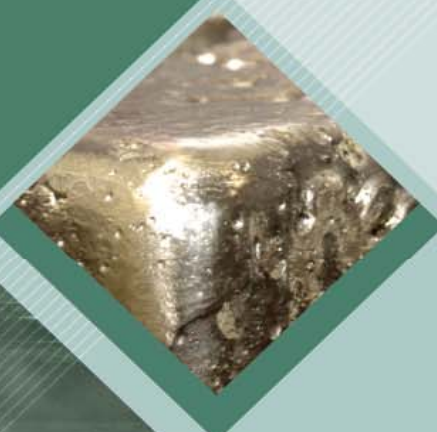


centerraGOLD



Centerra Gold Inc.

Community Development Project



Kyrgyz Republic



- ▶ Kyrgyzstan is a post-Soviet Central Asian Republic
- ▶ Capital: **Bishkek**
- ▶ Population: **5,3 million**
- ▶ Area: **199,9 sq. km**
- ▶ Mountains account for **94%** of its territory
- ▶ The country obtained independence in **1991**
- ▶ Currently, the country is committed to building a democratic State based on a free market economy

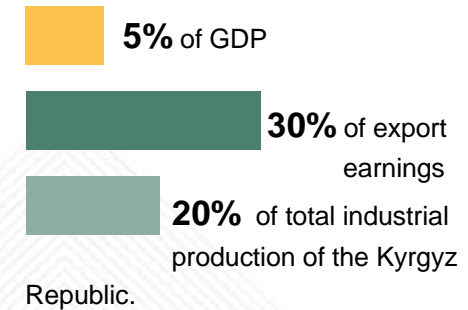




Kumtor Gold Company

Centerra owns 100% of the Kumtor gold mine through its wholly owned subsidiary, Kumtor Gold Company. Kumtor is located in the prolific Tien Shan Gold Belt, the Kyrgyz Republic, about 350 kilometres southeast of the capital Bishkek and about 60 kilometres north of the border with the People's Republic of China. It is the largest gold mine operated in Central Asia by a Western-based company. It has been operating since May 1997 and has produced about 6.47 million ounces or approximately 201 tonnes of gold.

Kumtor provides jobs for more than 2,500 local employees. Kumtor's production accounts for approximately



Centerra is a growth-oriented, gold mining company focused on acquiring, exploring, developing and operating gold properties primarily in Central Asia, the former Soviet Union and other emerging markets worldwide. Centerra is a leading North American-based gold producer and the largest Western-based gold producer in Central Asia. Centerra's shares trade on the Toronto Stock Exchange under the symbol CG. The Company is based in Toronto, Canada.





Building Sustainable Development

Centerra understands that a commitment to sustainable development is essential to support its social license to operate in mining, and that this commitment requires the support and contribution of all employees across the Company.

The Company's Board of Directors and senior management team have affirmed Centerra's belief in the principles of sustainable development in its corporate

core values. Through these core values Centerra's success depends on having safe, healthy workplaces, sound environmental practices and supportive communities as well as solid financial performance.

The Company's measure of success will be that, wherever it operates, communities will be better off for Centerra having been there.

Stephen A. Lang

President and CEO, Centerra Gold Inc.



The Company's Social Responsibility Area in Kyrgyzstan

- The Company's immediate social responsibility area includes five communities of the Jety-Oguz district, Issyk-Kul province.
- The area's population totals around 20,000.





Sustainability Initiatives in Kyrgyzstan

- Kumtor assigns funds to assist with capacity-building projects in the Kyrgyz Republic, approximately 70% of these funds being allocated to support local community initiatives in the Issyk-Kul province.
- In recognition of the impact the eventual mine closure will have on the Issyk-Kul Region, Kumtor has contributed to sustainability initiatives aimed at the improvement of the infrastructure, quality of health service and education, professional skills, tourism and agricultural development.
- Projects put forward by local communities are covered by the region's sustainable development program.
- The management of the sustainable development of Jety-Oguz district is integrated into the corporate management system.
- In 1998, a joint **Regional Committee** was formed to identify, approve and track projects for funding that included representatives of the Company, local authorities and communities.





