

Foreign Access to Gold Mines Eased

By [The Moscow Times](#)

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A proposed bill could attract new foreign players to the gold market, but analysts say it will benefit Russia's largest gold miners, Polyus Gold and Polymetal. Above, a Polymetal mine in Magadan region.

The Natural Resources and Environment Ministry has drafted a bill that will facilitate the access of companies with foreign capital to mine its gold, platinum group metals and diamond reserves, according to documents published on a ministry website.

Russia's gold reserves account for about 10 percent of the global volume, second only to South Africa's, according to ministry data. Its share in palladium accounts for 24 percent of global reserves, and in diamonds 35 percent.

But Russia lags behind countries such as Canada, Australia and the United States in exploration and development of minerals, Sergei Donskoi, recently named natural resources minister, said.

The draft bill would allow foreign-owned businesses to mine deposits of up to 250 tons (about 8 million troy ounces) of gold, five times the existing cap of 50 tons set in 2008, without

facing additional regulation from the state, the documents showed.

Current Russian legislation classifies gold reserves over 50 tons as well as any diamond and platinum group reserves as deposits of "federal significance," which means the state can ban a foreign-aligned investment that it deems a "threat to state defense and security."

Polyus Gold, Russia's largest gold miner, produced 47 tons of gold in 2011 and has proven and probable reserves of 2,830 tons.

Canada's Kinross Gold, the largest foreign investor in Russia's gold sector, has said Russia could lure more than triple the current level of investment in gold exploration to \$1.6 billion a year by making small changes in legislation and offering better incentives.

The bill would bring Russian practice into line with that of other leading mining countries, Lou Naumovski, head of Kinross's Moscow office, said Thursday.

"The fact that no government approval would be required should give more comfort to exploration companies to start exploring again," he said.

"The other important measure is the suggestion that a discoverer of a strategic deposit could proceed to mine development without the threat that the government could withdraw the license with only modest compensation," Naumovski added.

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