NAVIGATING UNCERTAINTY: MINERAL FINANCE 2025

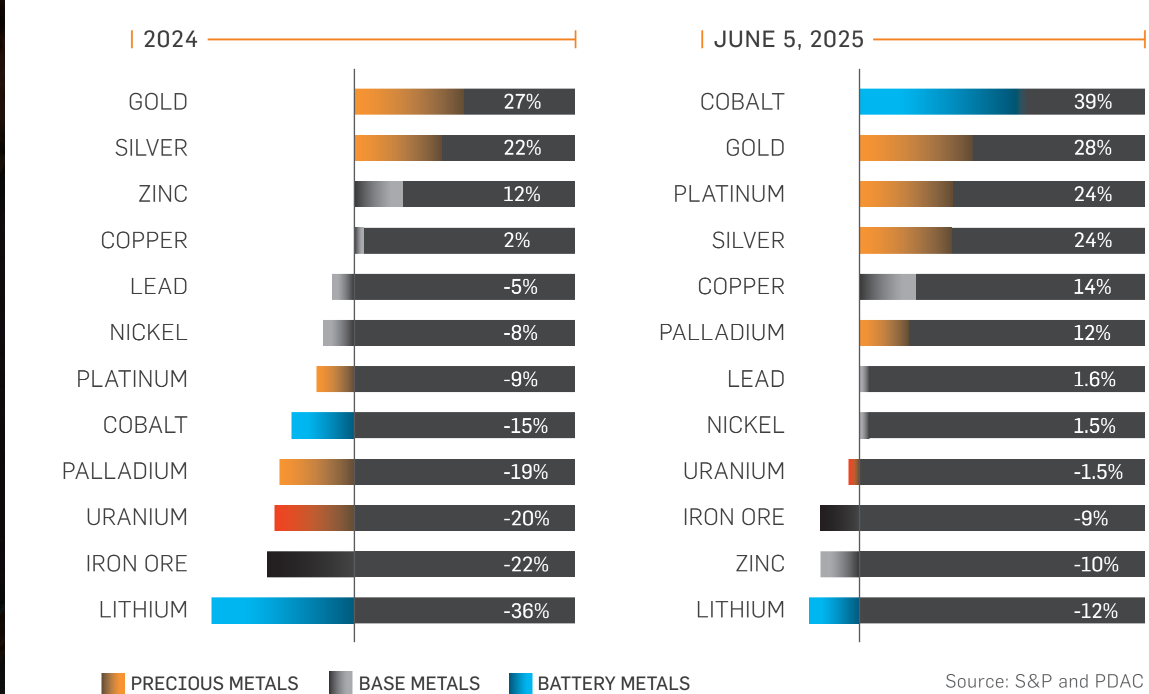
Over the last two years, global trade, industries, supply chains and capital markets have faced levels of uncertainty not experienced in generations – which the mineral industry and its financing ecosystem has not been immune to.

The uncertainties in the broader marketplace have translated directly to commodities, as highlighted in Figure 1 below, with notable divergence in price trends during 2024 and early into 2025. The price of gold climbed steadily throughout 2024, and continued its upward trajectory in the first half of 2025 to establish new all-time highs. This was reflective of the sustained macroeconomic uncertainty, inflation hedging, and strong central bank demands from a handful of nations. In contrast, most base metals either stagnated, or declined, weighed down by weaker-than-expected industrial demands, as well as concerns for global economic growth.

From a Canadian perspective, the accelerating gold price has actually helped to bolster an otherwise weak financing environment, as most new issuances in 2024 were in the gold sector. Without this robust factor, we would likely have seen total investments into the mineral industry flat at best, and possibly tail off materially from 2023 levels.

