



Why Centerra Gold Stock Started 2022 With a Bang

Description

What happened?

The shares of **Centerra Gold** ([TSX:CG](#))([NYSE:CGAU](#)) surged by more than 12% Tuesday morning to \$10.97 per share. With this, CG stock has started the new year 2022 on a solid note after losing nearly 34% of its value in 2021 against a 22% rise in the main **TSX** benchmark.

So what?

Centerra Gold is a Toronto-based gold mining company with a [market cap](#) of about \$3 billion. The company has a well-diversified revenue stream with its projects spread across a number of geographies.

Today's sharp gains in Centerra stock came after it [confirmed](#) its ongoing "negotiations with representatives of the Kyrgyz Republic to resolve their disputes related to Centerra's Kumtor Mine and the seizure of control of the mine by the Kyrgyz government in May 2021."

This news comes less than a year after the company started a binding arbitration against the Kyrgyz Republic government in May 2021. With this, Centerra [sought](#) to "enjoin the government from taking further steps" against it. According to the company, the ongoing negotiations could possibly lead to "full and final releases of all claims of the parties and termination of all legal proceedings involving the parties in all jurisdictions with no admissions of liability."

While there is no guarantee that its proposed resolution in the ongoing negotiations would yield results, the news still boosted investors' confidence, triggering a buying spree in CG stock.

Now what?

The government's seizure of Centerra Gold's Kumtor Gold Mine has severely affected its financial

growth trend in the last year. In the September quarter, the company reported a 57% year-over-year drop in its total revenue to just US\$221 million, as its adjusted earnings for the quarter tanked by 82% from a year ago.

That's why the news about Centerra's ongoing negotiations with the government comes as a big relief for its investors, who are hoping to see a sharp recovery in its financials. However, the uncertainties about the outcome of the ongoing negotiations could keep CG stock extremely volatile in the near term.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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