

Centerra Gold Inc.
Consolidated Financial Statements
For the Quarter Ended March 31, 2010
(Unaudited)
(Expressed in United States Dollars)

Centerra Gold Inc.
Consolidated Balance Sheets
(Expressed In Thousands of United States Dollars)

	March 31, 2010	December 31, 2009
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 200,942	\$ 176,904
Short-term investments	183,294	145,971
Amounts receivable	65,973	44,281
Current portion of future income tax asset	1,241	1,555
Inventories (note 3)	154,550	151,822
Prepaid expenses	17,800	11,718
	<u>623,800</u>	<u>532,251</u>
Property, plant and equipment	388,691	380,979
Goodwill	129,705	129,705
Long-term receivables and other	7,560	6,554
Long-term inventories (note 3)	24,669	23,120
Future income tax asset	830	1,418
	<u>551,455</u>	<u>541,776</u>
Total assets	\$ 1,175,255	\$ 1,074,027
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 44,472	\$ 49,178
Taxes payable	21,184	35,066
Current portion of provision for reclamation (note 4)	8,221	8,169
Current portion of future income tax liability	4,415	7,662
	<u>78,292</u>	<u>100,075</u>
Provision for reclamation (note 4)	22,001	21,533
Shareholders' equity (note 5)		
Share capital	646,081	646,081
Contributed surplus	34,754	34,298
Retained earnings	394,127	272,040
	<u>1,074,962</u>	<u>952,419</u>
Total liabilities and shareholders' equity	\$ 1,175,255	\$ 1,074,027

Commitments and contingencies (note 8)

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Centerra Gold Inc.
Consolidated Statements of Earnings and Comprehensive Income
(Unaudited)
(Expressed In Thousands of United States Dollars)

	Three Months Ended	
	March 31,	March 31,
	2010	2009
Revenue from Gold Sales	\$ 255,486	\$ 98,429
Expenses		
Cost of sales ⁽¹⁾	57,252	69,258
Regional office administration	4,944	5,075
Depreciation, depletion and amortization	21,331	21,787
Accretion and reclamation expense (note 4)	554	575
Revenue based taxes (note 6(a))	31,266	-
Exploration and business development	5,521	5,693
Other (income) and expenses	714	164
Corporate administration	11,017	5,002
	<u>132,599</u>	<u>107,554</u>
Earnings (loss) before income taxes	122,887	(9,125)
Income tax expense (note 6 (b))	800	11,161
Net earnings (loss) and comprehensive income (loss)	\$ 122,087	\$ (20,286)
Basic and diluted net earnings (loss) per common share (note 5)	\$ 0.52	\$ (0.09)
⁽¹⁾ Excludes depreciation, depletion and amortization expenses	21,206	21,227

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Centerra Gold Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(Expressed In Thousands of United States Dollars)

	Three Months Ended	
	March 31,	March 31,
	2010	2009
Operating activities		
Net earnings (loss)	\$ 122,087	\$ (20,286)
Items not involving cash:		
Depreciation, depletion and amortization	21,331	21,787
Accretion and reclamation expense	554	575
Loss on disposal of plant and equipment	143	320
Stock based compensation expense	456	359
Future income tax (recovery) expense	(2,345)	5,821
Long-term inventory	(1,549)	(2,384)
Other operating items	(683)	(1,661)
	<u>139,994</u>	<u>4,531</u>
Decrease (increase) in working capital	(57,639)	6,308
Cash provided by operations	<u>82,355</u>	<u>10,839</u>
Investing activities		
Additions to property, plant and equipment	(21,036)	(23,720)
Short-term investments (purchased) matured	(37,323)	17,781
Proceeds from disposition of property, plant and equipment	42	2
Cash used in investing	<u>(58,317)</u>	<u>(5,937)</u>
Financing activities		
Cash provided by (used in) financing	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents during the period	24,038	4,902
Cash and cash equivalents at beginning of the period	176,904	149,583
Cash and cash equivalents at end of the period	<u>\$ 200,942</u>	<u>\$ 154,485</u>
Supplemental disclosure with respect to cash flows		
Cash and cash equivalents consist of :		
Cash	\$ 62,770	\$ 35,841
Cash equivalents	138,172	118,644
	<u>\$ 200,942</u>	<u>\$ 154,485</u>
Investment in property, plant and equipment		
Capital expenditures during the period	\$ 29,154	\$ 22,306
Reduction (increase) to accruals included in additions to PP&E	(8,118)	1,414
Additions to property, plant and equipment	<u>\$ 21,036</u>	<u>\$ 23,720</u>

