

# Gold Fields not willing to revise its bid for Yamana

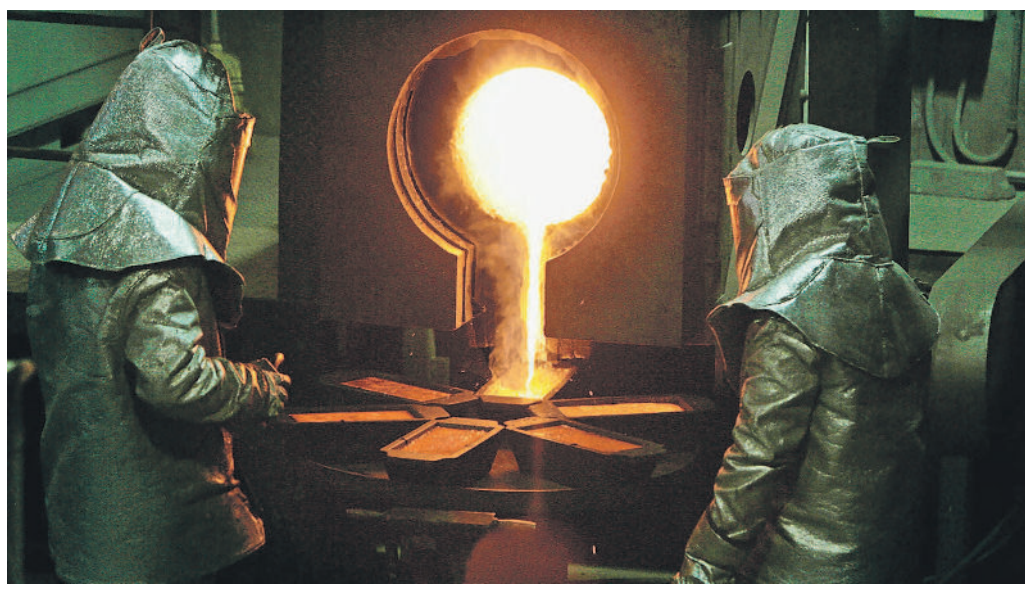
South African company says its original offer is strategically superior to those who bid higher

NIALL MCGEE  
MINING REPORTER

**Gold Fields Ltd.** is steaming ahead on its mission to buy **Yamana Gold Inc.**, despite two other big precious-metals companies emerging with a substantially higher offer for the Canadian gold and silver miner.

**Agnico Eagle Mines Ltd.** and **Pan American Silver Corp.** on Friday topped the Gold Fields equity-only offer, with a cash and stock proposal worth US\$4.8-billion. The proposal is a 23-per cent premium to Yamana's market value, before the deal was announced, and 15 per cent higher than Gold Fields's earlier offer for Yamana was worth.

Despite being outgunned, South Africa's Gold Fields said in a release on Friday that its original offer is strategically superior with "lower operational and execution risk," given the company's robust free cash flow, strong balance sheet and technical prowess. Gold Fields said it will continue to work toward closing the transaction, despite the negative reaction it got in the market.



The offer Gold Fields Ltd. made for Yamana Gold Inc. in May was poorly received, with Gold Fields shares down around 40 per cent in the interim. VICTOR RUIZ CABALLERO/REUTERS

Its May offer for Yamana was poorly received, with Gold Fields shares down around 40 per cent in the interim, and Yamana's shares trading at a roughly 7-per cent discount to the offer. Two of Gold Fields's biggest shareholders had denounced its 42-per cent premium offer as making no sense strategically.

RWC Partners Ltd. (Redwheel) said in June that Gold Fields should abandon its pursuit of Yamana because the acquisition was far too expensive. Earlier this

week, in another plea to Gold Fields, Redwheel said the miner should do a major share buyback, instead of buying Yamana.

John Malloy, co-head of the emerging and frontier markets team at Redwheel, said in an interview on Friday that he was happy to see another bid surface for Yamana. Gold Fields now had an out that allowed the miner to "gracefully exit" the transaction, he added. When asked what his reaction would be if Gold Fields eventually elects to top the bid

from Agnico and Pan American, he replied: "They'd have a big problem with all their shareholders."

Under the new proposal unveiled on Friday, Yamana shareholders are set to receive US\$1.0406 a share in cash, 0.0376 of an Agnico share, and 0.1598 of a Pan American share for each security held. Gold Fields had offered 0.6 of its shares for each Yamana share.

If the new deal succeeds, Agnico would buy the 50 per cent it

doesn't already own in the Malartic mine in Quebec from Yamana, as well as its other operations in Canada. Pan American would buy the rest of Yamana's assets, which includes four gold and silver mines in South America.

Last week, The Globe and Mail reported that before entering exclusive talks with Gold Fields, Yamana had engaged in M&A discussions with Agnico. Agnico had originally entertained buying the whole of Yamana, but ultimately decided it only wanted to buy certain assets, including its share in Malartic. Agnico and Yamana have been joint-venture partners in the massive Quebec mine since 2014.

