

Financings are returning as the market rises

TSX listed junior mining companies are finally completing financings and bought deals once again, after what seems like an eternity.

These are more than keep the lights on and pay the rent financings, for significant sums of money that allow projects to advance and add value.

As the mining sector fell into the depths, one aspect that kept the negative momentum going was the unavailability of finance, creating “zombie” companies with negative working capital.

Now, finally, some financings are occurring again, and of course they are being done by the better quality companies, run by competent management teams, some in production already, and others with a good project in a safe jurisdiction.

Recent examples are Mandalay Resources (raised \$35 million), Nu Legacy Gold, (\$3 million), Excellon Resources (\$10 million), and TerraX, (\$7 million).

All these are significant sums of money, raised by companies that I recognise as being well run and have a good management team and project.

Mandalay are in production, as are Excellon, NuLegacy gold and TerraX have strong exploration projects in Nevada and Quebec respectively, both top jurisdictions for gold exploration and responsible government.

it's a relief to see such sums being raised, even if the financiers are being selective about whom they invest in, and they are quite right to do that of course.

I wonder how long it will be before we see the return of the Vancouver Stock promoter? He's been lying low for a while now, with money being made again, it can't be long before he emerges from under his rock to try and gain some of the new wealth.

The lesson is invest in quality companies, there are still zombies about, and any raise they do will be used to reduce negative working capital, paying outstanding salaries and bills, with little or nothing going into the ground where it could possibly increase shareholder value.

Caveat emptor!