Fruit-Processing Plant Project

- The fruit-processing plant project at Ak-Terek was among the local community initiatives supported by the Regional Committee and included in the region's sustainable development program.

The region adjacent to Lake Issyk-Kul has a high potential for the development of the food-processing industry as well as natural foods, juices, and fruit sauces production.

Advantages

- Mild climate
- Favorable environment
- High yields of fruits and berries (*apricots, apples, pears, raspberries, barberries, sea-buckthorns*).

Disadvantages

- **Obsolete and disabled fruit-processing equipment**
- **Out-of-date processing technologies**
- **Lack of sufficient funds for creating processing plants**
- **Qualified labor outflow from the rural area**



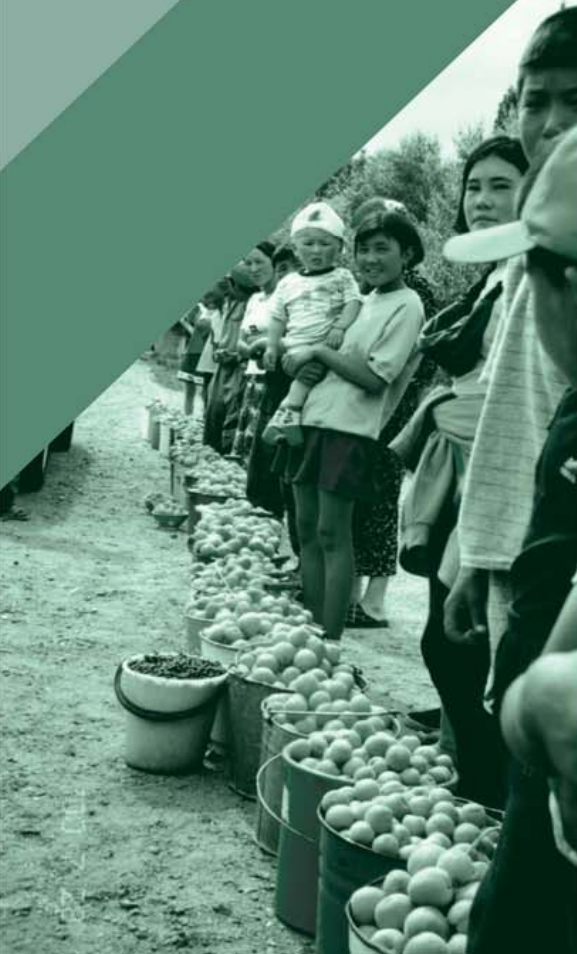
Fruit-Processing Plant Project

▪ The Project's Objectives:

- Create a modern sustainable plant
- Buy locally-grown fruits for processing
- Provide new jobs
- Develop infrastructure and agriculture
- Build processing capacity in region

▪ **Kumtor Gold Company's Input:**
US \$495,000

▪ **Implementation Period:**
Between June 2007 and December 2008.





Fruit-Processing Plant Project

Local Authorities' Input

- Local authorities provided former auto repair shops that had been idle since the break-up of the Soviet farming system.
- Prepared and provided permits for the plant operation.

Local Communities' Input

- A process managing engineer was selected from among local residents to head the project.
- Providing permanent and seasonal workers.
- Public works were done to renovate the premises.

The Company's Input

- US \$138,000 was granted to renovate premises, build engineering communications and upgrade the plants infrastructure.
- US \$147,000 was granted to purchase the primary fruit-processing line.
- A loan of US \$210,000 was provided to purchase an aseptic packaging line. The loan was provided via the regional microcrediting agency.





Organizers, stakeholders, beneficiaries and participants of the project

Organizers

- Kumtor Gold Company
- Local community

Beneficiaries

- The region's population who obtained an opportunity to sell their fruits and berries to the fruit processing plant.
- Local residents who became plant workers.
- Local residents who received training at the plant.
- National fruit-processing experts in general.

