



Kumtor Mine: Setting the Record Straight on Environmental Management, Safety, Corporate Conduct and Investment in the Kyrgyz Republic

The Kyrgyz government’s seizure of the Kumtor Mine is based on false and misleading allegations. In particular, the government has made inaccurate claims related to alleged breaches of environmental and safety standards in the past operation of the Kumtor Mine, corporate conduct and our investment in the Kyrgyz Republic.

These claims are entirely meritless and have no justification under longstanding investment agreements or applicable law. Under our management, the Kumtor Mine was a world-class facility operated by Kyrgyz citizens to the highest international environmental, safety and engineering standards and contributed more than US\$4.48 billion to the Kyrgyz economy.

Since the government has put an “external manager” in charge of Kumtor Gold Company (“KGC”), our wholly owned subsidiary, Centerra Gold is no longer in control of the Kumtor Mine and therefore can no longer ensure the safety of the mine’s employees and operations.

For more information about the environmental and safety practices under our management, please refer to the latest [Kumtor Environmental and Sustainability Report](#).

Myth vs. Fact

***MYTH:** KGC operated the Kumtor Mine in violation of environmental standards and applicable laws.*

***FACT:** KGC operated the Kumtor Mine to international environmental and social standards and its operations carefully adhered to applicable laws and agreements with the Kyrgyz government.* The mine has operated in material compliance with all laws and regulations of the Kyrgyz Republic and in accordance with the 2009 Project Agreements.

The government, including the state agency responsible for the environment, approved our mining plans and permits every year and KGC operated the mine accordingly.

The mine’s environmental performance was also audited externally multiple times by, among others, the Kyrgyz government’s environmental consultant, AMEC Foster Wheeler, and the European Bank for Reconstruction and Development (EBRD). AMEC’s reports confirmed that the Kumtor Mine was operated according to international best practice and its recommendations for improvements were implemented by the company.



MYTH: *KGC's operation of the mine was not in compliance with safety standards.*

FACT: *KGC operated the Kumtor Mine in a healthy and safe manner, with standards equal to or exceeding local requirements and international best practice.* Safety elements were incorporated into the design and operational procedures of the mine. Kumtor's Safety Program was audited internally on an annual basis, and all health and safety initiatives were tracked through Kumtor's Corrective & Prevention Action Ledger system and reviewed at site in morning meetings and on a monthly basis. Outside experts also regularly reviewed our safety protocols and procedures. Under our management, the mine recently achieved one year of operations free of any lost time injuries.

MYTH: *Centerra Gold engaged in corruption to conclude past agreements with the Kyrgyz government.*

FACT: *There is absolutely no merit to these absurd allegations, which the Kyrgyz government continues to circulate without any evidence.* These baseless claims and other hostile actions follow a historical pattern of the Kyrgyz Republic putting pressure on Centerra Gold through groundless legal claims and are part of the government's premeditated efforts to falsely justify a nationalization of the Kumtor Mine. Centerra Gold expects all of its directors and employees to conduct themselves in accordance with the highest ethical standards and will investigate any serious and specific claim of a violation of our anti-corruption policies that is brought to our attention.

Specific Environmental, Safety and Financial Claims

MYTH: *Operations at the Kumtor Mine contaminated community drinking water.*

FACT: *KGC regularly analyzed water quality at more than 30 sampling points in the area and never found evidence of contaminants in the drinking water.* We also continuously monitored the water level in Petrov Lake, water flow in the Kumtor River and readings of thermistors installed at three points in the natural moraine dam that receive discharge and runoff.

Additionally, each year we collected and analyzed samples of discharge, surface water, potable water and ground water to observe the efficiency of our treatment processes, discharged water quality and any significant impacts of our mining operation on the environment. The water met the quality levels required by Kyrgyz laws and followed international best practice. The presence of sediments and associated metals in the water largely corresponded to the natural geochemical background levels and were not indicative of poor environmental performance at the Kumtor Mine.

KGC was also committed to providing safe drinking water to local communities. KGC established potable water facilities and irrigation programs in the area, and we have provided clean water for more than 40,000 people with our potable water infrastructure projects.



MYTH: *Cyanide from the Kumtor Mine’s operations caused long-lasting harm to the environment.*

FACT: *Cyanide-containing solutions were stored securely in the Tailings Management Facility (“TMF”), and the concentration of cyanide at the TMF was routinely monitored.* Cyanide naturally disintegrates and decomposes in the TMF under sunlight, and the remaining liquid component of the tailings was pumped and treated at the Effluent Treatment Plant for compliance with the established maximum allowable discharge standards before discharge.

