



## Why Fortuna Silver Popped and Lundin Mining Dropped on Monday

### Description

### What happened?

The shares of **Fortuna Silver Mines** ([TSX:FVI](#))([NYSE:FSM](#)) surged by 17% Monday to \$4.90 per share, making it the top gainer for the day among the **TSX Composite** components. On the flip side, **Lundin Mining** ([TSX:LUN](#)) stock was the worst performer on the main index, as it dove by 17% to \$8.87 per share. By comparison, the [TSX Composite benchmark fell](#) by 1% yesterday.

### So what?

Fortuna Silver is a Vancouver-based precious metals mining company with a market cap of about \$1.4 billion. On December 20, the company [announced](#) in a press release that Mexico's environmental ministry has granted a 12-year extension of the environmental impact authorization (EIA) at its Oaxaca-based San Jose Mine. This positive development came nearly a month and a half after Fortuna revealed its intentions to appeal against the environmental ministry's denial to extend the EIA due to a pending evaluation. The news of the EIA extension cheered investors, triggering a buying spree in FVI stock.

In contrast, Lundin Mining stock tanked sharply after it [announced](#) the acquisition of Josemaria Resources. Lundin is willing to acquire all of the issued and outstanding shares of the Vancouver-based mining company by paying an implied equity value of roughly around \$625 million.

After the deal, Lundin Mining expects to benefit from owning 100% of Josemaria's Argentina-based copper-gold project, which could deliver large-scale copper-gold growth. However, investors seemingly didn't see any big tangible benefit in the near term from this acquisition, which took Lundin Mining stock lower Monday.

### Now what?

It's important to note that FVI stock saw 26% value erosion in November, as investors feared its Mexican Silver mine's closure due to expired EIA. That's one of the reasons I don't find Fortuna stock overvalued at the moment, despite its yesterday's big rally.

Meanwhile, Lundin Mining's bid to acquire Josemaria Resources might not look like a great deal to many investors at first. Nonetheless, I expect the deal to pay off well in the long term by helping Lundin improve its financial growth trends. That's why long-term investors could take advantage of the recent drop in LUN stock to buy it cheap.

At the time of writing, the shares of Fortuna and Lundin are trading with 53% and 22% year-to-date losses, respectively.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. NYSE:FSM (Fortuna Silver Mines)
2. TSX:FVI (Fortuna Silver Mines)
3. TSX:LUN (Lundin Mining Corporation)

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## Date

2025/06/30

## Date Created

2021/12/21

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