

**HD Golden Opportunity: Mining Sector Drives Canadian M&A Revival**

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The latest M&A trends indicate a renaissance in the mining sector with gold activity placing Canada at the forefront, both as a top acquirer and a top target. According to a recent KPMG MiningM&A Quarterly Newsletter, global M&A activity in the mining sector soared in Q2 2014, up significantly in both deal volume and value from Q1 2014. Australia, China, and Indonesia are among the top contributors to M&A activity in the iron ore, mineral sands, and copper sectors, but Canada takes the top spot for the quarter by a large margin, owing primarily to gold deals.

Global M&A soars

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At the global level, M&A transaction value in the mining sector rose by over 300% in Q2 2014 to \$9.8 billion, up from \$2.9 billion in Q1 2014. Of the 23 transactions announced in Q2, three exceeded \$1 billion in value.

Gold leads the pack

Gold deals represented 58% of global M&A deal value in the mining sector in Q2. Copper and coal trailed by a wide margin, coming in second and third at 14% and 10%, respectively. Domestically, gold represented an even larger percentage of transactions, coming at 85% of all miningM&A deals in Q2 2014. Second and third in Canada went to copper at 15% and uranium at 1%. On the basis of relatively constant gold extraction costs, analysts are forecasting an imminent increase in the price of gold, creating even more buzz for the mining sector.

Canada goes for gold

Canada's domination of gold activity in Q2 2014 is undeniable: twelve Canadian gold transactions valued at \$4.6 billion were announced, accounting for nearly half of the global mining deal value in this period. Additionally, every global gold deal above \$200 million was Canadian. According to Financial Post Data, 2014 has seen over 40 Canadian mining deals to date valued at over \$7 billion.

Golden opportunity

The significant climb in mining equity indices and gold and copper prices at quarter-end, combined with energetic levels of Canadian M&A activity in the mining sector, as well as the emergence of China as a global deal participant, indicate a significant uptick in this sector and the potential lead-in to a genuine revival.

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