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## HudBay shares jump on takeover speculation

*Monday, 27 Apr, 2009*

Reuters reported that shares of HudBay Minerals surged more than 6,3% last Friday on speculation that the company might be bought following a report that it had hired an investment bank to examine strategic options.

Mr Peter Jones CEO of HudBay said that the Winnipeg, Manitoba based miner has hired a bank to examine options that could include sale of the company or acquisitions of other miners.

Mr David Whetham a fund manager at Scotia Cassels said that HudBay's solid cash position makes it both an attractive target and a potential buyer.

Mr Whetham said that "It sounds like they're definitely looking to grow by acquisition but at the same time if somebody comes in with an offer it could go both ways."

He said that HudBay's copper smelter in Flin Flon, Manitoba could deter a potential buyer.

The smelter is expected to shut in the next few years as tighter emissions standards are phased in.

The Globe cited industry sources as saying that state controlled mining firms in China were potential suitors for the company.

Mr Jones began his second stint as HudBay's CEO last month after a failed attempt to take over fellow Canadian miner Lundin Mining prompted a shareholder revolt that forced the company's former board and management to step down.

Mr Jones's first turn as CEO ended when he was pushed out in January 2008 for not seeking acquisitions aggressively enough. He said in March that HudBay would try to expand through takeovers and may be open to overtures from larger players.

He was part of a slate put forward by shareholder SRM Global Master Fund, which wanted HudBay to distribute its war chest of approximately CAD 700 million to shareholders. He said that the company will only do that if attempts to expand through acquisition fail.

The company also said in March that it had had discussion with third parties concerning a possible sale of the company but no discussions were underway at that time.

(Sourced from Reuters)

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