



## COMMODITIES NEWS

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## Canada's Nevsun Resources agrees to richer Zijin bid

By Susan Taylor



TORONTO (Reuters) - Canada's Nevsun Resources Ltd has agreed to a buyout bid worth C\$1.86 billion (\$1.41 billion) from China's Zijin Mining Group Co, the companies said on Wednesday, in a deal trumping Lundin Mining Corp's earlier hostile offer.

FILE PHOTO: The company logo of Zijin Mining Group Co Ltd, China's biggest listed gold producer, is displayed at a news conference following its annual results in Hong Kong, China March 29, 2016. REUTERS/Bobby Yip/File

Photo

Zijin, which also has ventures with Canada's Barrick Gold and Ivanhoe Mines, said it plans to rapidly develop Nevsun's high-grade Timok copper project in Serbia and extend the life of an Eritrean copper and zinc mine.

On Friday, Zijin emerged as the top bidder for a 63 percent stake in Serbian's RTB Bor copper complex, near the Timok deposit, after pledging a \$1.26 billion investment in the operation.

Vancouver-based Nevsun, which rejected multiple Lundin bids as inadequate, is recommending that shareholders accept Zijin's C\$6.00 per share cash offer, 26 percent above Lundin's C\$4.75 a share cash bid.

Lundin, which took its C\$1.4 billion bid directly to shareholders in July after earlier informal proposals were rejected, declined to comment on the matter.

Nevsun shares were up 17 percent in early trade at C\$5.80 on the Toronto Stock Exchange and Lundin shares added about 2 percent to C\$6.26.

"Although scarcity of copper development acquisition projects may entice Lundin to increase its offer, we believe Lundin is unlikely to proceed with a revised offer given the current price tag," Credit Suisse analyst Anita Soni said in a note to clients.

In August, Nevsun said it would consider all strategic alternatives, including alternative buyers and four proposals from mining and smelting companies for investments of up to 19.9 percent in the company.

Zijin's offer requires a minimum tender of two-thirds of Nevsun's shares and includes a \$50 million break fee for both companies if the deal does not consummate for various reasons.

Zijin has the right to match any competing offer.

BMO Capital Markets advised Nevsun on the deal while Morgan Stanley advised Zijin.

(\$1 = 1.3180 Canadian dollars)

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