

Will 2019 be the year of mining mergers and acquisitions?

At the beginning of every new year there is always speculation on what the year is going to bring. Given the current low valuations across the mining sector, will 2019 be the year of mining mergers and acquisitions (M&As)?

Newmont buys Goldcorp

Even though we are just one month into 2019 the biggest news for January has to be Newmont Mining Corp. buying rival Goldcorp Inc. in a deal valued at \$10 billion. This will create the world's largest gold miner and cements a return of M&A to the gold industry.

Barrick Gold buys Randgold Resources

The biggest deal in the gold mining industry's history comes just three months after [Barrick Gold Corp's](#) move to buy Randgold Resources Ltd. in a \$5.4 billion transaction.

These two huge gold deals have the potential to spark investor interest after the industry lost favor following recent years of lackluster gold prices, bad investments, poor deals, and in some cases poor management. Are gold mining companies now turning to M&A as a way to kick-start growth and secure mine reserves after a decade of cutting back on exploration spending? It's not just huge gold mines but even the junior miners that could make 2019 the year of M&A.

Smaller mining M&A deals will be very common in 2019

The following companies are also already a part of the 2019 M&A trend.

[CBLT Inc.](#) (TSXV: CBLT) [announced](#) on January 21, 2019 it was the winning bidder for a portfolio of mining assets. The assets are all located in Canada and all have been explored to some degree. One of the assets, Northshore Gold is in the world famous Hemlo Gold Camp that boasts an indicated resource of 391,000 ounces gold in 12,360,000 tonnes at a grade of 0.99 g/t gold. CBLT has been advised by [GTA Resources and Mining Inc.](#) (TSXV: GTA) that GTA has not been able to reach acceptable terms with any other bidder for GTA's portfolio of mining assets and as a result GTA intends to close on the CBLT agreement.

It's just not gold that's got M&A fever – How about lithium, cobalt, and nickel?

Just last month Tianqi Lithium bought into SQM outlaying US\$4.1 billion, while Albemarle (ALB) paid US\$1.15 billion for half of Mineral Resources (ASX: MIN) Wodonga Lithium Mine. Prior to that POSCO paid US\$280 million for [Galaxy Resources Limited](#) (ASX:GXY) northern lithium tenements in Sale De Vida Argentina. In yet another recent lithium deal partners Ganfeng Lithium and Mineral Resources agreed to buy out [Neometals Ltd.](#) (ASX:NMT) share of the Mt Marion Lithium Mine. Also in January PlusPetrol announced it has entered into a definitive arranged agreement to acquire LSC Lithium. PlusPetrol is a private, independent, international company in the exploration and production of oil and gas. Here is another fossil fuel company looking to join the green energy trend. Bangchak Petroleum was another when they bought into Lithium Americas (LAC) in 2017.

In January Cobalt 27 announced a friendly acquisition of Highlands Pacific to create a leading high-growth, diversified battery-metals streaming company. The acquisition of Highlands will allow Cobalt 27 to gain a direct interest in the Ramu nickel-cobalt mine and materially increase its attributable exposure to the mine's nickel production from 27.5% to 100% and cobalt production from 55% to 100%. Under the terms of the Scheme, Cobalt 27 will acquire all of the issued ordinary

shares of Highlands that it does not already own.

Although only one month has passed in 2019, it has been a rapid fire month for mining M&A's. Who might be next? Certainly there are a number of very cheap junior miners, and the mining sector is ripe for consolidation. A few names come to mind as being very well valued such as [Eastmain Resources Inc.](#) (TSX:ER | OTCQX:EANRF), [Getchell Gold Corp.](#) (CSE: GTCH), and most of the lithium/cobalt/nickel/copper juniors with a good size and grade resource, and safe location.

Bigger miners know it is often easier to purchase, acquire, or merge with existing projects to build a portfolio as it is much cheaper and quicker, especially if timed correctly. We have already seen two massive deals done recently in the gold industry, so it looks a good bet we will see a lot more M&A action in 2019.