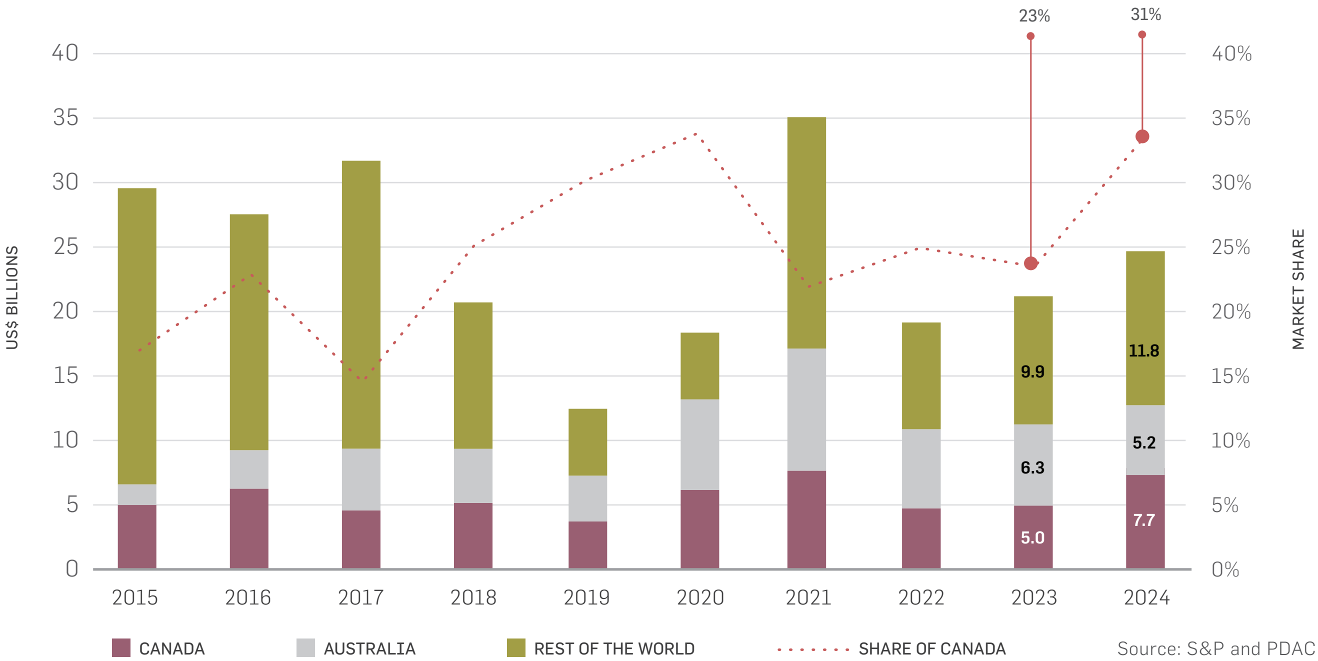
Global equity investment in the mineral sector saw a modest year-over-year (YOY) uptick in 2024. However, as illustrated in Figure 2 on the next page, it marked the third consecutive year of financing levels remaining

