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Russia Moves to Nationalize Country's Third-Largest Gold Mining Firm

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Donat Sorokin / TASS

Russian authorities moved to nationalize one of the country's largest gold producers, the latest example of the Kremlin's wartime campaign to seize key private assets.

The case targets Yuzhnouralzoloto (South Ural Gold), the country's third-largest gold mining company, which is controlled by billionaire Konstantin Strukov, the deputy chairman of the Chelyabinsk regional legislative assembly and a member of the ruling, pro-Kremlin United Russia party.

The Prosecutor General's Office lawsuit, reported Thursday by the state-run TASS news agency, comes after Federal Security Service (FSB) agents raided the company's headquarters and sites linked to Strukov in the Chelyabinsk region.

Prosecutors allege that Strukov used his government position to illegally acquire control of Yuzhuralzoloto, which he had headed before entering politics. According to the suit, he reorganized the asset into a public joint-stock company, the Yuzhuralzoloto Group of

Companies (YUGK), and transferred ownership to close associates and his daughter Alexandra Strukova, who holds Swiss citizenship.

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While Yuzhnouralzoloto reported 25 billion rubles (around $320 million) in revenue from producing 10.6 metric tons of gold last year, it also posted a net loss of 7.2 billion rubles ($90 million).

A source cited by the RBC news website said Wednesday's FSB raids stemmed from allegations of environmental violations and unsafe industrial practices, particularly at mining sites in the Plastovsky and Etkulsky districts.

A law enforcement source told the Kommersant business daily that Yuzhnouralzoloto has been linked to six fatal workplace incidents in recent years, which the source said suggests "a negligent approach" to industrial safety.

The nationalization push reflects a growing trend in Russia as authorities seek to reassert state control over lucrative industries, especially those tied to natural resources. The move comes amid a post-invasion economic shift triggered by sweeping Western sanctions and a ballooning federal deficit.

In a March report to President Vladimir Putin, Prosecutor General Igor Krasnov said companies already nationalized were valued at 2.4 trillion rubles ($30 billion).

In 2024, the state assumed control of nearly 70 companies with total revenues exceeding 807.6 billion rubles ($10.2 billion) and assets valued at more than 544.7 billion rubles ($6.9 billion), according to The Moscow Times' calculations.

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