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Centerra Gold Inc.
Consolidated Statements of Shareholders' Equity
(Unaudited)
(Expressed In Thousands of United States Dollars)

	Number of Common Shares	Amount	Contingent Common Shares Issuable	Contributed Surplus	Retained Earnings	Total
Balance at December 31, 2008	216,318,188	\$ 523,107	\$ -	\$ 32,904	\$ 211,727	767,738
Stock-based compensation expense	-	-	-	359	-	359
Net loss for the period	-	-	-	-	(20,286)	(20,286)
Balance at March 31, 2009	216,318,188	\$ 523,107	\$ -	\$ 33,263	\$ 191,441	747,811
Common shares issued for Agreement on New Terms	18,232,615	120,700	-	-	-	120,700
Common shares issued on exercise of stock options	306,425	2,274	-	(330)	-	1,944
Stock-based compensation expense	-	-	-	455	-	455
Net loss for the period	-	-	-	-	(79,586)	(79,586)
Balance at June 30, 2009	234,857,228	\$ 646,081	\$ -	\$ 33,388	\$ 111,855	791,324
Stock-based compensation expense	-	-	-	455	-	455
Net earnings for the period	-	-	-	-	20,230	20,230
Balance at September 30, 2009	234,857,228	\$ 646,081	\$ -	\$ 33,843	\$ 132,085	\$ 812,009
Stock-based compensation expense	-	-	-	455	-	455
Net earnings for the period	-	-	-	-	139,955	139,955
Balance at December 31, 2009	234,857,228	\$ 646,081	\$ -	\$ 34,298	\$ 272,040	\$ 952,419
Stock-based compensation expense	-	-	-	456	-	456
Net earnings for the period	-	-	-	-	122,087	122,087
Balance at March 31, 2010	234,857,228	\$ 646,081	\$ -	\$ 34,754	\$ 394,127	\$ 1,074,962

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
(Expressed in thousands of United States Dollars)

1. Basis of Presentation

These unaudited interim consolidated financial statements of Centerra Gold Inc. (“Centerra” or the “Company”) have been prepared by management in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”). Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with Canadian GAAP have been condensed or excluded. As a result, these unaudited interim consolidated financial statements do not contain all disclosures required to be included in the annual consolidated financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements and notes thereto for the year ended December 31, 2009.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The operating cash flow and profitability of the Company are affected by various factors, including the amount of gold produced and sold, the market price of gold, operating costs, interest rates, environmental costs and the level of exploration activity and other discretionary costs and activities. The Company is also exposed to fluctuations in currency exchange rates, interest rates, political risk and varying levels of taxation. The Company seeks to manage the risks associated with its business; however, many of the factors affecting these risks are beyond the Company’s control.

As at March 31, 2010 and December 31, 2009, Centerra held a 100% interest in the Kumtor mine, the Boroo mine, and the Gatsuurt property.

2. Significant Accounting Policies:

These unaudited interim consolidated financial statements are prepared following accounting policies consistent with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2009. There were no new accounting policies adopted during the three months ended March 31, 2010.

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2. Significant Accounting Policies (continued):

New Pronouncements

The CICA issued three new accounting standards in January 2009 which take effect January 1, 2011: Section 1582, Business Combinations, Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-Controlling interests*.

Section 1582 replaces section 1581 and establishes standards for the accounting of a business combination. It provides the Canadian equivalent to International Financial Reporting Standards (“IFRS”) 3, *Business Combinations*. Section 1582 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Sections 1601 and 1602 together replace section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Section 1602 establishes standards for accounting of a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - *Consolidated and Separate Financial Statements* and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company does not anticipate that the adoption of these standards will impact its financial results.

