

Polyus Soars After Agreeing to Sell KazakhGold Assets

By [The Moscow Times](#)

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Polyus Gold rose to a 2 1/2-year high in Moscow trading Wednesday after agreeing to sell the production assets of its KazakhGold Group unit to Kazakhstan's Assaubayev family for \$509 million in cash, settling a dispute.

Polyus advanced as much as 3.6 percent to 1,997 rubles, the highest intraday price since May 22, 2008. It closed at 1,880.31 rubles, valuing the country's largest gold producer at 358 billion rubles (\$11.5 billion). KazakhGold rose 12 percent to \$3.91 in London.

As part of the agreement, Kazakhstan will restore approvals for Polyus' proposed merger with KazakhGold, which would give Polyus a primary listing in London. Billionaire Mikhail Prokhorov, who controls Polyus with billionaire Suleiman Kerimov, wants access to a wider pool of investors as he pursues plans to combine with a global competitor as early as 2011 to create one of the world's top-three gold miners, he said in an interview Monday.

The deal is likely to boost prospects of a tie-up with a “major gold producer,” Aton Capital analysts Dinnur Galikhanov and Ilya Makarov wrote in an e-mailed report Wednesday.

In June, Polyus filed a lawsuit in London against the Assaubayevs after buying a controlling stake in KazakhGold from the family last year.

Polyus demanded \$450 million of the \$600 million it paid, citing alleged misuse of funds and misrepresentation of data.

In July, the Kazakh Industry Ministry and competition watchdog revoked approval for the purchase and police opened an investigation into three Polyus-backed directors of KazakhGold, freezing its bank accounts.

The Assaubayevs on Wednesday agreed to reimburse the investments in the assets and guarantee repayment of KazakhGold’s eurobonds.

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