Mining News – Sunday Roundup 4th October



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I am concerned we may be about to experience a problem when all these newly created shares become free trading, starting around now. The numbers are quite frightening, and if the markets wobble around US election time with all the new free trading shares becoming available to sell, there could be quite a lot of paper for the market to absorb.

Many Canadian investors who participate in financings flip (sell) the stock at the earliest opportunity, (4 months and one day after issue), and keep the warrants for a risk free trade. If this happens this year and markets are weak, all this new paper could drive down prices in my opinion.

It’s not a reason to panic, but a situation to be aware of if the markets suffer a downturn, as that amount of paper hitting an already falling market wouldn’t be good, it would heighten the sell off.

The amounts raised in financing on the TSX and TSX.V recently are as follows;

April	C$158 m
May	C$684 m
June	C$1.7 B
July	C$1.2 B
August	C$861 m

The value of shares that are becoming free trading during the autumn are as follows;

October	C$800 m
November	C$550 m
December	C$800 m

As you can see there are some serious numbers there, and would be a cause for concern in a falling market.

Because of the reasons I have explained above, I am holding some powder dry in case there are some share price falls, as they may present an opportunity to buy some cheap stock, especially during November and December which is the Canadian tax loss selling season, which gives UK investors an opportunity every year due to the different tax years.

It may be prudent to review your stock portfolio and check whether your holdings have issued any financings since May 2020 onwards, and note when that stock becomes free trading. If any are from mid November onwards, which is tax loss selling territory, then that may well cause some price weakness.

If there is a company you are considering investing in, and have had a recent financing, the price may well fall when that stock becomes free trading, so it’s worth making a note of the date and monitoring the price in the weeks before.

Stocks on our watchlist

Colonial Coal (TSX.V: CAD) had a strong week rising from 68 cents to 77 cents, or around 14%.

Bardoc Gold (ASX: BDC) significantly increased the M + I resources for their Bardoc Gold project n Western Australia.

Cabral Gold (TSX.V: CBR) discovered high grade gold at Jerirum North target-at-cuiu-cuiu.

We will be back next week with our regular newsletter.

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