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Financing a Changing Metals Landscape

Mining Equity Private Placements Data Analysis, 2018-2023

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info@privatepacements.com
privatepacements.com

The market for metals is in flux. Even as the market throws up strong signs of recovery, with a number of rate cuts expected for this year, fears of recession still loom in the background.

However, with the macroeconomic story less dominant than it was amid the COVID economies of 2020-2022 and the runaway inflation of 2022 and 2023, it's looking like the fundamentals behind many metals are returning to the forefront of the discussion. Supply squeezes are moving the needle on lithium and especially uranium, while gold continues to linger near its all-time high, silver lags behind, and producers scramble to meet the ongoing surge in copper demand.

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: uranium, lithium, gold, silver, and copper.

Gold Financings

For the past few years, equity financings for gold companies have often been 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.

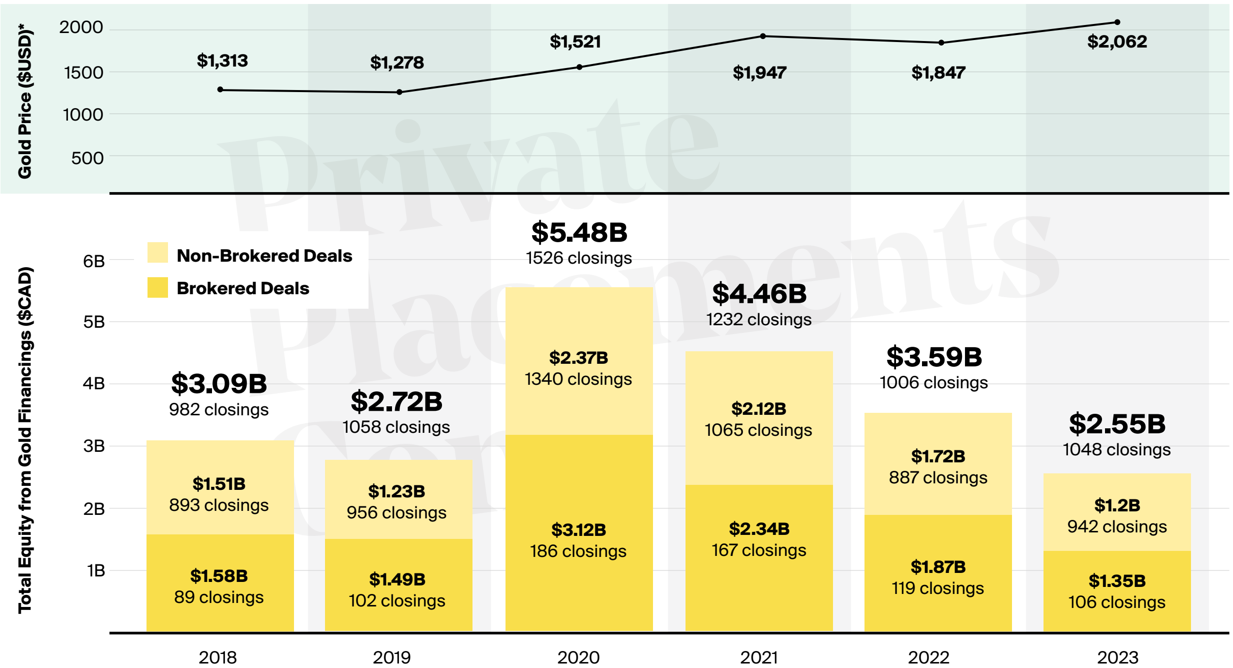
Though a relationship between the price/popularity of gold and financing activity does sometimes exist. Most prominently, financing activity peaked in 2020, as COVID-19 wreaked havoc on the markets and gold regained much of its shine.

Still, **2023 ended up the slowest year for gold equity financings in a half-decade or more.** This is interesting, considering that the price of gold currently sits close to its all-time high of US$2,135.39 per ounce, reached in December, 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.

