

HD Australian miner PanAust rejects Guangdong Rising's \$1.4 bn bid

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WC 442 words

PD 14 May 2014

SN Domain-B

SC ATDOMB

LA English

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Australian **gold** and **copper** miner PanAust Ltd yesterday rejected an A\$1.5 **billion** (\$1.4 **billion**) takeover bid from **Chinese** state-owned Guangdong Rising Assets Management, saying that the offer undervalues the **company**.

Guangdong Rising, which holds 23 per cent in PanAust, had on 10 April tabled a confidential, non-binding, indicative and incomplete proposal to acquire all of the remaining shares for \$2.20 per share in cash by way of an off-market takeover offer.

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In subsequent discussions, Guangdong Rising revised its offer to A\$2.30 per share, a 46-per cent premium to the Brisbane-based **company**'s Monday closing price of A\$1.58.

The offer is conditional on **Chinese** and Australian regulators approving the deal, opportunity to conduct of due diligence and contingent on more than 50.1 per cent of PanAust shareholders tendering their shares to the offer.

PanAust said it advised Guangdong Rising that its offer price "remains materially below the level at which the board would be prepared to recommend," but has granted the **Chinese** shareholder to conduct due diligence.

PanAust is a Southeast Asia-focused **copper** and **gold** producer with a portfolio of organic growth projects in Laos and Chile.

Its producing assets are the Phu Kham **Copper-Gold** Operation and the Ban Houayxai **Gold**-Silver Operation located in Laos.

In Chile, PanAust owns the Carmen deposit and holds a majority interest in the nearby Inca de Oro **Copper-Gold** Project through a joint venture with Codelco.

PanAust's key growth activities in Laos include the KTL (formerly Phonsavan) **Copper-Gold** Project, and exploration and resource development within the Phu Kham district.

In November 2013, PanAust agreed to buy a majority **stake** in Glencore International's Frieda River **Copper-Gold** Project in Papua New Guinea.

PanAust expects to produce up to 75,000 tonnes of **copper** this year and 90,000 tonnes within five years when its development projects become operational.

The deal comes as **Chinese** resource companies vie for global **copper** assets. Last month, Glencore agreed to sell its Las Bambas Peruvian **copper** project to a **Chinese** consortium led by **China** Minmetals Corp for \$5.85 **billion** in cash. (See: Glencore Xstrata sells Las Bambas **copper** project to **Chinese** consortium for \$5.85 bn (/companies/companies_x/xstrata/20140414_chinese.html))

Last July, Rio Tinto sold its majority **stake** in the Northparkes **copper** mine in Australia to **China** Molybdenum Co, for \$820 **million**. (See: Rio Tinto to sell Northparkes **copper** mine to **China** Molybdenum for \$820 mn (/companies/companies_r/rio_tinto/20130730_molybdenum.html))

CO brucer : Panaust Limited | guramc : Guangdong Rising Assets Management Co., Ltd.

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AN Document ATDOMB0020140514ea5e00030