

Polyus Not Considering Merger Deal

By [The Moscow Times](#)

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Polyus Gold is not in merger talks with three overseas rivals, board member Yevgeny Ivanov said, denying a Vedomosti report Friday.

"Negotiations about a merger with Newmont Mining, Newcrest Mining and AngloGold Ashanti are not happening," he said.

A separate source close to Polyus said the company held talks with both Newcrest and AngloGold three or four years ago, but had since had only occasional discussions.

Polyus' co-owner and chief executive Mikhail Prokhorov said last month that he was seeking an international merger partner for Polyus and was hoping to complete a deal by the end of the year.

Prokhorov owns a majority stake in Polyus alongside potash tycoon Suleiman Kerimov, an ally of Prime Minister Vladimir Putin, whose approval for a Polyus deal would be required under a 2008 law on foreign investment in strategic sectors of the economy.

Analysts said Western gold miners would be wary of Russia due to the perceived political risks of investing there. No major overseas gold miner has entered the market before.

"This would be a good step for Polyus but it will be exceptionally hard for the company to complete a deal," VTB Capital analyst Igor Lebedinets said. "It makes sense for overseas players to access Polyus' cheap reserves, but there are operational risks. ... It would be a big risk for them to come into Russia."

Polyus ranks as the world's eighth-largest gold producer in terms of market capitalization, with a current value of \$13.6 billion.

The company produced 1.386 million ounces of gold in Russia last year. It has mines or exploration projects in five Russian regions as well as Kazakhstan, Romania and Kyrgyzstan.

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