

Polyus Not Moving to London

By [The Moscow Times](#)

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Polyus Gold, Russia's biggest gold miner backed by billionaire politician Mikhail Prokhorov, has dropped its plans to move to London, which was seen as a step toward eventually gaining membership of the FTSE 100 Index.

Currently domiciled in Jersey, Polyus had planned to make the move to London and increase its free float from the current 14 percent to 25 percent through a sale of shares, including treasury shares, which could have raised up to \$800 million.

But a spokesman said Monday that Polyus Gold had withdrawn its request for government permission to relocate.

"The rest of the company's plans have not changed," said a source familiar with the company's strategy to raise its profile on the London stock market.

One financial industry source said Polyus could still raise money, increase its free float and gain a premium London listing even without the commission approval. However, it could

not get inclusion in the FTSE 100 or other British indexes without changing its domicile to Britain.

Polyus was still considering selling the treasury shares, the financial source said.

Prime Minister and President-elect Vladimir Putin chairs a government commission that has sweeping authority over foreign investment in companies like Polyus Gold, whose gold reserves are considered strategic by the state.

The commission initially failed to approve a request by Polyus to seek a premium listing at a meeting in October.

In an interview with Reuters in January, Prokhorov, then running for president and thought by some analysts to have the Kremlin's tacit blessing for his bid, said he was confident that the government would remove obstacles in its way.

Prokhorov rejected suggestions at the time that Polyus might be hostage to his political fortunes. He placed third in the March 4 presidential election with about 8 percent of the vote and has announced plans to launch a liberal political party.

Prokhorov has said he hopes to do a merger deal with a global miner once Polyus had successfully raised its profile on the London Stock Exchange. His comment has given rise to speculation by analysts and bankers that it may seek a deal with another Russian miner, top silver producer Polymetal.

An analyst said it was a surprise that the relocation plan had been dropped. "It will definitely delay the hopes of them completing a large international merger; that is unlikely without receiving this permission," said the analyst, who asked not to be named.

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