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3. Inventories

(Thousands of US\$)	March 31, 2010	December 31, 2009
Stockpiles	\$ 61,539	\$ 50,234
Gold in-circuit	7,230	5,045
Heap leach in circuit	4,492	4,908
Gold doré	5,167	8,818
	78,428	69,005
Supplies	100,791	105,937
	179,219	174,942
Less: Long-term inventory (heap leach)	(24,669)	(23,120)
Total inventories-current portion	\$ 154,550	\$ 151,822

4. Asset Retirement Obligations

The following table reconciles the Company's discounted liability for asset retirement obligations: the discount rates used to discount the obligations to their present value are unchanged from the rates disclosed at the end of 2009.

(Thousands of US\$)	Three Months Ended	
	Mar 31/10	Mar 31/09
Balance, beginning of period	\$ 29,702	\$ 32,780
Liabilities settled	(34)	(138)
Revisions in cost	-	(1,974)
Accretion expense	554	575
Balance, end of period	30,222	31,243
Less: current portion	(8,221)	(3,795)
	\$ 22,001	\$ 27,448

During the first quarter ended March 31, 2009, the Company revised its previous closure cost update performed in December 2008 at the Boroo mine site. As a result a decrease to the present value of the closure cost estimate of \$2.0 million at Boroo was recorded during the first quarter of 2009.

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5. Shareholders' Equity

a. Earnings (Loss) Per Share

The basic net earnings (loss) per share is computed by dividing the net earnings (loss) applicable to common shares by the weighted average number of common shares outstanding during the year.

The diluted net earnings (loss) per share is computed by dividing the net earnings (loss) applicable to common shares by the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents such as stock options and contingent common shares issuable (classified as equity). The diluted net earnings (loss) per share is calculated using the treasury method, where the exercise of options is assumed to be at the beginning of the period the proceeds from the exercise of options, and the amount of compensation expense measured but not yet recognized in income are assumed to be used to purchase common shares of the Company at the average market price during the period; and the incremental number of common shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) is included in the denominator of the diluted earnings per share computation.

Stock options to purchase common shares are not included in the computation of diluted net earnings (loss) per share in years when net losses are recorded given that they are anti-dilutive.

(Thousands of shares)	Three Months Ended	
	Mar 31/10	Mar 31/09
Basic weighted average number of common shares outstanding	234,857	216,318
Effect of stock options	730	-
Diluted weighted average number of common shares outstanding	235,587	216,318
Anti-dilutive number of common share equivalents excluded (thousands) ^(a)	45	1,830

(a) Common share equivalents consist of stock options granted to eligible employees of the Company.

For the three months ended March 31, 2009 all potentially dilutive stock options have been excluded from the dilutive calculation as they would have all been anti dilutive because of the loss for the period.

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5. Shareholders' Equity (continued)

b. Stock-Based Compensation

The impact of Stock-Based Compensation is summarized as follows:

(Millions of US\$ except as indicated)	Number outstanding March 31/10	Expense/(Income)		Liability	
		Three months ended		March 31/10	Dec 31/09
		March 31/10	March 31/09		
(i) Centerra stock options	1,816,155	\$ 0.5	\$ 0.3	\$ -	\$ -
(ii) Centerra -PSU ⁽¹⁾	1,517,996	3.9	0.2	9.0	6.2
(iii) Centerra annual-PSU ⁽²⁾	164,327	1.0	0.5	0.7	6.3
(iv) Deferred share units	395,494	1.3	-	5.2	3.8
(v) Cameco stock options	-	-	-	-	1.3
		\$ 6.7	\$ 1.0	\$ 14.9	\$ 17.6

¹⁾ Centerra performance share units.

²⁾ Centerra Annual performance share units

Movements in the number of options and units year-to-date are summarized as follows:

	Number outstanding Dec 31/09	Issued	Exercised	Cancelled/ Forfeited ⁽¹⁾	Number outstanding March 31/10	Number Vested March 31/10
(i) Centerra stock options	1,816,155	-	-	-	1,816,155	762,496
(ii) Centerra -PSU	1,201,677	528,192	(99,434)	(112,439)	1,517,996	-
(iii) Centerra annual- PSU	420,870	164,327	(420,867)	(3)	164,327	40,519
(iv) Deferred share units	375,216	20,278	-	-	395,494	395,494

⁽¹⁾ 112,439 units from the Centerra PSU 2007 series were cancelled, as the performance multiplier applied on payout was below the payout threshold

