



IN TOUCH

ISSUE 1 DEC 2012

WELCOME TO OUR FIRST ISSUE OF THE NEW KUMTOR NEWSLETTER!



As we close out 2012 and look back at the challenges we faced as a company, we can be proud with what we have achieved.

It has been a challenging year on a number of fronts, but working together – as employees, business partners and communities, we have come through the year looking to 2013 with optimism and confidence.

The name of our newsletter is more than just a name. It is an important way for us all to be in touch with each other and feel part of the Kumtor community, whether you are an employee, a contractor, or living in our host communities. Being open and honest with each other is an important quality,

and we want to use this publication to share information about Kumtor, whether it's about operations, environmental issues, community development projects or just a great little story about one of our people. But communication is best when it is two way, and we encourage your feedback.

At this time of year it is traditional to spend time with family, and we hope that everyone has the opportunity to be near their loved ones, whether it is here in Kyrgyzstan or farther a field. I will take this opportunity to wish everyone a happy new year, happy holidays and that 2013 is a year of good health, happiness and success in all of your endeavors.

Michael Fischer
President of Kumtor Operating Company

WARMER IN WINTER

In response to letters from organizations working with people with disabilities, and on the eve of International Day of People with Disabilities we allocated additional funds to provide targeted assistance by purchasing warm blankets and other essential household items

On December 6, 2012 our employees visited and distributed:

Rehabilitation Center Umut-Nadejda
50 blankets
4 heaters

Speech Pathology Department of the National Center for Mental Health
TV set
DVD-player

Kyrgyz Republican Society of People with Disabilities
200 blankets

Issyk-Kul province
750 blankets

These blankets will be distributed to organizations working with people with disabilities: Issyk-Kul and Naryn Society for the Blind & Deaf, Ak-Suu Female Neuropsychiatric Retirement Home, the Community of disabled children of Balykchi, and KOC Regional Information Centers for the distribution to persons with disabilities together with the local authorities.



"Remembering the International Day of People with Disabilities has become a good tradition for us. We are glad to have the opportunity to help people with disabilities, including children with disabilities, as they relate to one of the most disadvantaged and marginalized groups of citizens, so any help is important to them"

Douglas Grier,
KOC Sustainable Development Director.

SUPER! AWARD

Kumtor Operating Company has received the Bona Fide Partner of the Year Award from Super Info, Kyrgyzstan's largest-circulation newspaper.

This is the second time that the Company receives the Award in recognition of its significant contribution to the Kyrgyz economy, its transparent operation and its active charitable work.

The awards were officially given to the partners of the newspaper and Kyrgyzstan's best operations at the Kozhomkul Sports Palace on December 8, 2012, in Bishkek, as part of the traditional concert "Super-2012" which is organized by the Super Info editorial staff every year.



CONSERVING AND CARING

Fauna & Flora International (FFI), a leading international conservation organization, and Kumtor Operating Company have launched a biodiversity project in Issyk-Kul province of the Kyrgyz Republic. The Memorandum of Understanding providing the framework for cooperation between FFI and Kumtor was signed in Bishkek in November 2012.

The proposed project builds on 10 years of collaboration between FFI and the Sarychat-Ertash Nature Reserve (SENR). Between 2002 and 2008 a number of environmental organizations worked closely with SENR to improve the capacity of the reserve and develop a detailed five-year Management Plan, which included measures to maintain the population of the snow leopard. The previous project was funded by the IFC, EBRD and Kumtor Company.

To build on this foundation, and further benefit biodiversity in the region, the SENR Management Plan will be updated in collaboration with all stakeholders, and then formalized at the national level. Activities considered in the Plan include scientific research, monitoring of fauna and flora and community outreach. FFI will also provide a series of training sessions for SENR staff and local communities, and technical support for the implementation of the Plan. The initial 2012-2013 budget is approximately US \$125,000, of which Kumtor will contribute US \$70,000.

Michael Fischer, President of Kumtor Operating Company, said, "Our Company attaches great attention to issues related to occupational safety and the environment. In compliance with the corporate social responsibility and sustainable development principles, we will spare no effort in promoting biodiversity conservation in the Kyrgyz Republic. We are developing our own Biodiversity Management Strategy and Plan which calls for expanded partnerships with local and international conservation organizations. The project we have started in collaboration with Fauna & Flora International is an important component of this work."



Biodiversity describes the species, numbers and habitats of animals in a specific region.

"The growth of the wildlife population as observed in the area adjacent to the mine, which is home to the snow leopard, Marco Polo sheep, and other rare species, can be viewed as an indicator of the success of our environmental programs. I believe consolidated efforts of the Company and FFI will enable us to achieve more success"

According to Jarkyn Samanchina, who represents FFI in the Kyrgyz Republic, "Fauna & Flora International is looking forward to continuing our work with protected areas in the Kyrgyz Republic. It is extremely important for us both to receive the Government's support and to see active involvement of local experts and communities in the implementation of our conservation programs. Kumtor's support for the new project exemplifies a positive business approach to corporate social responsibility. The biodiversity conservation and management work in the Sarychat-Ertash Nature Reserve is of critical importance as the Reserve is one of the largest and unique in Kyrgyzstan".

For more information please visit the website or contact us on info@kumtor.kg



Founded in 1903,
Fauna & Flora
International (FFI)
is the world's longest
established international

conservation body. Operating in more than 40 countries worldwide – mainly in the developing world – FFI saves species from extinction and ecosystems from destruction while improving the livelihoods of local people. FFI chooses solutions that are sustainable, based on sound science and take account of human needs. The Kyrgyz State Agency of Environmental Protection recognized FFI's activities by awarding it with Honorary Diplomas in recognition of its conservation initiatives and achievements in Kyrgyzstan.