FIGURE 1 | Metal Price Performance



Source: S&P and PDAC

FIGURE 2 | Global Mineral Industry Equity Investment



Source: S&P and PDAC

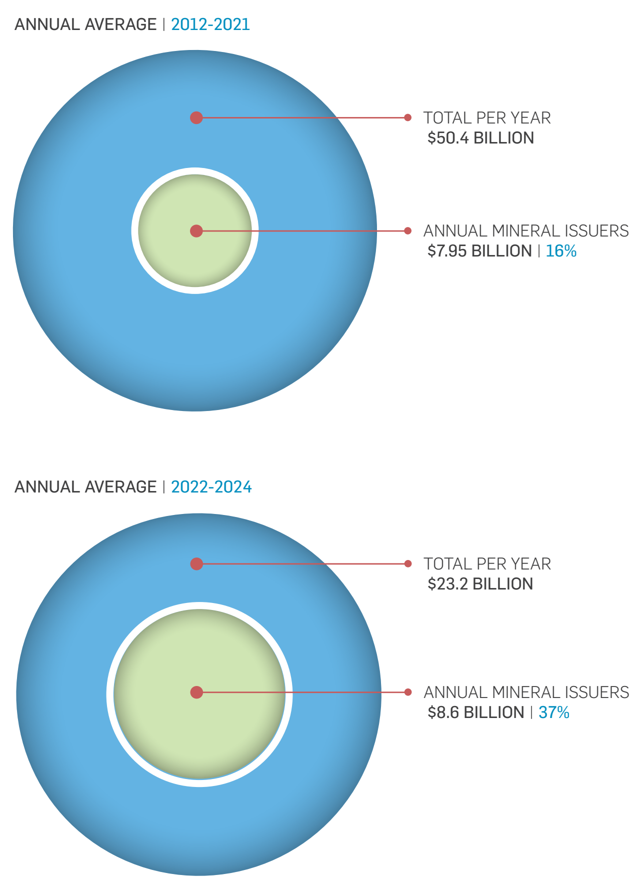
significantly below both 2021 and pre-2018 benchmarks – underscoring a prolonged contraction in capital market activity for the mineral industry.

Amid this global stagnation, however, Canada stood out with total equity raises surging by approximately 45% YOY. This resurgence propelled the country back to the forefront as the top mine-finance destination, reclaiming the lead from Australia – which previously had taken the top spot from Canada in 2019.

Reviewing the domestic landscape, the proportion of dollars that mineral issuers raised versus total equity raised on Canadian exchanges leaped from an average of 16 per cent per year from 2012-2021, to a 37 per cent average per year over the past three years. In fact, through 2024 and the first half of 2025, mineral issuers topped 50 per cent of all equity dollars raised in the Canada – a reflection of the mining sector's growing dominance in a sharply shrinking domestic marketplace.

Over the past three years, the total equity raised by all Canadian issuers – with all sectors including mining and exploration – averaged C$23 billion, which is less than half of the C$50 billion average over the previous decade (Figure 3).

FIGURE 3 | Equity Raises in Canadian Markets | Mineral Issuers & Totals



To underscore this decline, in 2009 alone Canadian mineral companies raised more capital than the entire TSX and TSXV combined across all sectors in 2024. While the mining industry's expanding share of the market may appear encouraging, it also highlights an increasingly concentrated – and fragile – capital raising environment.

On a closer examination of the financing landscape, a review of equity financing in the TSX and TSXV which has been disaggregated by market capitalization (illustrated in Figures 4A & 4B below) reveals that over the past several years, companies with market capitalizations below C$100 million (as of April 2025: 861 companies, or 80 per cent of issuers; primarily juniors and early-stage explorers) have steadily represented a smaller and

