

Although Reservoir accepted the Nevsun offer, the latest corporate presentation on its website supports the view that Nevsun's offer undervalues Reservoir as does a very well-done video on the website.

Nevsun's offer for Reservoir Minerals undervalues Reservoir.

Now there is a twist in the saga and a rival proposal from Xiangyuang Copper.

It is possible that Nevsun will sweeten its offer.

Fund Manager Adrian Day has said that while Nevsun's acquisition of Reservoir Minerals would be a great deal for Nevsun and would create a new, well-financed, mid-size base metals company, the offer undervalues Reservoir. Day discusses a rival proposal that has just come forth:

I have stated that I believe the Nevsun Resources Ltd. offer for Reservoir Minerals Inc. undervalues the company and its assets, just as did the prior Lundin purchase of part of Freeport's interest in the joint venture. Now there is a twist in the saga and a rival proposal. In an advertisement in the June 3rd Toronto Globe and Mail newspaper, Jing Bao, a Hong Kong-based investment group, discussed a proposal made by Xiangyuang Copper, which owns one of the largest and most modern smelters in the world. Both Jing Bao and XGC are long-term significant shareholders of Reservoir.

New suitor makes its case

The advertisement points investors to a website, which makes several points:

Having exercised its right-of-first-offer - albeit with a loan from Nevsun - Reservoir now owns 100% of the upper portion of the deposit and a majority of the porphyry.

Reservoir's recent preliminary economic assessment values the upper portion of the deposit alone at US\$1 billion at today's depressed copper price.

XGC states it has submitted an alternative offer to Reservoir; the term sheet includes a US\$80 million private placement underwritten by XGC and a \$50 million loan; this would enable Reservoir to repay Nevsun's loan as well as provide funds for development of the project.

The website urges investors to vote "no" on Nevsun's offer. That would allow the XGC offer to proceed.

source: seekingalpha.com