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Government Auction Fails to Sell Majority Stake in Gold Miner After No Bids Submitted

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The Russian government has scrapped its first attempt to sell the country's third-largest gold producer by auction nearly a year after nationalizing the company, the Interfax news agency reported Monday.

Authorities seized billionaire regional lawmaker Konstantin Strukov's stake in Yuzhuralzoloto Group of Companies (YUGK) and affiliated firms last July on allegations that he had illegally taken control of the company by using his position in government. The assets were valued at more than 162 billion rubles ($2.22 billion).

The auction to sell the 67.2% stake in YUGK was declared invalid after it failed to attract bidders during the May 8-15 submission window.

Its initial starting price was set at 140.4 billion rubles ($1.9 billion), with potential buyers

required to put down a 20% deposit to participate.

The government reportedly plans to announce a second "Dutch" auction to sell YUGK on May 26. The asking price could be cut by as much as half, to around 81 billion rubles ($1.1 billion), according to Interfax.

YUGK is the most high-profile nationalized asset to be put up for auction by the government after Moscow's Domodedovo Airport was bought by its rival Sheremetyevo for half of its asking price in January.

The Russian government has confiscated hundreds of private companies worth tens of billions of U.S. dollars since the full-scale invasion of Ukraine. Some analysts have described the string of wartime seizures as an "assembly line" that has dampened Russia's investment prospects and business sentiment.

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