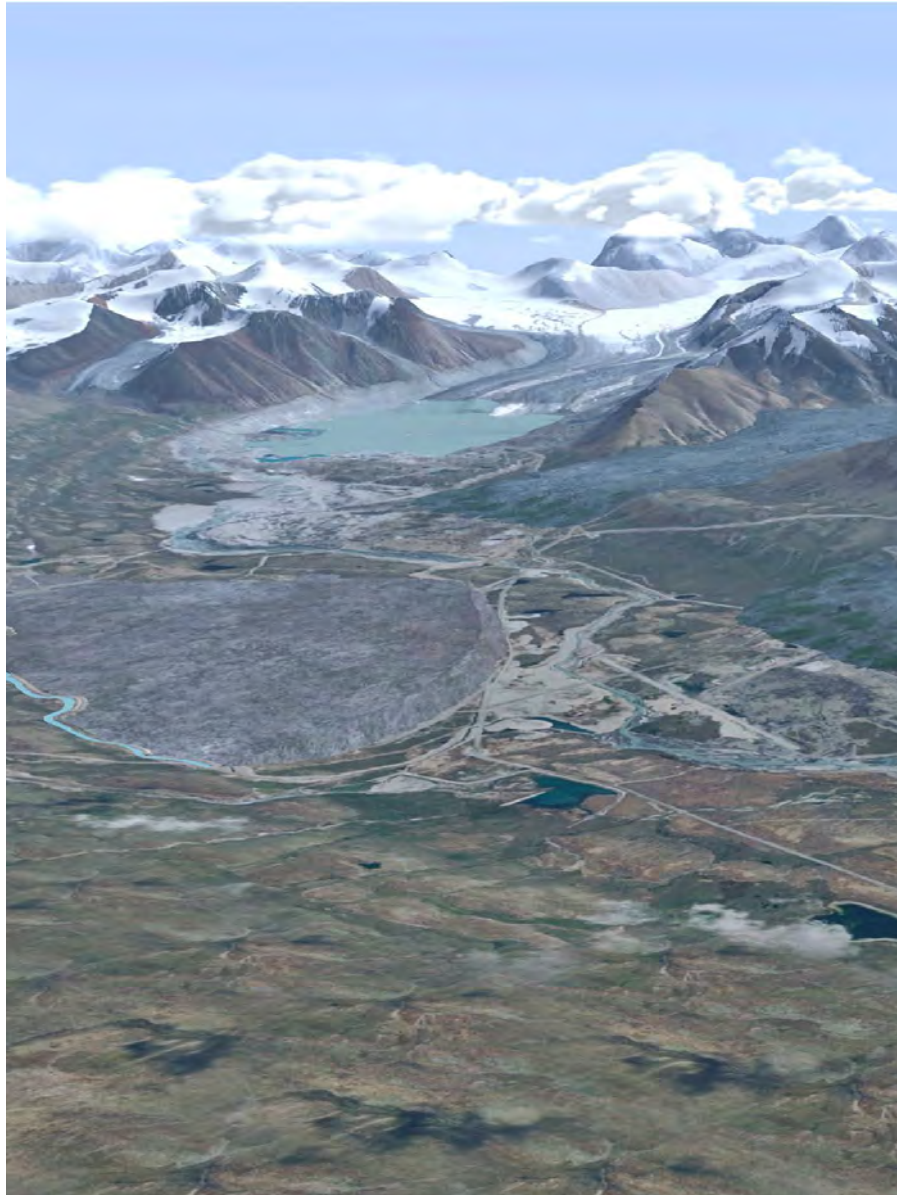
Waste rock material and tailings generally comprise the largest waste component by volume of open pit operations. Kumtor, in close proximity to active glaciers, must also manage ice. These activities have always been a part of mining operations and approvals at Kumtor.



Kumtor's tailings are transported in the form of slurry through a pipeline to our tailings management facility (TMF), where they are deposited for settling, treatment, and eventual reclamation and closure activities. The liquid component is retained before discharge and the solid component retained until eventual reclamation as part of mine closure activities.