Total Equity from Gold Financings in Canada by Year

* Gold Price ($USD) at beginning of year

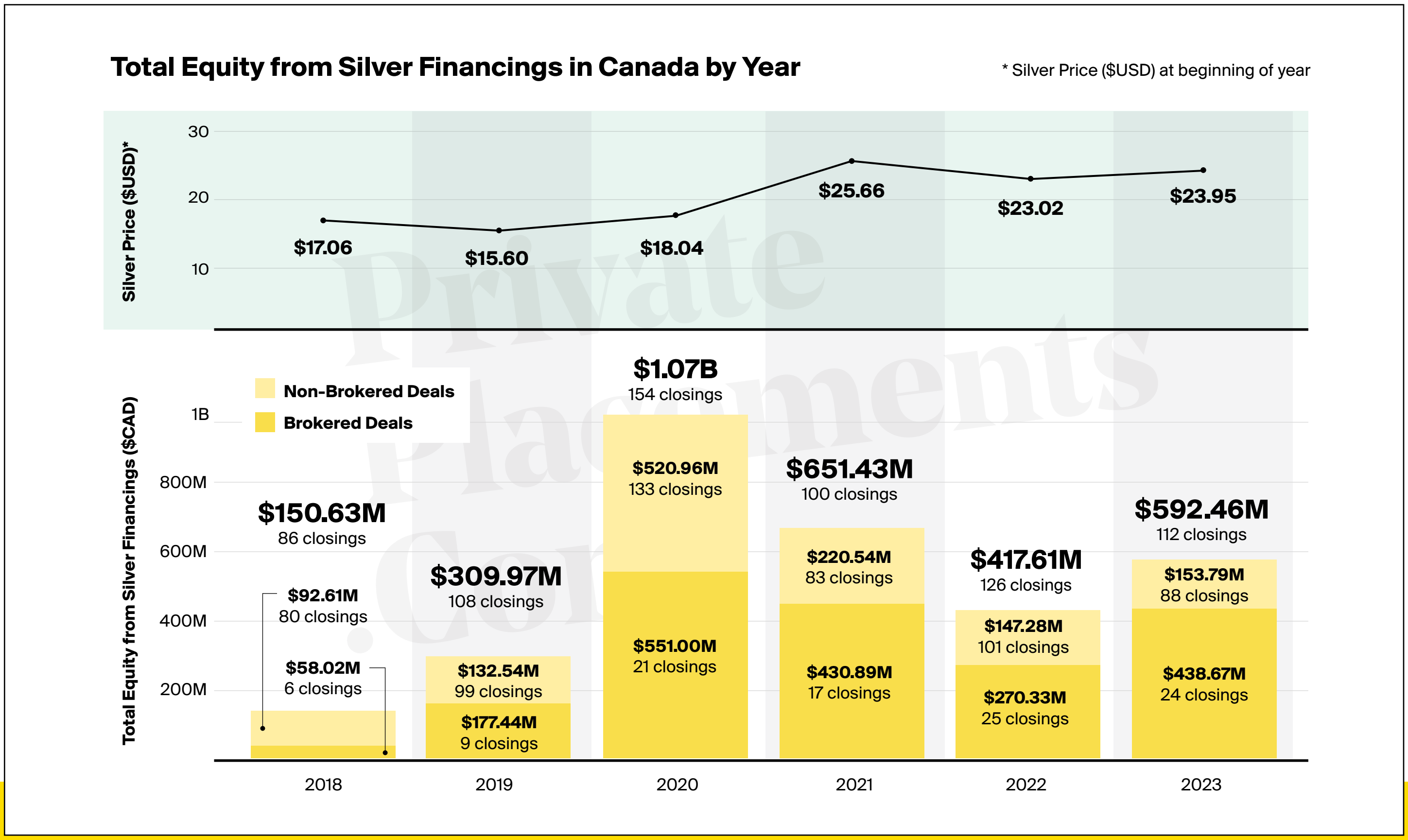


Silver Financings

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 to this trend.

Despite the price of silver standing today far lower (-53%) from its all-time high compared to gold (-5%) for most of last year, the silver financing market outperformed 2022 in 2023. As you can see, the chart more or less follows the price fluctuations in silver year-over-year, or at least 2021 onward.

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 surge is actually in the cards remains to be seen.