MYTH: *Ice removal at the Kumtor Mine caused significant glacial melt and recession of the Lysyi and Davydov glaciers.*

FACT: *It is well-documented that climate change is the most significant contributor of glacial melt in the region.* Although Central Asia’s glaciers are melting at an accelerated rate, glacial retreat long predates the development of the Kumtor Mine and is common to glaciers throughout the Kyrgyz Republic as well as alpine glaciers in other areas of the world. KGC was committed to minimizing the impact of its operation on the glaciers and responsibly addressed the challenges associated with operating a high-altitude mine in an area of active alpine glaciation, including by removing ice only in the vicinity of the open pit and other infrastructure.

MYTH: *KGC illegally dumped mining waste rock on the Davydov and Lysyi glaciers.*

FACT: *KGC’s operations and activities always carefully adhered to applicable laws and project agreements which were approved by the Kyrgyz Republic Parliament and Constitutional Court in 2009.*

KGC worked with the Kyrgyz government to develop annual mine plans, including for the disposal of waste rock. The government, including the state agency responsible for the environment, approved KGC’s mining plans and permits every year.

The practice of depositing waste rock on glaciers in the Kumtor area, which prior Kyrgyz governments had approved, was discontinued in 2014. Since then, we segregated waste rock and ice, avoiding co-disposal, and had a comprehensive monitoring program in place for waste disposal and storage areas including:

- Daily visual inspection of the landfills and temporary waste storage and holding areas to ensure wastes were being segregated correctly prior to removal from site.
- Daily visual inspection of the TMF to check tailings were being deposited correctly.
- Daily measurement/estimation of the volume/quantity of waste being produced, including tailings, domestic waste, scrap metal, wood, batteries, plastic, packaging, oily rags, electric cable, tires and waste oil.



MYTH: *Before the government took control of the mine, Centerra Gold disabled critical sensors used to monitor the stability of the mine and the movement of nearby glaciers.*

FACT: *Shortly before the government took control, all key safety, monitoring and operational systems were functioning properly.* When government authorities confiscated computers and passwords of individual Kumtor employees, Centerra Gold's global IT systems restricted all user access to preserve the integrity of the organization's global IT infrastructure and its confidential information. Although central system access is restricted, mine safety systems, including the individual pit wall and glacier monitoring systems, remained operational.

MYTH: *Centerra Gold made US\$11.5 billion in profits from the Kumtor Mine.*

FACT: *Centerra Gold retained US\$1.4 billion in total earnings between 1994 and 2020. During that same period, Centerra Gold contributed more than US\$4.48 billion to the Kyrgyz Republic's economy, including US\$1.4 billion paid to the Kyrgyz government in taxes, customs and other duties. This is in addition to the more than US\$3.4 billion that Centerra Gold invested in the Kumtor Mine.*

False claims involving larger numbers appear to confuse profits with sale revenues for KGC, which totaled US\$11.4 billion between 1994 and 2020. It is also worth noting that in September 2021, the Kyrgyz Republic contradicted its earlier claims that Centerra Gold made US\$11.5 billion in profits from Kumtor when it acknowledged that Centerra Gold received US\$1.5 billion in total dividends from KGC.

MYTH: *Centerra Gold froze KGC's access to US\$1.7 billion in May 2021.*

FACT: *KGC had US\$17.1 million in cash and cash equivalents in its bank accounts as of April 30, 2021.* This was intended to meet the immediate needs of operating the mine, which averaged weekly expenditures of US\$16.2 million. In 2020, operating expenses and capital expenditure for the mine totaled US\$844.5 million, including wages for more than 4,000 full time and contract employees and supplies purchased from hundreds of local Kyrgyz businesses.

MYTH: *Centerra Gold embezzled US\$200 million from KGC in December 2013.*

FACT: *As part of the normal course of business, KGC declared and paid a US\$200 million inter-corporate dividend to its parent company, Centerra Gold, in December 2013.* Such dividends are the legal and well-established mechanism for Centerra Gold to recover its substantial investment in the Kumtor Mine and realize a return on that investment. The dividend complied with all applicable Kyrgyz laws and project agreements that were approved by the Kyrgyz Republic Parliament and Constitutional Court in 2009. Moreover, the dividend payment benefitted the Kyrgyz Republic through equity held in Centerra Gold by Kyrgyzaltyn JSC, the state-owned mining company and gold refining monopoly and Centerra Gold's largest shareholder. Since 2010, Centerra Gold has paid more than US\$96 million of dividends to Kyrgyzaltyn JSC.

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The Kyrgyz government raised this false claim in 2014, and Centerra Gold publicly addressed it at the time.

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