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Financing a Changing Metals Landscape

Mining & Exploration Equity Financings Data Analysis, 2018-2023

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Amidst geopolitical upheaval, widespread war, sticky inflation, and general market malaise, hard commodities are coming into a focus for a wider and wider base of investors. Those paying attention recognize that we are in a sea change moment for global culture, and that metals will be a key factor in securing the future we all hope for.

At PrivatePlacements.com, where we track every Canadian private placement, every day, we're firm believers in the fact that financing data can be instructive for investors hoping to reap returns from the surge in metals investment. As always in the investing world, knowledge is profit, which is why we've put together this detailed analysis on equity financing data for four keystone metals for the coming decade: gold, uranium, lithium, and silver.

Inside, we cover shifts in financing dollars from 2018-2023 for gold, silver, uranium, and lithium, broken up into brokered and non-brokered deals, and compare it to shifts in the commodity price over the same period. Each section includes a brief analysis and takeaway for curious investors and issuers.

We hope you find the wealth of data inside useful, informative, and interesting—we know we have.

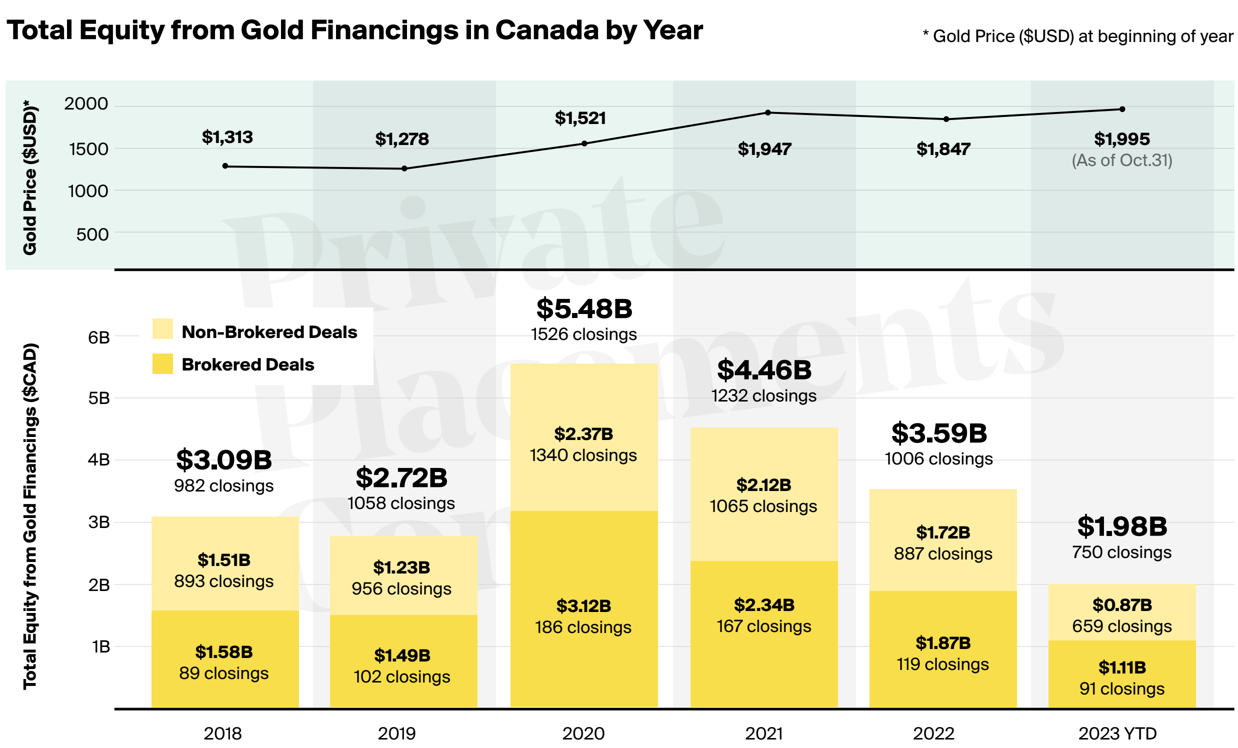
Gold Financings

For the past few years, equity financings for gold companies have been often decoupled from the gold price. While we can see a vague trend whereby financing dollars increase or decrease roughly following fluctuations in gold's spot price, that relationship doesn't hold up in 2021, and even less so in 2023.

Though a relationship between the price/popularity of gold and financing activity does sometimes exist. Most prominently, financing activity peaked in 2020, as COVID-19 wreaked havoc on the markets and gold regained much of its shine.

But weirdly, it's looking like **2023 may end up being the slowest year for gold equity financings we've seen in a long time**. If we extrapolate 2023's $1.98 billion raised year-to-date to the end of the year, we can expect just $2.36 billion by the end of the year on 895 closings. This is interesting, considering that the price of gold currently sits extremely close to its all-time high of US$2,050 per ounce, and above the closing price at the end of 2020.