Participants

- Regional Committee
- Kumtor Gold Company
- Local authorities
- Local community
- Agri-Business Competitiveness Center
- CA 17 International
- Microcrediting agency
- International experts

Stakeholders

- Local authorities
- Local community
- Microcrediting Agency



Project History

January 2007 – The Regional Committee, granting the local initiative, decided to open funding for the construction of a fruit-processing plant in the region in late 2007 – early 2008.

March-June 2007 – Documents and permits were prepared for the plant's registration.

June-July 2007 – The local authorities provided former auto repair shops for the plant. The project funding opened.

July-September 2007 – The soil, air and water were examined by a group of experts, including those of South Korea, for obtaining an international environmental certificate.

July-October 2007 – The plant premises were renovated, the selected equipment was searched for.





Project History

- November 2007 – March 2008** – Engineering communications and the steaming system were built, the power-supply system was restored, artesian boring was Carried out. Access to pure potable water was also granted to the Local residents.
- December 2007** – The fruit-and-berries sauce production line was assembled.
- January-March 2008** – Aseptic packaging equipment was selected, negotiations were Held and a contract was signed with the Chinese manufacturers to purchase an up-to-date aseptic packaging line.
- April-June 2008** – The fruit-and-berries primary processing line was precommissioned.
- July-August 2008** – The fruit-and-berries primary processing line was commissioned. Fruits and berries were purchased from the local residents.
- September-November 2008** – Trees were planted in an experimental apricot garden within the plant area. A training center was formed at the plant.
- October 2008** – An automated aseptic packaging line arrived in the region. The throughput of the line producing concentrated fruit sauces is 3,000 tons of fruits per hour, or up to 100 tons per day. The equipment was preassembled in cooperation with the international consultant from Italy Marco Calza. Consultations were organized with the assistance of CA 17 International.





