

WFW ADVISES CHAARAT ON KAPAN ACQUISITION

31 OCTOBER 2018 • PRESS



WATSON FARLEY & WILLIAMS (“WFW”) ADVISED LONG-TERM CLIENT CHAARAT GOLD HOLDINGS LTD (“CHAARAT”) ON THE ACQUISITION BY ONE OF ITS WHOLLY-OWNED SUBSIDIARIES, CHAARAT GOLD INTERNATIONAL LIMITED (“CGIL”), OF KAPAN MINING AND PROCESSING CJSC (“KAPAN”), WHICH OWNS A MEDIUM-SIZED POLYMETALLIC MINE IN THE REPUBLIC OF ARMENIA, FROM PMTL HOLDING LTD. (“POLYMETAL”), A SUBSIDIARY OF POLYMETAL INTERNATIONAL PLC.

The consideration of US\$55 million (subject to net debt, working capital and other adjustments) is payable in cash save that US\$5 million of the consideration may be satisfied by the issue by Chaarat of US\$5million of convertible notes pursuant to its 10% secured convertible loan note instrument (“Convertible Notes”). Chaarat expects to fund the cash portion of the consideration through a new debt financing facility, its existing cash resources, and the proceeds of the previously announced Convertible Notes offering.

The acquisition is an important step in achieving Chaarat’s goal of building a leading emerging markets gold company with an initial focus on Central Asia and the FSU through organic growth and selective M&A.

The acquisition is conditional on (amongst other things) Chaarat shareholder approval, as well as approval by the State Commission for the Protection of Economic Competition of the Republic of Armenia and financing.

The WFW team advising Chaarat was led by Partner and Global Natural Resources Head Jan Mellmann, working closely with Corporate Partner Andy Savage, Associate Nicholas Connell, Tax Partner Tom Jarvis, Senior Associate David Jacob, as well as Senior Associates Georgina Don and Svetlana Sorokina-Wilson and Associates Kylie Gue, Edward Moore and Fred Neville-Jones.

Jan Mellmann commented: “We are delighted to have advised Chaarat on this acquisition, which will turn Chaarat cashflow-generative in a single step and represents an important first step in their M&A strategy. This demonstrates the ability of our natural resources/M&A team to help Chaarat execute deals quickly, diligently and on accretive terms”.

Jan and the team previously advised Chaarat on a series of placements of equity and convertible notes in 2017 and 2018 respectively to develop its Chaarat Gold Project.

RELATED CONTACTS



JAN MELLMANN
PARTNER • LONDON

T: +44 20 7814 8060

jmellmann@wfw.com



ANDY SAVAGE
PARTNER • LONDON

T: +44 20 3036 9802

andysavage@wfw.com

MEDIA ENQUIRIES



WILL SALOMONE

T: +44 20 3036 9847

media@wfw.com

DISCLAIMER

Watson Farley & Williams is a sector specialist international law firm with a focus on the energy, infrastructure and transport sectors. With offices in Athens, Bangkok, Dubai, Dusseldorf, Frankfurt, Hamburg, Hanoi, Hong Kong, London, Madrid, Milan, Munich, New York, Paris, Rome, Seoul, Singapore, Sydney and Tokyo our 700+ lawyers work as integrated teams to provide practical, commercially focussed advice to our clients around the world.

All references to 'Watson Farley & Williams', 'WFW' and 'the firm' in this document mean Watson Farley & Williams LLP and/or its affiliated entities. Any reference to a 'partner' means a member of Watson Farley & Williams LLP, or a member, partner, employee or consultant with equivalent standing and qualification in WFW Affiliated Entities. A list of members of Watson Farley & Williams LLP and their professional qualifications is open to inspection on request.

Watson Farley & Williams LLP is a limited liability partnership registered in England and Wales with registered number OC312252. It is authorised and regulated by the Solicitors Regulation Authority and its members are solicitors or registered foreign lawyers.

The information provided in this publication (the "Information") is for general and illustrative purposes only and it is not intended to provide advice whether that advice is financial, legal, accounting, tax or any other type of advice, and should not be relied upon in that regard. While every reasonable effort is made to ensure that the Information provided is accurate at the time of publication, no representation or warranty, express or implied, is made as to the accuracy, timeliness, completeness, validity or currency of the Information and WFW assume no responsibility to you or any third party for the consequences of any errors or omissions. To the maximum extent permitted by law, WFW shall not be liable for indirect or consequential loss or damage, including without limitation any loss or damage whatsoever arising from any use of this publication or the Information.

This publication constitutes attorney advertising.