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5. Shareholders' Equity (continued)

b. Stock-Based Compensation (continued)

The terms of Centerra's performance share unit (PSU) plan for the regularly issued series in 2010 (282,171 units issued) were modified from the standard terms described in the December 31, 2009 annual disclosures as follows:

Vesting - 50% of granted units vest two years after December 31 of the year of grant
- 50% of granted units vest three years after December 31 of the year of grant

Multiplier - maximum adjustment factor by which granted units are multiplied increased from 1.5 to 2.0

The units issued during the first quarter of 2010 under Centerra's PSU plan also include 246,021 "special" performance share units. Distinguishing these "special" units from the regularly issued PSU series is the fact that the "special" units vest one third at the end of each year of their three year term and carry a multiplier factor of 1.0.

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6. Taxes

a. Revenue Based Taxes

Revenue based taxes are payable to the Kyrgyz government under the Restated Investment Agreement between the Company and the Kyrgyz government which received the approval of the Kyrgyz Parliament on April 30, 2009.

Under this agreement, with retroactive effect to January 1, 2008, taxes are payable monthly at a rate of 13% of gross revenue. In addition, effective from January 1, 2009 a contribution is made monthly to the Issyk-Kul Oblast Development Fund in the amount of 1% of gross revenue. Full credit was received for taxes paid under the prior tax regime in 2008 and 2009. Separate presentation of the new revenue-based taxes was made in the financial statements starting in the second quarter 2009.

During the three months ended March 31, 2010, the revenue-based tax expensed by Kumtor was \$31.3 million.

b. Corporate Income Taxes

The Company recorded income tax expense of \$0.8 million for the three month period ended March 31, 2010 (\$11.2 million three months ended March 31, 2009).

Kumtor

Effective April 30 2009 Kumtor became subject to a tax regime pursuant to which income and other taxes, were replaced by taxes computed by reference to Kumtor's revenue. As a result, the income tax provision for Kumtor for the three months ended March 31, 2010 is nil. An income tax recovery of \$2.9 million was recorded for the three month period ended March 31, 2009, as Kumtor was still subject to the prior tax regime, which had an income tax rate of 10% plus 2% of net income as a contribution to the Issyk-Kul Social Fund.

Boroo

The income tax rate for Boroo is 25% of taxable income in excess of 3 billion Tugriks (about \$2.2 million as at the balance sheet date), and 10% for income up to that amount.

During the three month period ended March 31, 2010, Boroo recorded income tax expense of \$0.8 million (\$14.1 million for the three months ended March 31, 2009).

7. Disposal of interest in REN Property

On February 4, 2010, Centerra Gold (U.S.) Inc. (“Centerra U.S.”), a wholly-owned subsidiary of Centerra, signed a purchase agreement with Rye Patch Gold Corp. and its U.S. subsidiary, Rye Patch Gold US Inc. (collectively “Rye Patch”) for the sale of Centerra U.S.’s interest in the REN project in Nevada, subject to the joint venture project partner, Homestake Mining Company of California (“Homestake”), a subsidiary of Barrick Gold Corporation, waiving its pre-emptive right to acquire Centerra U.S.’s interest. On April 8, 2010 Homestake elected to exercise its pre-emptive right to acquire Centerra U.S. 64% interest in the REN joint venture for \$35.2 million. As a result of Homestake’s election to purchase the Centerra U.S. interest, Rye Patch’s agreement with Centerra U.S. will terminate. Rye Patch is entitled to receive a break fee of \$0.25 million from Centerra U.S. upon completion of Homestake’s acquisition of the Centerra interest which is expected to close on or before July 7, 2010. On closing, Centerra U.S. will transfer the joint venture interest to Homestake. The Company will record a gain on sale for the value of the proceeds received, less any related expenses.

As at March 31, 2010 the net book value of REN’s property is nil (December 31, 2009- Nil) because all exploration activities on this property were expensed as incurred.

8. Commitments and Contingencies

Commitments

As at March 31, 2010, the Company had entered into contracts to purchase capital equipment and operational supplies totalling \$171.8 million (Kumtor \$168.5 million, Centerra Gold Mongolia LLC, a subsidiary of Centerra, \$3.3 million). These are expected to be settled over the next twelve months.

