

Miners Press State for Higher Threshold for 'Strategic' Gold

By [The Moscow Times](#)

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The government should raise its threshold for gold deposits classified as strategic to boost national reserves and production, mining executives said Thursday.

Russia passed a law two years ago that limits the holding of a foreign company in developments of Russia's biggest deposits of oil, natural gas, gold and other minerals. Fields with more than 50 metric tons (1.6 million troy ounces) of gold are considered strategic, requiring extra government approvals.

The 50-ton cap "needs to be raised," Petropavlovsk chief executive officer Pavel Maslovsky said at a Minex conference. "It's enough for about two years of production for an average company like us."

Petropavlovsk, which produced 486,800 ounces of gold last year, targets output of 1 million ounces by 2013, he said.

The government should raise the threshold fivefold to 250 tons and make converting exploration licenses into production permits easier, Polymetal chief executive Vitaly Nesis said at the same conference. Fewer non-Russian miners operate in Russia than in West Africa, while the national gold resource base fell from 8,400 tons in 2006 to 7,900 tons last year, Nesis said.

Listed companies invested \$3.6 billion in Russian gold production since 2007, Nesis said.

Petropavlovsk was the third biggest gold producer in Russia last year, after Polyus Gold and Kinross Gold's Kupol mine, according to the national Gold Producers' Union.

Kinross Gold aims to almost double global gold and silver output in five years on acquisitions.

Kinross plans to produce as much as 4.9 million gold-equivalent ounces of the metals in 2015 from about 2.7 million ounces this year, Lou Naumovski, the company's head in Russia, said at the conference.

Polymetal is considering three acquisition targets in Kazakhstan, including two gold mining licenses and one for copper, Nesis said. Polymetal is also studying gold deposits in Ukraine, Nesis told reporters.

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