BUSINESS MAP OF ISSYK-KUL PROVINCE

What opportunities are there for entrepreneurs in Issyk-Kul Oblast? What businesses are in demand and what is over-done?

These are the questions that Kumtor, together with the European Bank for Reconstruction and Development (EBRD) are working to answer.

In December, a comprehensive survey of Issyk-Kul province began; with the aim of identifying business opportunities at the local level. This will help individuals to understand what sectors are underrepresented currently in the local and regional economy.

When the survey is completed in early 2013, we will hold several seminars across the Issyk-Kul region to present



the results to local communities. This will allow individuals and small businessmen to understand where they may have opportunities to grow existing businesses or start new ones, adding to the diversity of the local economy.

Stay tuned to future editions of our newsletter to find out when these seminars will take place!



COMMUNITY RELATIONS SPECIALISTS GATHER FOR WORKSHOP

Kumtor hosted community relations specialists from four departments in Bishkek on December 10-12 for a special community relations workshop.

Representatives came from Issyk-Kul region, Uchkun office and the mine site. We also had guests from other Centerra Gold Operations in Mongolia and Turkey. Our community relations team is a very important part of our operation, and act as the face of Kumtor in our host communities.

The participants spent three intensive days discussing Kumtor and Centerra policies, the community development strategy for 2013 and beyond, as well as topics such as stakeholder engagement, grievances, communications

skills and more. We also used the opportunity to get valuable feedback from the field and have identified several ways in which we can work better with our stakeholders in our communities.

It was an excellent opportunity for the team to come together, meet each other face to face and share experiences.

Our community relations teams are always happy to speak with you, they can be found at the addresses listed on the back page of this newsletter!



WINNING PARTNERS

Saturday, December 15, 2012, the Premia.kg National Internet Prize was officially given to winners in Bishkek.

The competition involved 215 domestic websites which won a total of 25,000 votes in nine categories: "Media & Society", "Communications", "State & NGOs", "Medicine & Health", "Business & Commerce", "Blogs", "Entertainment", "Young People & Education", and "Sport & Tourism". Three sites were noted by the organizers in each category. The prize winners received certificates and awards shaped as «@». Kumtor was the official partner of the competition and the ceremony.



CENTERRA ACQUISITION

Centerra Gold To Acquire Remaining 30% interest in the Öksüt Gold Project in Turkey, from Stratex International

Centerra Gold Inc. has agreed with Stratex International Plc. to acquire Stratex's 30% interest in the Öksüt Gold



Project in Turkey. Upon completion of the transaction, Centerra will own 100% of the Öksüt Gold Project.

The full text of news release is available on Centerra Gold's website at www.centerragold.com

ENSURING A SAFE ENVIRONMENT

We take our responsibility to mine safely seriously. We strive to ensure that we affect the places we work as little as possible. Protecting the environment is a priority.

To help us achieve this, ERM, the world's leading environmental and sustainability consultancy firm reviewed Kumtor's environmental performance in October 2012. They concluded that within the terms of reference of their assignment, "No major or materially significant environmental issues were identified by the document review, site visit and legislative review" at Kumtor.

Serious allegations were made in the Kyrgyz Republic Parliamentary Commission Report dated June 18, 2012. The Board of Directors of Centerra Gold Inc. commissioned an independent assessment of the environmental practices



Nearly 10,000 samples of various kinds are taken every year to ensure we maintain safe and legal standards.

and performance of Kumtor primarily through a review of existing data. The expert review and subsequent site visit, which were reported in October, 2012 included an assessment of Kumtor's environmental performance and practices in the following areas:

- **Environmental management system**
- **Biodiversity**
- **Waste management**
- **Water management**
- **Air emissions and Greenhouse gases**
- **Closure plan**

The consultants' report concluded "Overall there was no evidence of significant uncontrolled environmental impact or credible risk of future significant environmental impacts, from the current operation under the mitigations and procedures currently in place". The report also contains recommendations for further improvement in certain areas where issues were identified and Kumtor management has developed an action plan for such matters and continues to work in cooperation with authorities in that regard.

ENVIRONMENTAL EDUCATION

Under the Small Grants Programme of the Global Environment Fund (GEF), the Akmena Public Association has conducted an environmental action called "Tracing Former Biospheres: A Journey Into the Geological Past of Kyrgyzstan" among Bishkek school students. The action took place in Bishkek-based gymnasium No.15 on December 15, 2012.

The students from eight Bishkek schools were shown exciting chemical experiments using gases that form the Earth's atmosphere. Teams from four schools – No.6, No.12, No.65 and



No.24 – performed a drama explaining a change of climatic periods and the evolution of life on Earth as exemplified by the cities of Bishkek, Osh, Talas, Naryn and Karakol. Students were able to see and learn more about the times when these cities were washed by the waves of prehistoric oceans, and about the inhabitants of these cities. They also learned where modern-day Kyrgyzstan was on prehistoric continents, and when Lake Issyk-Kul was surrounded by a chain of huge fire-spouting volcanoes! Such an innovative

approach adopted to explain the climate change problem enabled the school students to learn more about the modern civilization's impacts on the climate and what has to be done to keep the climatic balance on the globe.

Following the action, all participating teams received remarkable prizes in the form of books or instruction manuals from the action's organizers and sponsors, including Kumtor Operating Company, Central Asia Ozone Center, CJSC "Raritet" and the State Agency for the Environment and Forestry under the Government of the Kyrgyz Republic.



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