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KazakhGold May Spend $1.4Bln on Polyus

By The Moscow Times

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KazakhGold Group, the mining company seeking to take over its Russian parent Polyus Gold, may have to spend $1.4 billion buying out minority shareholders who are against the deal, according to UralSib.

Only 10 percent of Polyus holders, or half the minorities, supported the so-called reverse takeover offer, KazakhGold said Tuesday in a statement. With KazakhGold acquiring about 89 percent of its parent, it must make an offer to the remaining minorities, according to Russian law.

The value of the remaining shares is about $1.4 billion, UralSib analyst Dmitry Smolin said in a report Wednesday.

The planned acquisition will allow Polyus to re-domicile in Britain, get a primary listing in London and seek admission to the FTSE-100 Index, according to documents

on KazakhGold's web site. The combined company, to be renamed Polyus Gold International, will be the largest London-listed gold miner by market value, KazakhGold has said.

Gold futures set a record $1,610.70 an ounce Tuesday. Polyus and KazakhGold are both controlled by Mikhail Prokhorov and Suleiman Kerimov.

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