Contingencies - Mongolia

Mongolian Regulatory Matters

On June 12, 2009, the main operating licenses at the Company’s Boroo mine were suspended by the Minerals Resources Authority of Mongolia (“MRAM”) following extensive inspections of the Boroo mine operation conducted by the Mongolian General Department of Specialized Inspection (“SSIA”). While the suspension was lifted on July 27, 2009, several issues arising from the inspections continue to be discussed by Centerra and the Mongolian regulatory authorities. On October 23, 2009, Centerra received a very significant claim for compensation from the SSIA in respect of certain mineral reserves, including state alluvial reserves covered by the Boroo mine licenses, that are recorded in the Mongolian state reserves registry, but for which there are no or incomplete records or reports of mining activity. Centerra disputes the claim. While Centerra cannot give assurances, it believes settlement will be concluded through negotiation and will not result in a material impact. In addition, the SSIA inspections raised a concern about the production and sale of gold from the Boroo heap leach facility.

8. Commitments and Contingencies (continued)

Contingencies - Mongolia

The heap leach facility was operated under a temporary permit from June 2008 until the expiry of the temporary permit in April, 2009 and Boroo Gold Company Ltd (“BGC”) paid all relevant royalties and taxes with respect to gold produced from the heap leach facility during that period. BGC believes that it had all necessary permits to carry out its heap leach activities and that any regulatory concerns are unfounded. BGC is continuing its effort to obtain a final permit for the operation of its heap leach facility at the Boroo mine. Centerra understands that this matter has been referred to the Mongolian Ministry of Mineral Resources and Energy for review but has received no official notice of any concern.

Under the stability agreement relating to the Boroo mine between the Company and the Government of Mongolia, signed July 6, 1998, as amended (the “Boroo Stability Agreement”), the Company is permitted to offset any value added taxes (“VAT”) that it pays against other taxes payable in respect of its Boroo mine operation. In 2009, the Mongolian Ministry of Finance indicated that, despite the Boroo Stability Agreement, Centerra would no longer be permitted to offset its VAT payments. This decision was challenged by Centerra and in November 2009, Centerra was notified by Ministry of Finance officials that VAT payments up to August 31, 2009 could be offset. Despite this, recovery of any VAT payments from September 1, 2009 onwards continues to be subject to negotiations with the Ministry of Finance.

On November 2, 2009, Centerra received a letter from the Mongolian Ministry of Finance reiterating some of the issues raised by the SSIA and indicating that the Boroo Stability Agreement would be terminated if such issues were not resolved within a period of 120 days from the date of the letter. The Company has held discussions with the Ministry of Finance regarding such concerns and has received no further notice from the Ministry of Finance with respect to the possible termination of the Boroo Stability Agreement. While the Company believes that the issues raised by the Ministry of Finance and the SSIA will be resolved through negotiations without a material impact on the Company, there can be no assurance that this will be the case.

8. Commitments and Contingencies (continued)

Contingencies - Mongolia

Mongolian Legislation

In July 2009, the Mongolian Parliament enacted legislation that would prohibit mineral prospecting, exploration and mining in water basins and forest areas in the territory of Mongolia and provides for the revocation of licenses affecting such areas (the “Water and Forest Law”). The Company understands that, prior to the revocation of any licenses, the Mongolian Government will undertake physical surveys and consult with local officials to determine which, if any, existing licenses will be subject to the new law. The legislation provides a specific exemption for “mineral deposits of strategic importance”, and accordingly, the main Boroo mining licenses will not be subject to the new law. The legislation provides a specific exemption for “mineral deposits of strategic importance”, and accordingly, the main Boroo mining licenses will not be subject to the law. The Company’s Gatsuurt licenses and its other exploration license holdings in Mongolia are currently not so exempt. In March 2010, the Company received a letter from MRAM stating that certain of its mining and exploration licenses, including the Gatsuurt mining licenses, could be revoked under the Water and Forest Law. The letter requested that the Company submit an estimate of expenses incurred in relation to each license and the compensation that it would expect to receive if such licenses were to be revoked. The Company has provided a detailed estimate to MRAM for all potentially affected licenses. The Company has submitted a draft Investment Agreement for the Gatsuurt Project to the Ministry of Mineral Resources and Energy (“MMRE”). In April, 2010, the Company received a letter from the MMRE indicating that the Gatsuurt licenses are within the area designated on a preliminary basis where minerals mining is prohibited under the Water and Forest Law. The letter also stated that the MMRE will communicate with the Company regarding the investment agreement when the MMRE has more clarity on the impact of the law. The Company is reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the law having a limited impact on the Company’s Mongolian activities.

