

Russian steel baron snaps up Medusa stake

PETER KLINGER

Russian steel billionaire Alister Usmanov has grabbed a 12.3 per cent stake in emerging Perth gold producer Medusa Mining after a whirlwind two-week due diligence period.

Mr Usmanov's company, Gallagher Holdings, paid \$20.1 million to become Medusa's biggest shareholder after taking up a placement of 17.5 million shares at \$1.15 each. Gallagher was also issued with seven million options.

News of Mr Usmanov's investment sent Medusa's shares 4.3 per cent

higher to \$1.22. Medusa managing director Geoff Davis said he had not spoken directly with Mr Usmanov, but had been approached by the Russian tycoon's representatives earlier this month.

A Gallagher representative had since visited Medusa's assets in the Philippines. Medusa's key asset is the Co-O gold mine, which is scheduled to produce 10,000 ounces this quarter.

"It was a bolt out of the blue," Mr Davis said of Mr Usmanov's investment, adding that there were no plans to offer his newest shareholder a board

room seat. Mr Davis said Mr Usmanov was attracted to Medusa because of its high-grade deposits in the Philippines and a belief the Perth company was undervalued.

Medusa is Mr Usmanov's second foray into the Perth mining sector after he ploughed \$120 million into Mr Gibson and Mr Gibson's takeover target, Aztec Resources, late last year.

Mr Usmanov is also the biggest shareholder in London-listed Nautilus Minerals, which is targeting huge gold and copper deposits on the seabed off Papua New Guinea.

More and more Russian money has

been flowing into the State's mining industry.

Vladimir Lortch, another Russian billionaire, paid \$26.2 million for a 13.3 per cent stake in emerging gold miner Avoca Resources earlier this year and Noriaki Nickel is in the process of finalising its \$7.7 billion takeover of LionOre, the owner of WA nickel mines Black Swan, Lake Johnston and Waterloo.

Mr Usmanov's fortune is based on a controlling stake in Metalinvest Group, Russia's biggest iron ore producer and the country's third-biggest steel maker.

MEDUSA MINING

| | |
|----------------|------|
| \$ | 1.30 |
| L15 | |
| L05 | |
| 0.90 | |
| 0.75 | |
| 0.60 | |
| SOURCE: BARRIS | |
| Past year | |