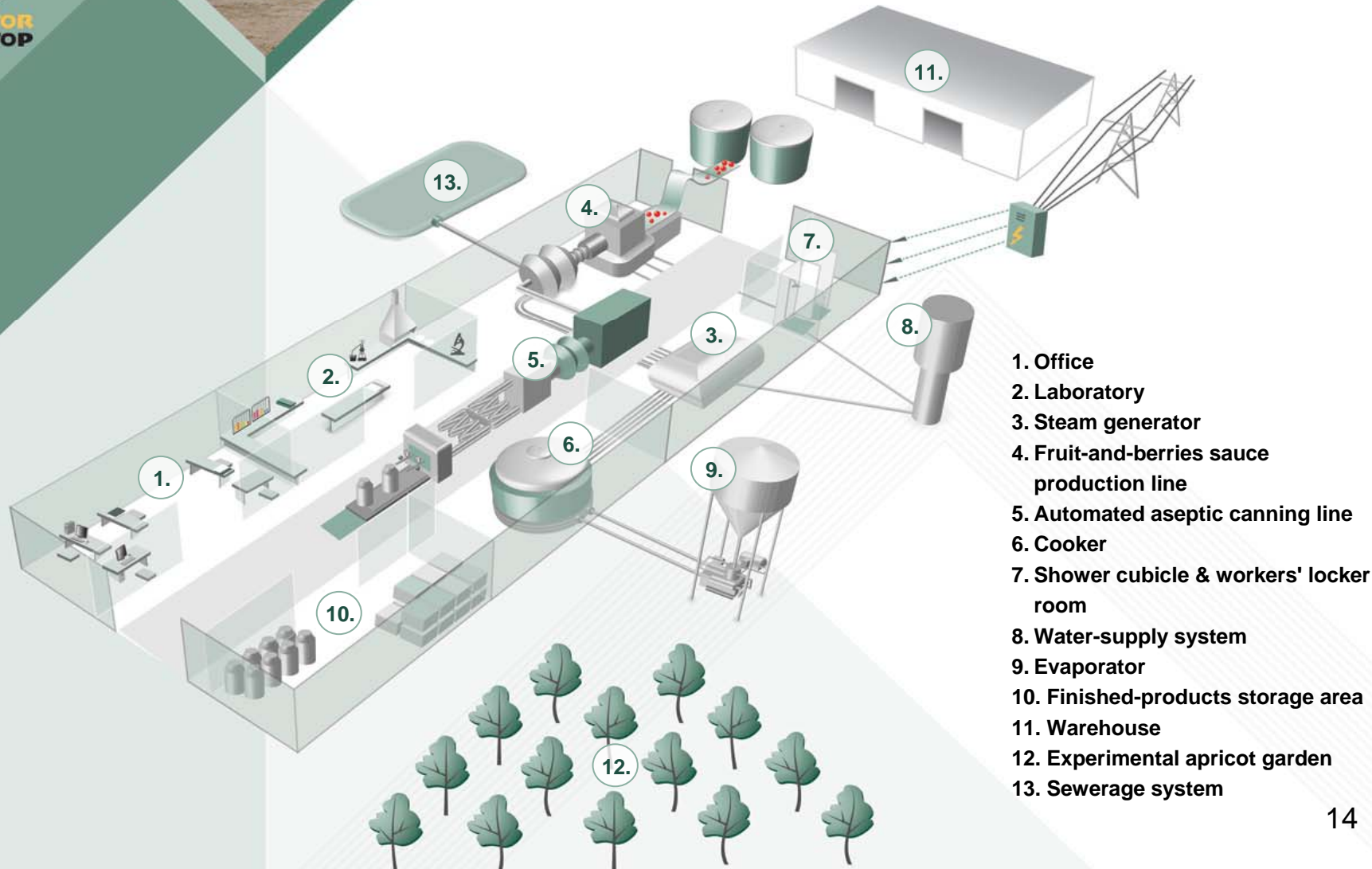
Project History

- November 2008** – A national seminar was organized for fruit-processing experts at the plant. Marco Calza provided training for technologists and directors of fruit-processing plants operating elsewhere in Kyrgyzstan in advanced aseptic canning methods. The seminar was jointly organized by Kumtor and the Agri-Business Competitiveness Center.
- December 2008** – Commercial production inventory began. Negotiations were held and contracts signed for supplying highly concentrated sauces to juice producers in Bishkek and Almaty (Kazakhstan).
- December 2008** – Adopted the HACCP system for obtaining an ISO certificate. Manufacturer's labels were designed.





Fruit-Processing Plant Project *(Plan)*



- 1. Office
- 2. Laboratory
- 3. Steam generator
- 4. Fruit-and-berries sauce production line
- 5. Automated aseptic canning line
- 6. Cooker
- 7. Shower cubicle & workers' locker room
- 8. Water-supply system
- 9. Evaporator
- 10. Finished-products storage area
- 11. Warehouse
- 12. Experimental apricot garden
- 13. Sewerage system



Benefits of the project

- A fruit-processing plant benefitting the local economy.
- A plant employing equipment unprecedented in Kyrgyzstan.
- Public enterprise was encouraged.
- Local residents were offered an opportunity to increase their earnings by supplying their fruits and berries to the plant for processing.
- New jobs.
- More taxes to the budget.
- Public access to pure potable water.
- A self-sustaining plant able to operate unassisted by the Company.
- Expanded export opportunities for the region.
- Encouraged selection studies with regard to new species of fruit-bearing trees.
- A training center was created for local labor able to handle up-to-date equipment.
- Reliable partnership relations were built between the Company and the local community.
- Creation of possibilities for additional income and prospective improvement of the living conditions **for 40 to 70 thousands of local citizens.**



References



▪ **Chinara Serkebayeva**
Manager, Fruit-Processing Plant

Our plant has produced, on an experimental basis, an apricot sauce, a semi-product. It can be used to produce baby food, juices, jams and many other goods. As a matter of fact, apart from apricots, we are going to buy also apples, pears, currants, wild sea-buckthorns, barberries, and other fruits and berries our region is famous for.

