



## Why Centerra Gold Inc. Soared 9% Today

### Description

**What:** Shares of **Centerra Gold Inc.** ([TSX:CG](#)) popped nearly 9% in early Monday trading. This was after Mongolian lawmakers fast-tracked plans to approve the company's 1.6 million ounce Gatsuurt gold mine.

**So what:** According to a press release from Centerra, the Mongolia parliament has designated the company's property as a 'mineral deposit of strategic importance'.

Previously, Mongolian laws prohibited mining in the country's protected water basin and forest areas. This included the site of Centerra's Gatsuurt deposit. However, the new designation allows the company to resume exploration on the property.

This is big news for shareholders. Gatsuurt is a giant deposit, with estimated mineral reserves of 17.1 million tonnes at an average grade of 2.9 g/t of gold. For a mid-size miner like Centerra, that has the potential to really move the needle.

"I am very pleased that Parliament has declared Gatsuurt as a project of strategic importance to Mongolia," company president and CEO Ian Atkinson said. "We have operated the Boroo mine for more than ten years and look forward to developing the Gatsuurt project, which we expect will allow us to continue to operate in Mongolia for many more years to come."

This does not mean Gatsuurt has the greenlight. The project requires a long list of approvals and regulatory commissions from the Mongolian government. Centerra is also still negotiating the level of state ownership in the mine.

However, Friday's announcement clears one of the biggest hurdles facing the project. It also shows that the Mongolian government is eager to continue development.

**Now what:** Provided that Gatsuurt receives its final approvals, Centerra will have a lot of work in front of it. Management plans to mine the ore at the Gatsuurt site and truck it to the company's nearby Boroo mill to be processed. Under the current plan, Centerra expects to process 3.6 million tonnes of ore during the first two-and-a-half years of operations.

Of course, we're only concerned about where the stock is going next. No doubt, Centerra shares are more attractive today than they were last week. However, even assuming Gatsuurt is approved, now is a good time to remind investors that most mines come in wildly over budget and behind schedule.

That's why, regardless of the outcome here, I still prefer owning streaming metal companies like **Silver Wheaton Corp** and **Royal Gold Inc** over traditional miners like Centerra.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. TSX:CG (Centerra Gold Inc.)

## Category

1. Investing
2. Metals and Mining Stocks

## Date

2025/07/02

## Date Created

2015/01/26

## Author

rbailieul

default watermark