

Gold Magnates Discussing Merger

By [The Moscow Times](#)

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The billionaire owners of Polyus Gold International and Polymetal International are considering merging the gold miners to create the world's ninth-largest producer of the metal, two people with knowledge of the matter said.

Polymetal is worth about \$6.9 billion based on its current value on the London Stock Exchange. Polyus has a market value of about \$10 billion.

The talks have been between the owners of the companies and not management, the people said, declining to be identified until a decision on whether to pursue the combination is made.

Polyus is 78 percent controlled by billionaires Mikhail Prokhorov and Suleiman Kerimov. A tie-up with FTSE 100 member Polymetal would help Polyus gain a primary listing in Britain, which has been delayed by a Russian commission headed by Prime Minister Vladimir Putin.

Prokhorov and Putin are both running for the presidency in the March election.

Anton Arens, a Polyus spokesman, and Andrei Abashin, a Polymetal spokesman, declined to comment, as did Andrei Belyak, a spokesman for Prokhorov's Onexim Group holding company, Nesis's press office and Anton Averin, Kerimov's Nafta Moskva spokesman.

"Such a combination could allow Polyus not only to gain a London primary listing but also access to Polymetal's experience in building new mines," Dmitry Kolomytsyn, a Morgan Stanley analyst, said by phone from Moscow. Polymetal can benefit because it will get access to Polyus's huge resources, he said.

Polymetal switched its domicile from Russia to Jersey last year and secured a primary listing in October. The company was included in the FTSE 100 index last month.

Polyus has sought an international merger that would make it one of the largest-ranking gold producers since 2010.

Talks on such a transaction were suspended until the redomiciling process is completed, management said in October.

A combination of the two companies may secure ninth place among the world's largest gold producers, overtaking Phoenix-based Freeport-McMoRan Copper & Gold, according to Bloomberg News calculations from data provided by London-based researcher GFMS.

Polyus picked Bank of America Merrill Lynch, JPMorgan Chase, VTB Capital and Renaissance Capital to arrange a London share sale to boost its free float so that it can qualify for inclusion in the benchmark index, people with knowledge of the matter said earlier this week.

An agreement to combine with Polymetal may remove the need for that transaction.

Polymetal said the company isn't engaged in discussions on a potential transaction with Polyus Gold International, according to a regulatory filing.

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