In August 2009, the Government of Mongolia repealed its windfall profit tax of 68% in respect of gold sales at a price in excess of US\$850 an ounce, with the repeal to take effect on January 1, 2011. The windfall profit tax will be applicable to the Gatsuurt project (but not the Boroo project).

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9. Related Party Transactions

Kyrgyzaltyn and the Government of the Kyrgyz Republic

Revenues from the Kumtor gold mine are subject to a management fee of \$1.00 per ounce based on sales volumes, payable to Kyrgyzaltyn JSC (“Kyrgyzaltyn”), a shareholder of the Company and a state-owned entity of the Kyrgyz Republic.

The table below summarizes 100% of the management fees and concession payments paid and accrued by Kumtor Gold Company to Kyrgyzaltyn or the Government of the Kyrgyz Republic and the amounts paid and accrued by Kyrgyzaltyn to Kumtor according to the terms of a Gold and Silver Sales Agreement between Kumtor Operating Company (“KOC”), Kyrgyzaltyn and the Government of the Kyrgyz Republic and which was restated in June 2009.

(Thousands of US\$)	Three Months Ended	
	Mar 31/10	Mar 31/09
Management fees to Kyrgyzaltyn	\$ 201	\$ 93
Concession payments to the Kyrgyz Republic	-	249
	\$ 201	\$ 342
Gross gold and silver sales to Kyrgyzaltyn	\$ 224,212	\$ 57,608
Deduct: refinery and financing charges	(881)	(338)
Net sales revenue received from Kyrgyzaltyn	\$ 223,331	\$ 57,270

Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to an original Gold and Silver Sale Agreement historically entered into between KOC, Kyrgyzaltyn and the Government of the Kyrgyz Republic. Under these original arrangements, Kyrgyzaltyn was required to prepay for all gold delivered to it, based on the price of gold on the London Bullion Market on the same day on which KOC provides notice that a consignment is available for purchase.

Pursuant to the Agreement on New Terms, the Gold and Silver Sales Agreement was amended with new terms. Effective June 11, 2009, Kyrgyzaltyn is required to pay for gold delivered within 12 days from the date of shipment. Default interest is accrued on any unpaid balance after the permitted payment period of 12 days.

The obligations of Kyrgyzaltyn are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn. As at March 31, 2010, \$58.7 million was outstanding under these arrangements (December 31, 2009 - \$37.9 million). Subsequent to March 31, 2010, the balance receivable from Kyrgyzaltyn of \$58.7 million was paid in full.

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10. Financial Risk Exposure and Risk management

a. Currency Risk

As required, the Company either makes purchases at the prevailing spot price to fund corporate activities or enters into short-term forward contracts to purchase Canadian Dollars, or other currencies. During the three-month period ended March 31, 2010, Cdn \$4.9 million of such forward contracts were executed (December 31, 2009 - Cdn \$6.3 million). There were twelve forward contracts, to purchase a total of Cdn \$3.3 million, outstanding at March 31, 2010 (December 31, 2009-Nil).

The exposure of the Company's financial assets and liabilities to currency risk as at March 31, 2010 are as follows:

(Thousands of US\$)	Kyrgyz Som	Mongolian Tugrik	Canadian Dollar	British Pound	Russian Ruble	European Euro	Australian Dollar
<u>Financial Assets</u>							
Cash and cash equivalents	\$ 112	\$ 277	\$ 5,609	\$ -	\$ 29	\$ 14,339	\$ -
Amounts receivables	84	1,641	1,010		-	453	-
	\$ 196	\$ 1,918	\$ 6,619	\$ -	\$ 29	\$ 14,792	\$ -
<u>Financial Liabilities</u>							
Accounts payable and accrued liabilities	\$ 4,656	\$ 4,818	\$ 15,957	\$ 13	\$ 10	\$ -	\$ 196

A strengthening of the U.S. Dollar by 5% against the Canadian Dollar, the Kyrgyz Som and the Mongolian Tugrik at March 31, 2010, with all other variables held constant would have lead to additional before tax net income of \$0.1 million as a result of a change in value of the financial assets and liabilities denominated in those currencies.

