



## A New Twist in the Pursuit of Osisko Mining

### Description

When **Goldcorp** (TSX: G)(NYSE: GG) made a hostile takeover offer for **Osisko Mining** ([TSX: OSK](#)) back in January, it looked like the bid would be successful.

With the M&A market so dry in gold mining, it looked like Osisko would have trouble finding another suitor. Various people (including yours truly) said that with Osisko trading at a premium to Goldcorp's offer, investors should avoid Osisko's shares. It was a gamble not worth taking.

Those predictions turned out to be false. Today Osisko announced that **Yamana Gold** ([TSX: YRI](#))([NYSE: AUY](#)) will be taking a 50% stake in Osisko in a deal that values Osisko at \$7.60 per share. This is 10% above Osisko's closing price last night, and 22% above the value of the Goldcorp offer. In response, Osisko shares are up 8%, trading around the \$7.40 mark.

### So what happens next?

A week ago, I wrote an article that gave various reasons why Goldcorp [won't raise its bid](#). One of those reasons was the fact that there were no competing offers. Now that there is one, Goldcorp may be tempted to up its offer.

But there are still plenty of reasons why Goldcorp won't put in a competing bid. One of these reasons is the fact that Goldcorp likely has plenty of alternatives. Furthermore, Goldcorp is known to be very frugal, and likely will not want to enter a bidding war out of principle. And Osisko's share price seems to reflect this reality. The company's stock no longer trades at a premium to the latest offer price, which means investors are not counting on any more bids.

### Foolish bottom line

At this point, Osisko's shares are now trading based on the value of its actual operations, rather than speculation about more bids. So investors looking to bet on a rise in the gold price may want to consider holding shares of Osisko.

In the meantime, Osisko CEO Sean Roosen and his management team deserve a lot of credit for finding another buyer. They proved many people wrong, including me. And the company's

shareholders are undoubtedly thanking him for it.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. TSX:OSK (Osisko Mining)
3. TSX:YRI (Yamana Gold)

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