FIGURE 4A | Equity Raises in TSX & TSXV by Market Capitalization

Source: TMX Group and PDAC

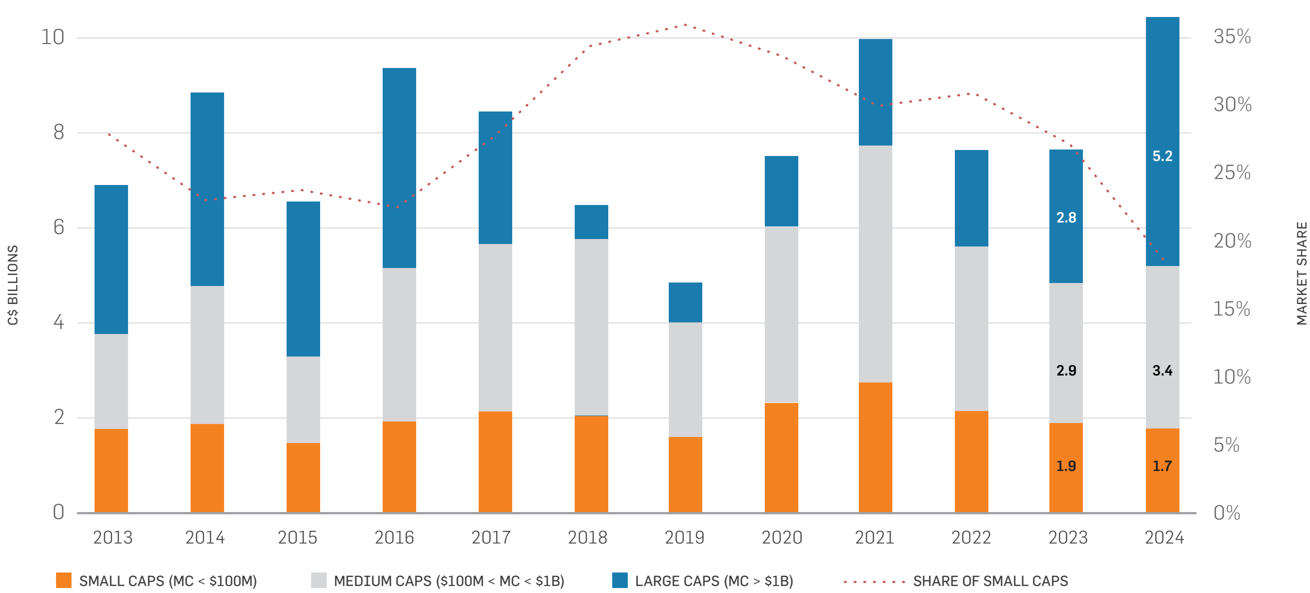
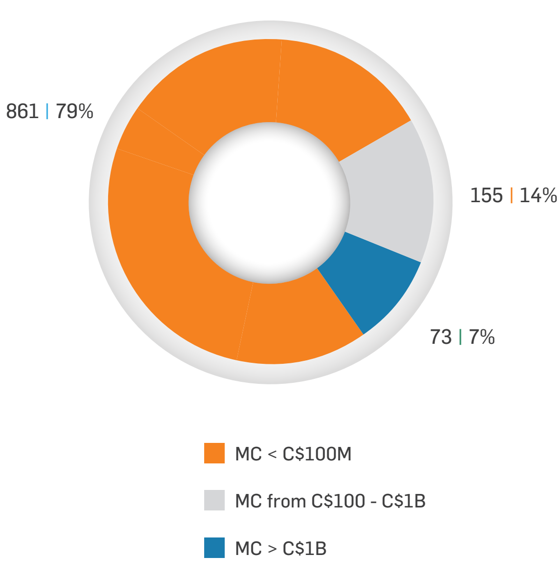


FIGURE 4B | Number of Mineral Issuers in TSX & TSXV by Market Capitalization (as of April 2025)