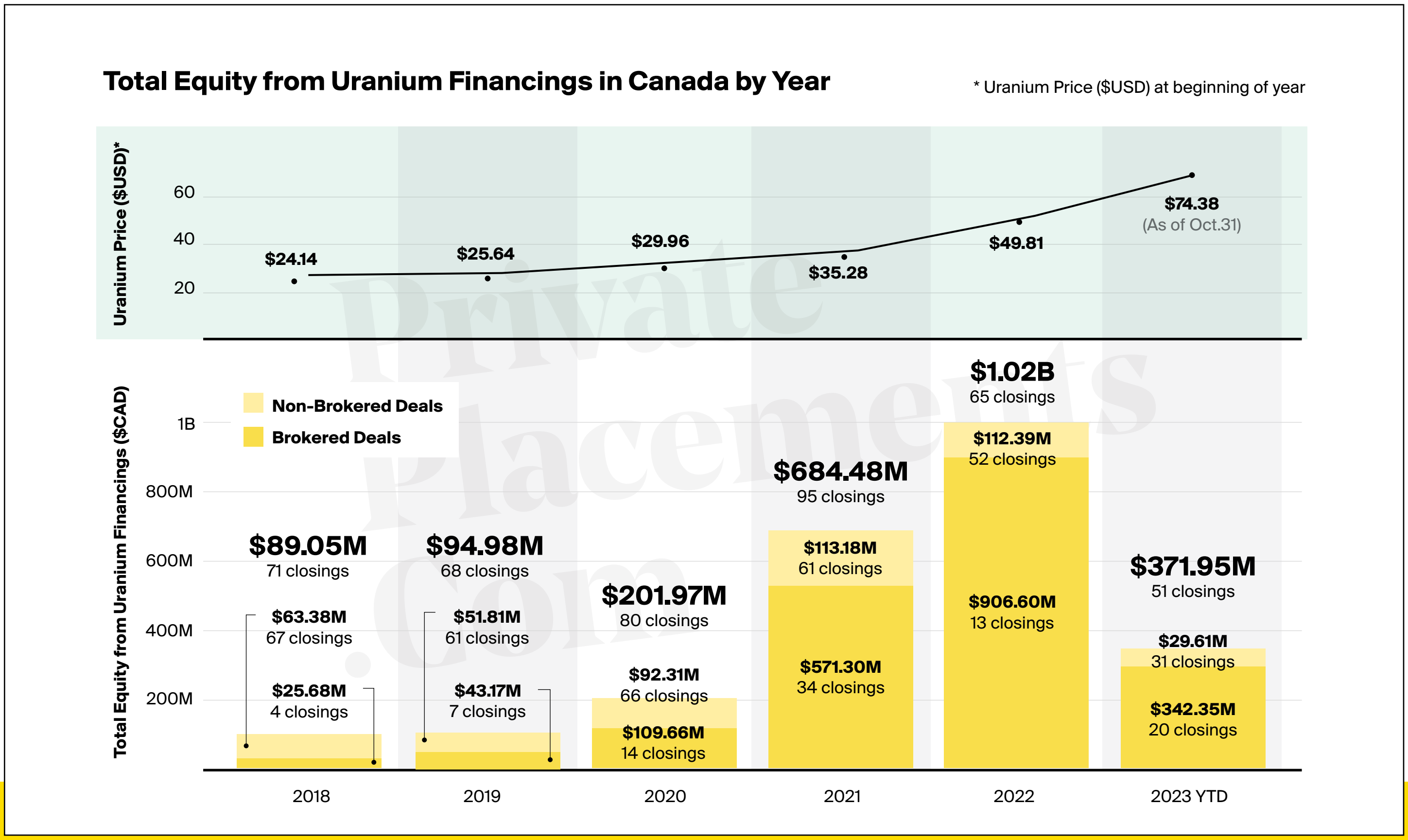
We believe this is due to the simple fact that currently, gold companies are vastly underperforming the gold price. From our standpoint, plenty of upside remains for gold explorers and producers.



Uranium Financings

Uranium prices lay dormant for much of the 2010s, and as a result, uranium financings lagged as well. As uranium production projections were massively slashed in the wake of COVID-19, it quickly became clear that further production will be needed to address undersupply and underinvestment, resulting in a much more active financing market year over year.

Now, uranium is experiencing a massive resurgence, with Cameco's CEO Tim Gitzel cheering "best ever market fundamentals," though it seems the financing market hasn't yet caught up. This may be due to general market malaise in 2023, or it could simply be ready to spin up—or 2023 could just be a strange outlier financing-wise as uranium takes off.