Boroo does not generate material amounts of waste rock and tailings, being in the closing phases of its operation with processing limited to stock-piled ore.

NOTE | At Kumtor, waste rock includes pit fill and moraine that is moved in the mining process



MINE CLOSURE

Our commitment to safe and responsible mining means we plan for the full life cycle, including mine closure. We seek to reduce and limit our long term environmental and social impacts by avoiding, minimizing and mitigating impacts from the start of the exploration stage, through operations to completion of the closure process.

We follow a process to develop and update conceptual closure plans through the life of mine. The plans include common mining concerns, such as the potential for acid rock drainage, and are periodically adjusted to accommodate material changes, regulatory changes, and stakeholder concerns. In addition, we consider initiatives to improve habitats or create agricultural land-use opportunities.

Our capabilities and commitment to responsible mine closure are demonstrated by the ongoing and award-winning activities at Boroo, as described in the case studies in this section. In addition to physical or biological restoration, closure planning is also about leaving a positive legacy of experienced workers and professionals, as highlighted with the following case study example describing the activities of one of our former employees.

Centerra's future undiscounted decommissioning and reclamation costs are estimated to be \$79.6 million as of December 31, 2013, before salvage value.



EMPLOYMENT EXPERIENCE AT BOROO PROVIDES LONG-TERM BENEFITS BEYOND LIFE OF MINE

At our operations, we provide internationally-oriented, professional experience and training. The value of this upskilling becomes particularly valuable at the end of the mine life of our operations, as our former staff become sought-after employees elsewhere.

Before working at Boroo, Mr. G. Odbayar was a restaurant waiter. He joined the Boroo workforce in 2003 as a mining clerk and translator. Later on, Mr Odbayar joined the first Emergency Response Team at Boroo in 2004, and through capability, enthusiasm and training, progressed to safety officer, and then to safety superintendent.

Reflecting on his experience, Mr Odbayar says: "I was excited to make a real contribution to safety at Boroo.

I learned so much and gave a lot back," and continued: "Boroo motivated me and I worked very hard. At a time when safety became a main component of company reputation, we participated in conferences and events, presenting Boroo as a leader in safety, and inviting other mining companies to Boroo to learn from our safety management best practices."

In anticipation of mine closure and staff reductions, Mr. Odbayar's experience at Boroo provided him with the skills and confidence to move to a new position in a local drilling company in 2011.



RESPONSIBLE MINE CLOSURE IN MONGOLIA

For each of our operations, we consider how to avoid, minimize, and mitigate impacts from exploration through mine closure. Boroo, our operation in Mongolia, has set an award-winning example.

Boroo ceased mining activities, but continues to process previously stockpiled ore for gold recovery using a combination of heap leach, and a typical CIL process. The CIL plant is scheduled to close in 2014 whereas the heap leach processing will continue to 2015. In line with good international practice, we have been planning mine closure since before commencing operations in 2003. Physical reclamation activities started as early as 2006. Closure-related activities include countering disturbed land, spreading previously stockpiled topsoil, and re-vegetating these areas as pictured.

At the end of 2013, Boroo had fully reclaimed and handed nearly 400 hectares, or 50 percent, of the previously disturbed land back to the local government. We also involved our local communities, universities and government agencies in native seed collection, establishing tree nurseries and tree planting, re-introducing marmot back to the area, and providing environmental awareness-raising and training programs. We have also published a series of photo guides on biodiversity of the reclaimed areas at Boroo.

We also recognize the social dimension of mine closure. In December 2010, approximately 50 percent of the Boroo workforce was downsized due to cessation of mining, and the lack of government approval to commence operations at the nearby Gatsuurt deposit. In consultation with labor union



representatives, we provided language training courses to improve the opportunities of our former workforce to find jobs elsewhere. In addition, our former

staff have found that their practical training and experiences gained while working at our operations has improved their employability.