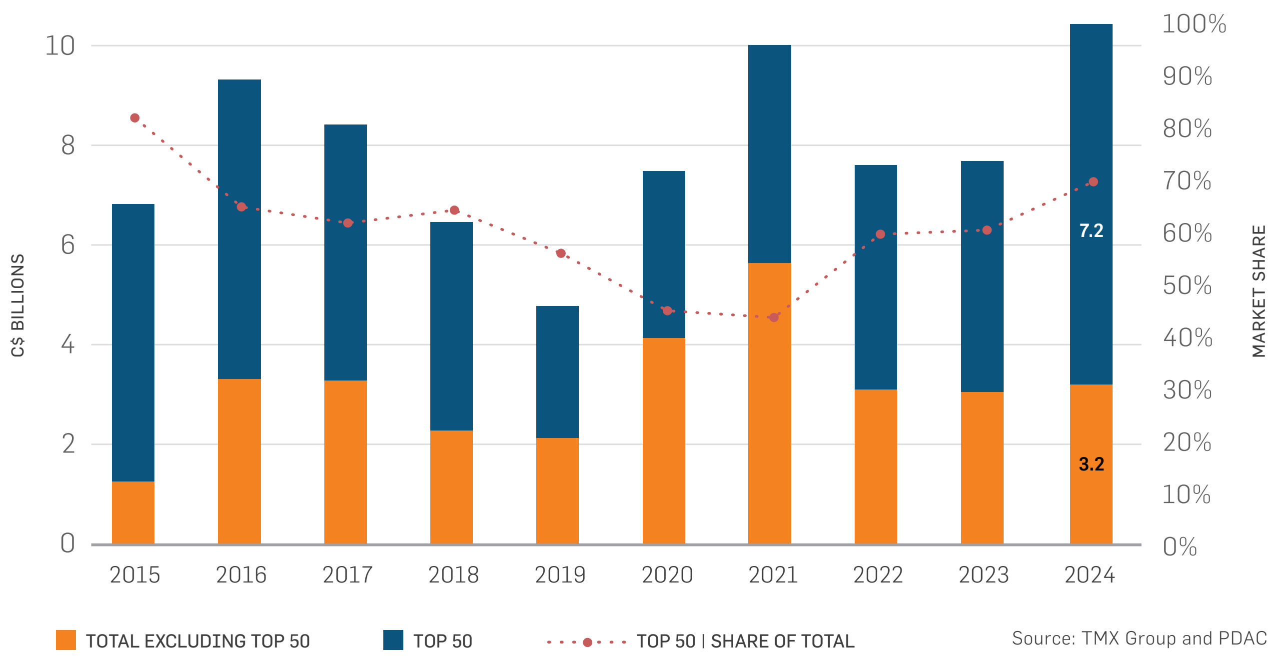


Source: TMX Group and PDAC

smaller portion of financing activity. In contrast, issuers with larger market capitalizations have captured an increasing share of the available dollars, concentrating available investment funds towards the upper end of the market. This persistent decline among sub-$100 million companies highlights the structural funding challenges facing grassroots exploration and early-stage development organizations, despite overall increases in sector-wide equity totals.

Figure 5 on the next page outlines how a substantial portion of capital raised in recent years has been concentrated in a small number of large transactions. Excluding the top 50 deals – which account for less than 4 per cent of the approximately 1,350 mineral financing transactions completed annually – the data show that the 2024 uptick in financing was driven entirely by an increase in capital raised through these top 50 transactions. Conversely, equity raised through the remaining transactions stagnated – underscoring the widening gap between major players and the broader market.

FIGURE 5 | Equity Financing for Mineral issuers on TSX & TSXV | Top 50 Transactions vs. Other Transactions



To address the persistent capital challenges facing the mineral sector – and to support Canada's energy transition and economic growth – PDAC is calling for several critical policy actions that are essential for enabling companies to explore, develop and build the next generation of Canadian mines.

First, we urge the Canadian Securities Administrators (CSA) to ensure that the upcoming revisions to National Instrument 43-101 prioritize the competitiveness of Canada's financial markets relative to global peers. Regulatory updates must enable efficient capital raising for exploration and development companies.

Second, we call on the federal government to immediately renew the Mineral Exploration Tax Credit (METC), make it a more permanent fixture in the Canadian fiscal landscape, and fulfill the election commitments to strengthen mineral investment incentives.

These mineral investment incentives include:

- Broadening eligible activities under the Canadian Exploration Expense (CEE) rules to include costs related to technical studies—such as engineering, economic assessments, and feasibility studies.
- Amending the Clean Technology Manufacturing Investment Tax Credit to ensure it applies to polymetallic deposits, and to include mine development expenses at brownfield sites as eligible costs.
- Expanding the list of eligible minerals under the Critical Mineral Exploration Tax Credit (CMETC).

For more information on PDAC's financial advocacy programs, and how we endeavour to enhance the access to capital of the mineral exploration and development sector, visit pdac.ca/programs-and-advocacy.