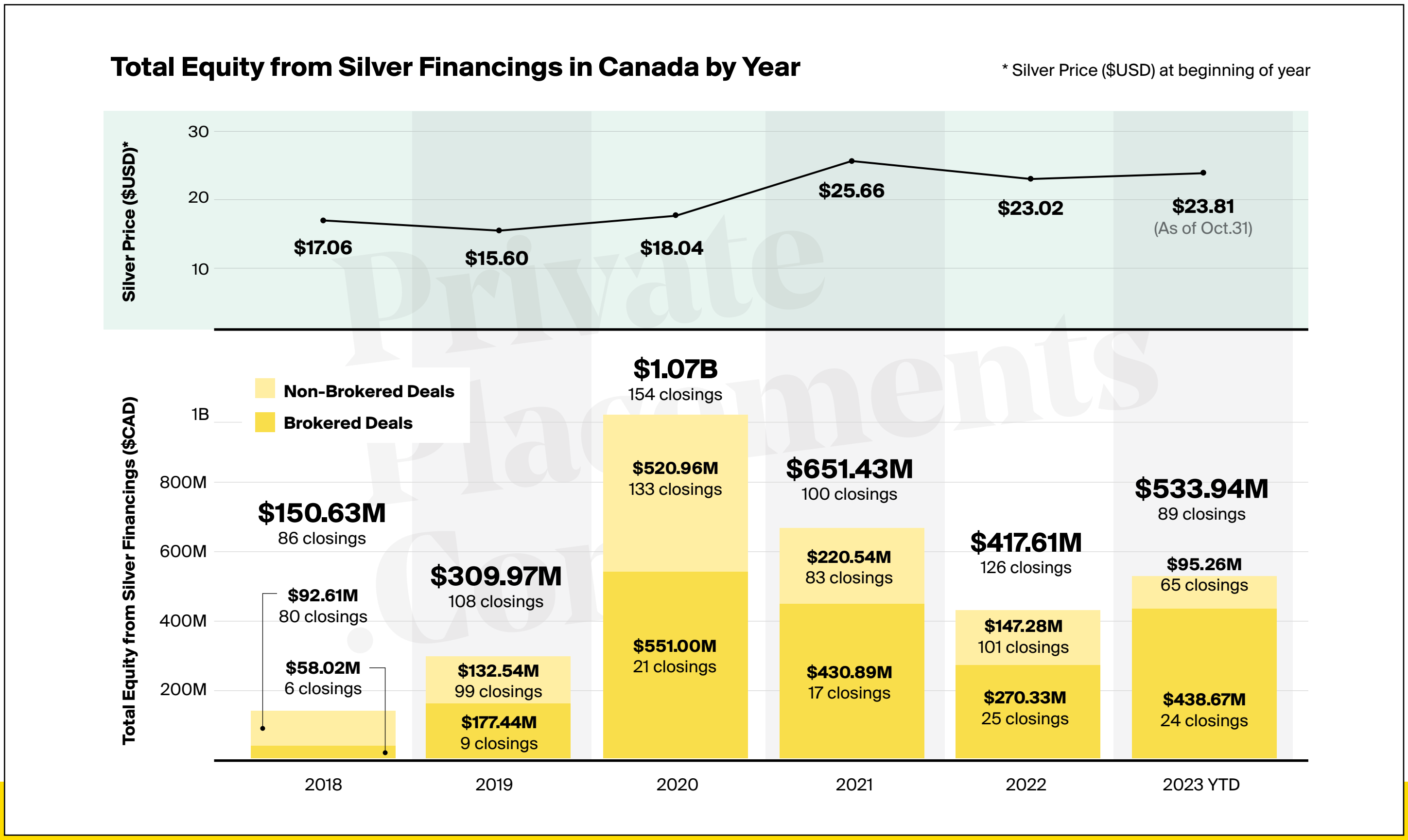


Silver Financings

Silver was relatively unpopular for much of the 2010s, until the beginning of the COVID-19 pandemic in 2020 flooded investors into safe-haven assets. It should be no surprise that the silver financings chart more or less follows the ups and downs of the gold financings chart; however, 2023 is an exception.

Despite the price of silver standing today far lower (-53%) from its all-time high compared to gold (-3%), the silver financing market is poised to outperform 2021 and 2022, whereas gold is positioned to far underperform previous years.

Silver bulls argue that our current moment looks like 2000, when the dot-com bubble burst and mining companies, previously down, experienced a resurgence. With tech lagging and the general market struggling, it's not hard to see the analogues, though whether such a trend is in the cards remains to be seen.



Lithium Financings

Lithium prices had a strong year in 2018, as the electrification of industry began to hit its swing, but then plummeted in following years. Financing dollars followed that trend. That is, until 2020, when lithium prices absolutely exploded, jumping over 500% as electrification really took off, and the market began to realize that we were undersupplied.

Like every other category on this list, lithium financings hit a fever pitch in 2020, as the silvery metal became part of the mainstream commodity story and private placements became a particularly attractive avenue for exploration and mining companies.

Since its 2020 peak, lithium carbonate prices have lost about half of their tremendous gains, and financings have more or less followed, with a notable uptick this year. Either way, the story still remains compelling. As with uranium, it seems that lithium will be required as the world turns from fossil fuels to more sustainable electrical sources, and we appear to be vastly undersupplied.