

Billionaire Duo Shortlisted for \$4Bln Polyus Stake

By [The Moscow Times](#)

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Two billionaires were shortlisted to buy a stake in Polyus Gold in a deal that could pave the way for a merger with Polymetal to create a national gold mining champion, sources said.

Three sources close to the matter said retail boss Zelimkhan Mutsoyev and juice magnate Gavriil Yushvayev want to buy Mikhail Prokhorov's \$4 billion stake in London-listed Polyus, Russia's top gold producer.

The proposal has been brought to Britain's Takeover Panel, which seeks to determine whether the proposed buyers of the 38 percent stake are acting independently or form a "concert party" that would control more than 30 percent of Polyus, a level that would force a mandatory offer to buy out minorities.

Also under scrutiny is the buyers' relationship to tycoon Suleiman Kerimov, who owns 40 percent of Polyus and is, sources say, the prime mover behind a possible Polyus-Polymetal

merger.

If approval is forthcoming, the deal could be done in the first quarter, sources said, describing the review as a delicate process with an uncertain outcome.

"It's not approved, not final," said one source familiar with the process. Another added: "It all looks quite suspect to the regulator. That's why everything is shaking out this way."

The sources said Kerimov, a powerful businessman who enjoys good relations with the Kremlin, sees the deal as a springboard to building a national champion by merging Polyus with Polymetal.

An all-Russian merger would secure control over 77 tons of gold output a year, shoring up the country's financial security amid concern that indebted nations are waging "currency wars," which debase the value of paper investments.

Output at that level would roughly cover annual gold purchases by the Central Bank, which holds the world's fourth-largest gold and currency reserves. Its stockpile of nearly 1,000 tons of gold is worth 10 percent of its total hoard.

Industry watchers say, however, that gold mergers have a history of failing to create value. There are no obvious operational synergies between Polyus and Polymetal, whose main producing assets are thousands of kilometers apart.

Kerimov, a 46-year-old native of the North Caucasus republic of Dagestan, has plowed some of his \$6.5 billion fortune back into his home region as owner of the top-tier football club Anzhi Makhachkala.

Prokhorov, owner of the Brooklyn Nets basketball team in the U.S., placed third in last year's presidential election and has been looking to sell his Polyus stake to scale back his business interests as he focuses on politics.

His exit would drive a final nail into the coffin for hopes that Polyus might do an international merger.

No comment was available from either Prokhorov's investment holding, Onexim, or Kerimov's vehicle, Nafta Moskva.

Kerimov has a track record of bringing in Russian "minigarchs" to help execute deals without running afoul of takeover rules, and the proposed Polyus deal fits that pattern.

Mutsoyev is a 53-year-old lawmaker for the ruling United Russia party who started out as a dump-truck driver before going into business in the 1980s and building a fortune estimated by Forbes magazine at \$1.5 billion.

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