

## WFW ADVISES CHAARAT ON KAPAN ACQUISITION

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**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



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