Yamana shareholders vote on the Gold Fields deal on Nov 21, with at least two thirds of votes cast needed for success. Gold Fields shareholders vote the day after, with the company needing to obtain 75 per cent of votes cast for the deal to pass.

If Gold Fields falls short in its quest to buy Yamana, it will be paid a deal break fee of US\$300-million by Yamana.

Shares in Yamana soared Friday on the New York Stock Exchange by 20 per cent to close at US\$4.89 apiece. Agnico's NYSE-listed shares closed up 5.7 per cent to US\$43.45 apiece, while Pan American shares fell by 4.3 per cent on the Nasdaq to US\$14.63 each.

## Friends establish scholarship in honour of Winnipeg's first and only female mayor

PAUL WALDIE

**The organizers:** friends and colleagues of former Winnipeg mayor Susan A. Thompson

**The pitch:** Raising \$300,000

**The cause:** To fund scholarships at the University of Winnipeg to promote women in leadership

Women have taken leadership positions at every level of Canadian politics, but it is still often a struggle. In Winnipeg, the city has had only one female mayor in its 149-year history. Susan Thompson served two terms from 1992 to 1998.

It was not an easy time. During her tenure, the city experienced



The scholarship will be awarded to a female student at the University of Winnipeg with a good academic record and an interest in leadership in their chosen field. SHANNON VANRAES/GLOBE AND MAIL

devastating floods and lost its beloved National Hockey League team, the Winnipeg Jets (although Ms. Thompson always vowed the club would return, which it did in 2011).

After her political career ended, Ms. Thompson took up leadership roles in philanthropy and became chief executive of the University of Winnipeg Foundation.

In honour of the 30th anniversary of her election as mayor, a group of friends and former colleagues have raised \$300,000 to fund the Susan A. Thompson Scholarship for Women in Leadership at the university.

"She has a building at city hall named after her but this is really something that is a lasting legacy," said Sanford Riley, chief executive of Richardson

Financial Group Ltd. who chairs the university's foundation and has contributed to the scholarship fund. "I have a huge amount of respect for what she did in the face of the kind of challenges that she had. She was a real pioneer."

Mr. Riley said the group started with a goal of raising \$200,000 but quickly surpassed that amount and the final tally could go higher. The first scholarship is expected to be awarded next year and it will go to a student with a good academic record who also has leadership aspirations in any field. "We want to encourage women who have ambitions to just step forward and be leaders. And in whatever field they pick," he said.

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## Telus raises quarterly dividend as third-quarter profits are up from last year

ADENA ALI

**Telus Corp.** raised its dividend as it reported a profit of \$551-million in its latest quarter, up from \$358-million in the same period last year.

The telecommunications company saw the strongest customer gains in more than a decade, with net wireless up 150,000 or 11 per cent from the same quarter last year. Its wireline customers were also up, with 73,000 net additions.

"We've really focused on bundling of our products with our other high-value services. And we've seen a significant amount of immigration in Canada. So a lot of our loading has been down those paths," Telus CFO Doug French said in an interview.

He didn't say whether Rogers Communications Inc.'s service outage in July helped drive some of the customer growth.

Meanwhile, Telus saw internet net additions of 36,000, a decrease of 10,000 over the prior year.

The company said the decrease was owing to "modestly higher churn," and said inflationary pressures have consumers rethinking some purchasing decisions. The company saw TV net additions of 18,000, an increase of 8,000 over the prior year.

Telus Health services revenue increased by \$95-million or 73 per cent in the third quarter, driven by the acquisition of LifeWorks - formerly Morneau Shepell - on Sept. 1, 2022 and the continued adoption of virtual care.

"The integration [of LifeWorks] is going very well. We closed the deal about two months earlier than we had anticipated by getting early regulatory approval," Mr. French said.

"I would say it's an early start, a good running start, and some early revenue opportunities."

With recession risks looming

and continuing inflationary pressures, Mr. French said the company is confident in its diversified portfolio.

"We built assets that are relevant and important to not just Canadians, but a lot of our customers around the world. And when you look at health care, agriculture, connectivity, and you look at the fact that we roll out all of our spectrum to rural Canada where connectivity is needed the most, those services are required in all times, including in a recessionary period," he said.

However, the company's digital consulting business, Telus International, warned of revenue headwinds in the fourth quarter driven by "softer than expected client demand and longer sales cycles" reflecting the impact of prolonged macroeconomic uncertainties.

Telus said its profit amounted to 37 cents a share for the quarter ended Sept. 30, up from 25 cents a share a year ago.

Operating revenue and other income rose to \$4.67-billion compared with \$4.25-billion in the same quarter last year.

On an adjusted basis, Telus said it earned 34 cents a share in its latest quarter, up from 29 cents a share last year.

Analysts on average had expected an adjusted profit of 32 cents a share, according to estimates compiled by financial markets data firm Refinitiv.

Telus said it will now pay a quarterly dividend of 35.11 cents a share, up from 32.74 cents a share.

Desjardins analyst Jerome Dubreuil said in a note to clients that the recent acquisitions of LifeWorks and U.S. tech company WillowTree doesn't appear to be preventing Telus from distributing capital back to shareholders and views the company's dividend increase "positively."

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