For the success of the project we need, first, financial aid and, second, cooperation on the part of the local residents themselves.

Ak-Terek village
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 E-mail: S.Chinara@mail.ru



▪ **Kanatbek Oruntayev**
Head of the Zhargylchak local self-government

Our customers in Russia and Kazakhstan are only interested in standard apricots as regards ripeness, form, size and quality, or only 60% of our normal yields at most. Formerly, the remaining 40% was just waste, our farmers suffering losses instead of getting richer. There is but one remedy – creating a fruit-processing plant. But where can we possibly obtain funding? For the residents of the Jety-Oguz district, the answer is plain: from the closest friend of our community, Kumtor Company.

Kichi Zhargylchak village
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References



▪ Torogul Bekov

Director, Agribusiness Competitiveness Center

We are happy to see a modern fruit-and-berries processing plant employing advanced technologies established, at last, in Kyrgyzstan. To give an impetus to the Kyrgyz agricultural sector, the Kumtor Company and our Center organized, in November 2008, the first practical seminar on aseptic canning methods and related technologies for those involved in the sector. I would like to note that the Agri-Business Competitiveness Center renders technical assistance to the plant as part of the WB's Project "Agri-Business and Marketing". The training was provided by an international consultant specially invited from Italy, Marco Calza.

All seminar participants thanked the Sponsors for organizing such a seminar. The Agri-Business Competitiveness Center Also expresses gratitude to Kumtor Gold Company for cooperation in organizing the seminar.

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References



▪ **Zhamal Esenkanova**
Local resident, Tamga village

Before this plant started operation, we would sell our fruits to middlemen from Kazakhstan who wanted only part of our produce. That's why our yields would be partly lost or we would use fruit to feed cattle. I am really happy to obtain an opportunity now to sell our fruits to the plant at an agreeable price.

Tamga village
Phone: +996 773 62 95 11



▪ **Turar Tabyshev**
Manager, Fruit-Processing Plant,
Seminar Participant

The last time I received retraining was back in the Soviet times. I must admit, I didn't expect to see such revolutionary changes that have taken place in this field since then. It is terrible to think by how many years Kyrgyzstan's agriculture is falling behind in fruit-processing. Naturally enough, I will rearrange operations at my plant to meet world standards.

Ivanovka village, Chuy Province
Phone: +996 543 12 05 81



References



▪ **Marco Calza**
International expert, Italy

Frankly, I have heard nothing of a country called Kyrgyzstan until this year. I have come here at the invitation of the Agri-Business Competitiveness Center, traveled across this country and saw the actual situation at virtually every fruit-processing plant. The situation struck me as quite paradoxical: I saw skilled and experienced people work using obsolete equipment while beginners were widely employed at up-to-date operations. The Jety-Oguz district has become a pioneer in creating plants that will employ skilled labor operating up-to-date

equipment. With your enthusiastic people, favorable environment and special taste of Kyrgyzstan's fruits and vegetables, your country has a huge potential. The new aseptic equipment sponsored by Kumtor Company is one instance of introducing advanced technologies into this sector. This is practice that should be followed elsewhere across the country.

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Summary

Centerra Gold's wholly owned subsidiary Kumtor Gold Company provides support for the region's development programs that are called upon to focus on social challenges and consolidate the positive transformations taking place in Kyrgyzstan now.

Unique, state-of-the-art fruit-processing technologies, when mastered by local experts, will enable Kyrgyzstan to gradually

get away from low and obsolescent technologies in favor of the best practices adopted by world leaders in the sector. We are happy to avail ourselves of the opportunity to contribute through projects like this to the improvement of the region's economy and quality of human life. That's what our sustainable development program for the Issyk-Kul region is aimed at.

Andrew Sazanov

President, Kumtor Gold Company