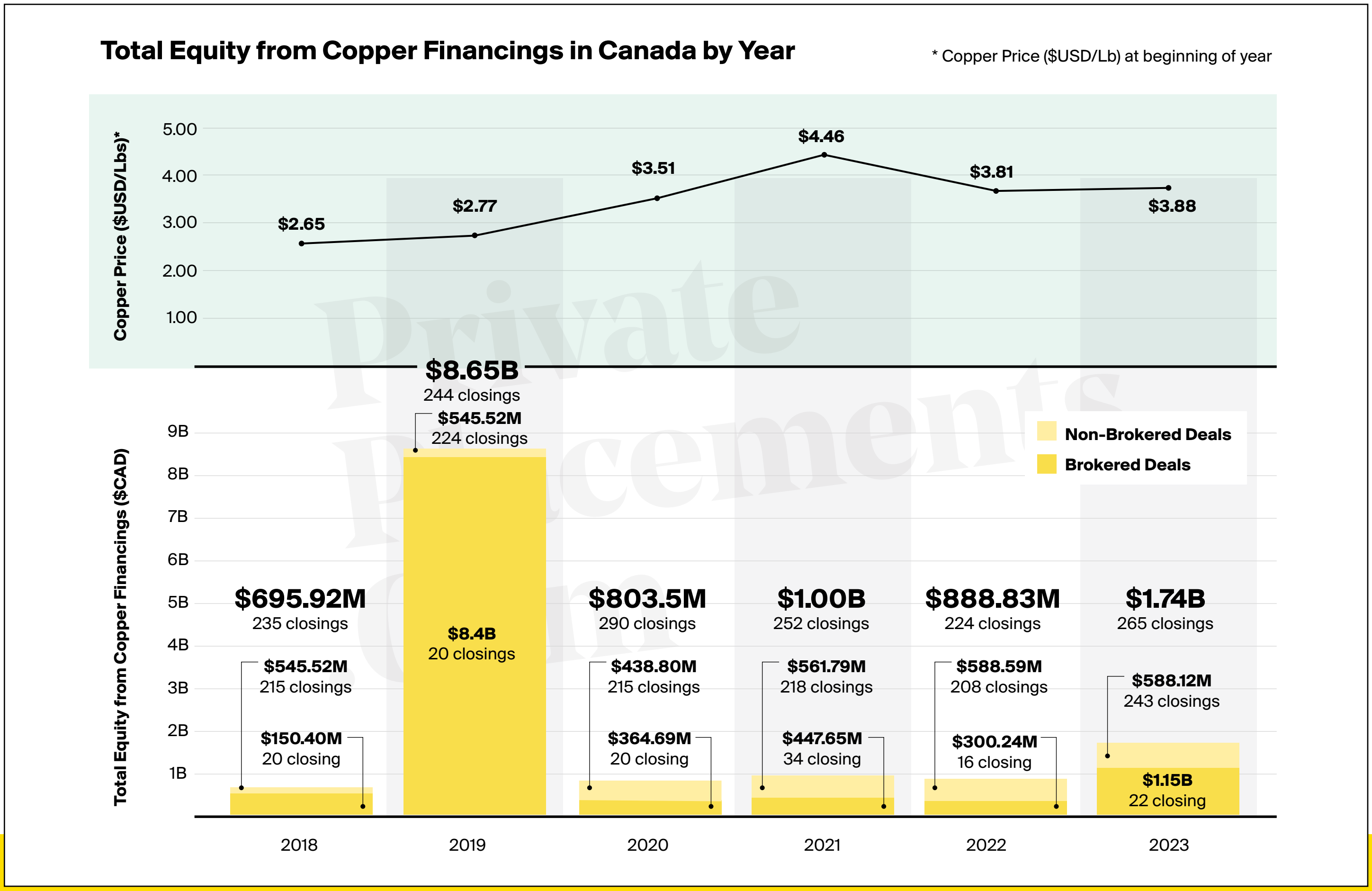


Copper Financings

The copper financing chart is perhaps the most dramatic of all, with an absolutely explosive spike in 2019, outstripping the runner-up (2023) by a full 397%.

If you look at the number of closings, however, it's clear that the outsized surge was due to a small number of large financings, rather than some big overarching trend.