10. Financial Risk Exposure and Risk management (continued)

b. Concentration of Credit Risk

To partially mitigate exposure to potential credit risk related to Kumtor sales, the Company has an agreement in place whereby Kyrgyzaltyn has pledged 2,850,000 of Centerra common shares as security against unsettled gold shipments, in the event of default on payment (Note 9). Based on movements of Centerra's share price, and the value of individual or unsettled gold shipments, over the course of the three months ended March 31, 2010, the maximum exposure during the period, reflecting the shortfall in the value of the security as compared to the value of any unsettled shipments, was approximately \$36.3 million.

The Company manages counterparty credit risk, in respect of short-term investments, by maintaining bank accounts with highly-rated U.S. and Canadian banks and investing only in highly-rated Canadian and U.S. Government bills, term deposits or banker's acceptances with highly-rated financial institutions and corporate direct credit issues that can be promptly liquidated.

At the balance sheet date, approximately 19% of the Company's liquid assets were held with Bank of New York bank, 8% with HSBC and 4% with Citigroup. The remainder of cash and cash equivalents, and short-term investments were held in government securities, term deposits, banker's acceptances and highly-rated corporate direct credit issues.

11. Segmented Information

Centerra has three reportable segments. The Kyrgyz Republic segment involves the operations of the Kumtor Gold Project and local exploration and development activities, and the Mongolian segment involves the operations of the Boroo Gold Project, development of the Gatsuurt Project and local exploration activities. The North American segment involves the head office located in Toronto, loans to each of the mine operations, as well as exploration activities on North American projects.

Geographic Segmentation of Revenue

All production from the Kumtor Gold Project was sold to the Kyrgyzaltyn refinery in the Kyrgyz Republic while production from the Boroo Gold Project was sold to a refinery that is located in Ontario, Canada.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
(Expressed in thousands of United States Dollars)

11. Segmented Information (continued)

Three months ended March 31, 2010

(\$ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	\$ 223.3	\$ 32.2	\$ -	\$ 255.5
Expenses				
Cost of sales	47.1	10.2	-	57.3
Regional office administration	3.3	1.6	-	4.9
Depreciation, depletion and amortization	16.8	4.4	0.1	21.3
Accretion and reclamation expense	0.3	0.3	-	0.6
Revenue based taxes	31.3	-	-	31.3
Exploration and business development	1.9	1.2	2.4	5.5
Interest and other	0.6	0.1	-	0.7
Corporate administration	0.5	-	10.5	11.0
Earnings (loss) before income taxes	121.5	14.4	(13.0)	122.9
Income tax expense				0.8
Net profit				\$ 122.1
Capital expenditures for the period	\$ 23.4	\$ 5.7	\$ 0.1	\$ 29.2
Assets (excluding Goodwill)	\$ 592.9	\$ 411.2	\$ 41.5	\$ 1,045.6

Three months ended March 31, 2009

(\$ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	\$ 57.3	\$ 41.1	\$ -	\$ 98.4
Expenses				
Cost of sales	48.6	20.7	-	69.3
Regional office administration	3.5	1.5	-	5.0
Depreciation, depletion and amortization	13.8	7.7	0.3	21.8
Accretion	0.3	0.3	-	0.6
Revenue based taxes	-	-	-	-
Exploration and business development	3.4	0.3	2.0	5.7
Interest and other	(0.4)	0.1	0.4	0.1
Corporate administration	0.6	0.4	4.0	5.0
Earnings (loss) before income taxes	(12.5)	10.1	(6.7)	(9.1)
Income tax expense				11.2
Net loss				\$ (20.3)
Capital expenditures for the period	\$ 21.8	\$ 0.4	\$ 0.1	\$ 22.3
Assets (excluding Goodwill)	\$ 327.8	\$ 357.6	\$ 97.8	\$ 783.2