CENTERRA LAND MANAGEMENT (Hectares)

	2011	2012	2013
Total Amount of Land Owned (Licensed)			
Kumtor	26,320	26,320	26,320
Boroo	3,660	3,660	3,660
Total of Land Disturbed and Not Yet Rehabilitated			
Kumtor	N/A	N/A	N/A
Boroo	459.1	428.8	406.8
Total Amount of Land Newly Disturbed Within the Reporting Period			
Kumtor	N/A	N/A	N/A
Boroo	0	10.7	18.0
Total Amount of Land Rehabilitated Within the Reporting Period			
Kumtor	0	0	0
Boroo	55.2	41.0	40.0
Total Amount of Land Rehabilitated and Handed Over to Local Government			
Kumtor	0	0	0
Boroo	318.7	359.7	399.7

NOTE | N/A - data not available at time of reporting and will be tracked for future reporting; total disturbed area during mining operation at Boroo is 870.5 ha; the licensed areas noted for Kumtor do not include regional exploration licenses.





SOCIAL RESPONSIBILITY

Effective stakeholder engagement is essential to managing our social responsibility.





STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement is essential to managing our corporate responsibility. We have established structured processes to effectively listen to, communicate with, and bring together our stakeholders, including regulators, shareholders, employees, local communities, small businesses, the donor community, and the general public.

Our approach reflects our desire for respectful and meaningful dialogue. This is tailored to the life cycle stage of our activities, ranging from exploration, through operation, to mine closure, and is also cognizant of the social and political context of the region and country which hosts our operations and projects.

In Turkey, our engagement approach reflects the planning stage of the Öksüt Gold Project. It also reflects the challenges of engaging women

who, in the local cultural context, would not typically attend or voice their concerns during public meetings. In response, we hired a female community coordinator to support our engagement and outreach during the environmental and social impact assessment stage of Öksüt.

In Kyrgyzstan, our engagement is tailored to the mature nature of Kumtor's operation which generates 7.7 percent of the GDP, and expects to continue to operate until 2026. We established regional committees, whose membership comprises the akym (head of the region) or mayor (for Balykchy) as well as local deputies, heads of villages, youth representatives, and NGOs. These committees provide opportunities for formal and structured engagement. They also help communities to prioritize and voice their funding requests.

As the biggest donor and contributor to the Issyk-Kul region, we also initiated and supported an aid coordination platform in 2013.

The aim of this platform is to inform and harmonize the work of the international donor community, as well as NGOs, civil society, and local government active in the Issyk-Kul region.

In Mongolia, our engagement activities are tailored to an operation nearing its mine closure stage. At Boroo, our stakeholder engagement in 2013 was devoted primarily to the implementation of our community development program, and involving representatives from the neighboring communities in environmental monitoring work. Numerous activities were also carried out with local schools, including a tree planting day and training for students in environmental monitoring and recycling.



STRATEGIC COMMUNITY INVESTMENTS

We aim to generate sustainable benefits for the countries in which we operate, and make strategic investments in the communities that generate lasting benefits beyond the life of the mine.

Our social and sustainability-oriented contributions at our operations exceeded \$14 million in 2013.

This includes Kumtor's contractual contribution of one percent of gross annual revenues to the Issyk-Kul Development Fund. This fund is managed independently of Kumtor, and is governed by an oversight and steering committee, which includes local government representatives and NGOs. The fund is designed to develop the socioeconomic infrastructure in the Issyk-Kul Region (in which the mine is located) in line with local and regional government priorities.





Since 2009, more than \$25 million from Kumtor has been spent on projects as diverse as kindergartens, schools, sports clubs, and irrigation infrastructure across the Issyk-Kul region.

In addition, Kumtor also maintains its own community development program, for which contributions were over \$6 million in 2013. Examples of outcomes achieved include a land rehabilitation and irrigation project, completed jointly with the U.S. Agency for International Development (USAID).



SUPPORTING BUSINESSES

We provide local business development support in a number of ways. One of the most important is through our policy of maximizing local procurement, as described in the Economic Responsibility section of this report and highlighted with selected examples.

