



Centerra Gold Surged Yesterday — Should You Invest?

Description

Although I don't believe in timing the market or panicking over market movements, I do like to keep an eye on big changes just in case they're material to our investing thesis.

What: Shares of gold miner **Centerra Gold** ([TSX: CG](#)) surged as high as 12.8% Wednesday on reports that Kyrgyzstan's government approved its mine plan for 2014.

So what: Centerra's shares have slumped in recent weeks due to environmental concerns surrounding its Kumtor mine in Kyrgyzstan, so today's news from Reuters naturally provides some much-needed relief to investors. However, Centerra said that it hasn't received *official* approval for the mine plan, making today's big double-digit pop still somewhat speculative.

Now what: Centerra expects gold production at Kumtor of about 550,000-600,000 ounces in 2014. "The company receives the right to continue its work," Kyrgyz deputy prime minister in charge of economy and investment Valery Dil told Reuters. "We chose the most rational option ... to avoid the mothballing of the company's facilities and to avert unpredictable consequences for the economy and ecology."

While resource-savvy speculators might want to bet on that seemingly good news, conservative investors would do well to stay away from Centerra's still-significant political and operational risks.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CG (Centerra Gold Inc.)

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