

# Centerra Gold announced new terms for a strategic agreement with the Kyrgyz Republic

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Aliya Assilbekova — August 08, 2019

Yesterday Centerra Gold announced new terms for a strategic agreement with the Kyrgyz government previously concluded on September 11, 2017.

Both parties plan to terminate the remaining litigation affecting the Kumtor field, including litigations in the International Arbitration Court. According to the agreement, the Company is obliged to make:

- Two one-time payments in the amount of 5 million USD to the new regional development fund of Kyrgyzstan within 5 working days and after 12 months from the date of signing the second agreement to complete the fulfillment of all conditions;
- Monthly payments in the amount of 0.4% of the total revenue from sales of metal on the Kumtor project from the date of signing the second agreement to complete the fulfillment of all conditions;
- Monthly payments of \$ 1 million to the Nature Development Fund;
- Financing the costs of exploration of the Kumtor field in the amount of at least 16 million USD for two years. The company intends to invest this amount by the end of 2019.

## **Our opinion:**

At the moment, we believe that reaching an agreement on a strategic agreement with the government of Kyrgyzstan will have a positive impact on the performance of Centerra Gold due to the fact that the Company will strengthen its position and minimize operational risks at Kumtor. Given the need to update our forecast indicators, our recommendation is under review.

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