
Polymetal acquires deposits in Kazakhstan

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The Moscow Times reported that Polymetal agreed to its first foreign acquisition by buying a Kazakh gold and copper deposit from Orsu Metals.

Polymetal will pay USD 8 million in cash for the Varvarinskoye deposit and a further sum of as much as USD 12 million, dependent on copper and gold prices. Polymetal has reached a preliminary agreement with lenders on restructuring the mine's debt and hedging obligations until 2013 and 2014. Orsu held USD 73 million in debt and gold forward contracts totaling 338,468 ounces with an estimated loss of USD 140 million.

Polymetal is buying deposits as smaller operators struggle to raise funds. Polymetal has this year announced the acquisition of the Goltsovoye silver deposit, the Sopka Kwartsevaya gold field from billionaire Lev Leviev and the Mayskoye gold deposit from Highland Gold Mining. The company said May 14th that it planned to sell new shares equivalent to as much as a quarter of outstanding equity to fund purchases.

Mr Vitaly Nesis chief executive said in the statement that the latest deal allows Polymetal to establish a foothold in Kazakhstan, which is the country we believe is ideal for the company's first expansion outside of Russia.

Polymetal said Varvarinskoye in northwestern Kazakhstan has probable gold reserves of 1.34 million ounces and copper reserves of 151 million pounds. In the Q1 the mine produced 13,599 ounces of gold and 1,743 tonnes of copper.

(Sourced from The Moscow Times)

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