Another important initiative in Kyrgyzstan is a micro-financing and credit program. It supports and enables local microcredit agencies to offer some of the lowest interest rates for small enterprises and farming businesses. Between 2006 and 2013, Kumtor invested \$24.159 million into the program, including \$1 million in 2013 and \$21 million in 2012.

In February 2013, we teamed up with the European Bank for Reconstruction and Development (EBRD) in co-hosting a successful series of business seminars at six locations in the region local to the Kumtor mine.

More than 1,000 men and women representing small businesses received information on which business sectors are most in demand, and which are over-served, thus helping new and existing businesses to improve their focus.

In partnership with the Japan International Cooperation Agency (JICA), Kumtor has been sponsoring an initiative in Kyrgyzstan called 'One Village One Product,' helping to support growth in small businesses, with particular focus on craftspeople, artisans and working women.



RENOVATION OF COMMUNITY SPORTS FACILITIES

In 2013, Boroo Gold provided support to fully renovate the Mandal Soum Sports Center. Improvements included the ventilation and heating system for the swimming pool and gym, flooring replacement, new training facilities for boxing, taekwondo, judo and traditional wrestling, and additional spectator capacity. The benefits are shown in an increased participation in sports by the local community.



NEW MEDICAL LABORATORY SAVES ON LONG TRAVEL TIMES

Until recently, medical patients, including infant children and pregnant women, had to go to Mandal or Darkhan, each an hour away by road, for basic medical tests. Boroo Gold supported the development of a new medical laboratory, attached to an existing health center, to enable essential tests to be done locally. Boroo financed the conversion of a storage building, including installation of heating and waste water systems. The garage for the ambulance was also fitted with a heating system to ensure the vehicle is always ready for emergencies. The main building was also restructured and the former laboratory section converted to an intensive care room. The Bayangol Health Center was granted the award “Best Health Center of Selenge Aimag” as a result of the upgrades.





PROVIDING DRINKING WATER FOR LOCAL COMMUNITIES

Kumtor has established solar panels at two small communities in Ton district to provide more continuous access to water for more than 1,000 residents. Previously, access to water was limited to as little as one hour per day. These investments of approximately \$28,000 help to both improve the quality of life for villagers, and to reduce their electricity costs.

In Mongolia, our social investments totaled \$550,010 in 2013. As part of these funds, we continued our support to the Soum Social Development Fund in 2013 with a contribution of \$384,387. We also continued to support the completion of the new Maternity Hospital No 1 in Ulaanbaatar, Mongolia's capital. Our contribution of \$137,152 in 2013 completed our total investment of approximately \$7.5 million into this important social infrastructure in Mongolia. The new maternity hospital was inaugurated in January, 2013.



ADDRESSING COMPLAINTS, ROAD BLOCKS, AND COMMUNITY CONCERNS

As the major company operating in the Kyrgyz Republic, Kumtor receives a diverse range of complaints and requests, including concerns about dust generation and road traffic, as well as requests for jobs, building hospitals, and constructing roads. Kumtor experienced temporary road blocks in 2012 and 2013 associated with demands for a greater distribution of the mine's profits and benefits. Each reached an amicable settlement and the frequency and scale of road blocks have been diminishing.

In 2013, we deployed a new IT-supported management system, Kumtor Connect, to further improve our approach and recording of stakeholder engagement, governance of community investment spending, and managing grievances and commitments.

Our Boroo community engagement activities have been scaled down as the operation is now entering its closure phase. We introduced a formalized grievance mechanism to our local communities in early 2012.

For the Öksüt Project in Turkey, we expect to develop and implement a stakeholder engagement plan and a grievance mechanism in 2014.





GLOSSARY

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

ARD – Acid rock drainage is a term used to describe the outflow of mine waters that have been acidified by contact and exposure to sulfide bearing rocks, reducing the pH levels which, in turn, can release and mobilize metals into the environment.

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 behavior.