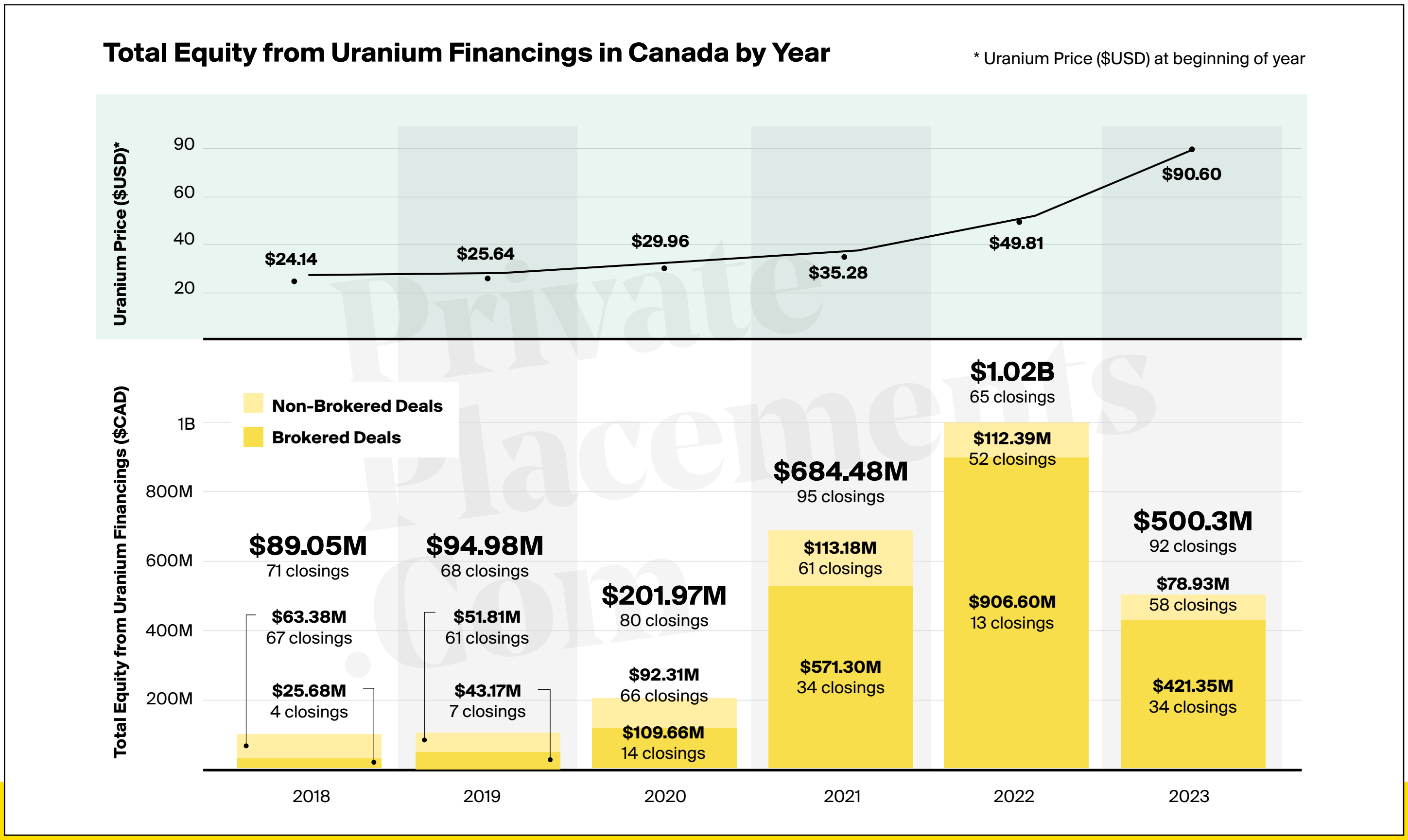
Copper has an interesting 2024 ahead of it. China continues to demand huge quantities of the refined copper, especially for its solar ambitions—but it also feeds an oversupplied market. Meanwhile, mine closures are likely to place stresses on the copper concentrate market, and the worldwide energy transition continues apace.



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," Kazatomprom reporting a production shortfall, and a vast undersupply problem rising in the market, though of course the financing market hasn't yet caught up. seems the financing market hasn't yet caught up.



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 almost every other category on this list, lithium financings hit a fever pitch in 2020 (showing up in the 2021 chart), as the silvery metal became part of the mainstream commodity story in the midst of the COVID economy, and private placements became a particularly attractive avenue for exploration and mining companies.

Since its 2020 peak, lithium carbonate prices have most of those 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.

Total Equity from Lithium Financings in Canada by Year

* Lithium Price ($USD) at beginning of year