



Why Augusta Resource Corp. Shares Skyrocketed

Description

10% Promise Series

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of **Augusta Resource Corp.** (TSX:AZC) soared 25% today after **HudBay Minerals** ([TSX:HBM](#)) agreed to acquire the rest of the Vancouver-based miner that it doesn't already own for about \$540 million.

So what: The all-stock deal — 0.315 of a HudBay share for each Augusta share held — values Augusta at roughly \$2.96 per share and represents a premium of about 18% to its closing price on Friday. HudBay is making the move primarily to advance Augusta's Rosemont Copper deposit near Tucson, Arizona, but judging by its own stock's 5% pullback today, Mr. Market isn't exactly thrilled with the price management is offering to do it.

Now what: If accepted by Augusta, HudBay expects the transaction to be significantly accretive to its key per-share metrics. "The Offer presents a unique opportunity for Augusta shareholders to receive a substantial premium and participate in Hudbay's low-cost, long-life assets in mining friendly jurisdictions with world-class copper production growth," said HudBay CEO David Garofalo. "We strongly believe in the merits of this transaction and the benefits to both companies' shareholders."

So while Augusta's upside might be limited at this point, HudBay's *potentially* bolstered production prospects might be worth looking into.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:HBM (Hudbay Minerals Inc.)

2. TSX:HBM (Hudbay Minerals Inc.)

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