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 – Currencies and exchange rate to 1 US dollar (USD), average for 2013:

Canadian Dollar (CAD): CAD 1.030 = USD 1

Kyrgyz Som (KGS): KGS 48.44 = USD 1

Mongolian Tugrik (MNT): 1522 = USD 1

Turkish Lira (TRY): TRY 1.906 = USD 1



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

DFAIT – Canadian Department of Foreign Affairs and International Trade.

Doré – Unrefined gold and silver bullion bars.

EITI - Extractive Industries Transparency Initiative.

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 Incident – Environmental Incident: An event that has caused or could cause environmental harm. Ranges in scale and severity from Type I (insignificant) to Type V (catastrophic).

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.

GHG – Greenhouse gas emissions.

GJ – Gigajoules is equal to one billion (10⁹) joules.

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.

ICMI – International Cyanide Management Institute.

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 (KGS) – Kyrgyz currency. See “Currencies”

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

LTI – Loss time injury.

LTI Frequency – (Lost time injuries x 200,000) / Total hours worked.

LTI Severity – (Workd days lost x 200,000) / Total hours worked.

MAC – Maximum allowable concentration standards apply at Kumtor’s surface water quality compliance point downstream of the Kumtor mine.

MAD – Maximum allowable discharge standards apply to treated effluent discharges from Kumtor’s effluent treatment plant and the sewage treatment plant.

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

Mongolian Tugrik – Mongolian currency (MNT). See “Currencies.”

Non-Governmental Organization (NGO) – A not-for-profit group largely funded by private contributions and operating outside of institutionalized government or political structures.

Open Pit – A mine where the minerals are mined using surface mining technique and do not require tunneling.

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. $RIF = [(lost-time injuries + medical aid injuries) \times 200,000] / hours worked$.

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.

SCER – Sarychat Ertash Reserve, a strictly protected zapovednik (a wilderness protection area) neighboring the Kumtor Concession.

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 Mongolian local word for sub-province or district in Mongolia.

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.



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.

Zero Discharge Site – No direct discharges of effluent to surface water bodies.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Information contained in this Corporate Responsibility Report which are not statements of historical facts, and the documents incorporated by reference herein, may be “forward looking information” for the purposes of Canadian securities laws. Such forward-looking statements include statements related to the successful resolution of matters in the Kyrgyz Republic, including discussions with the Kyrgyz Government on the agreements governing the Kumtor project and a possible restructuring of the Kumtor project into a joint venture, the Company’s ability to access and mine high-grade ore in the SB Zone at Kumtor, the Company’s future production for 2014, including estimates of all-in unit costs¹, exploration plans and expenditures and the success thereof, capital expenditures, mining plans at Kumtor, processing activities at Boroo, the outcome of discussions with the Mongolian Government on the potential development of the Company’s Gatsuurt deposit and the strategic designation status of the Gatsuurt deposit, expected mine life and plans for feasibility and technical studies and social and environmental impact assessments as well as spending plans at the Öksüt project, future planned exploration expenditures, the Company’s business and political environment, business prospects, and hedging activities. 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 and other factors, see the Management’s Discussion and Analysis included in this Annual Report and the Company’s most recent Annual Information Form which is available on SEDAR.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. Inferred mineral resources have a greater amount of uncertainty as to whether they can be mined economically. It cannot be assumed that all or part of the inferred resources will ever be upgraded to a higher category. There is no certainty that mineral resources of any category can be upgraded to mineral reserves through continued exploration.

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 March 28, 2014. For a detailed discussion of the key assumptions and risk factors, please refer to the Management’s Discussion and Analysis included in this Annual Report. 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, except to the extent required by applicable laws.

(1) Non-GAAP measure, see discussion under “Non-GAAP Measures”. All dollar amounts are expressed in U.S. dollars in this report, except as otherwise indicated. Reserves and Resources are as of December 31, 2013.



CORPORATE HEADQUARTERS
1 UNIVERSITY AVENUE, SUITE 1500
TORONTO, ON CANADA
M5J 2P1

TEL: +1 (416) 204-1953
FAX: +1 (416) 204-1954
EMAIL: INFO@CENTERRAGOLD.COM