

The Reverse *Midas* Problem

WHEN MINING PAPER THREATENS THE RALLY

Tony Soprano once said of someone in his crew, “He’s got the *Midas touch in reverse* - everything he touches turns to s**t.”

Crude, but effective. And lately, it’s hard not to think about that line when looking at some of the deals getting done in mining.

After more than a decade of being undercapitalized, the sector is finally back in the spotlight. Capital is moving. Projects are advancing. Bought deals - something we hadn’t seen much of in years - are back with a vengeance. According to data shared by Paul Harris at Kitco (thank you Paul!), Oreninc has tracked 37 bought deals year-to-date, totaling \$688 million.

This should be a good thing. And in many ways, it is. For years, mining was out of favour - for good reason. Too many companies chased growth for growth’s sake. “More ounces, more tonnes” was the strategy, and capital left because returns did. Now, with metals running and fundamentals improving, capital is coming back. We need it.

But I’ve seen this movie before.

I started on the investment side of the resources business and I sit on Dundee’s Investment Committee. I’ve watched how quickly a constructive market can get overrun by a wave of financing activity - some of it high quality, some of it...not. And when that happens, enthusiasm fades fast.



Not every financing getting done today is a problem. Some are well-structured, clearly tied to project advancement, and appropriately sized. But others are going to marginal projects - assets that don’t really work, even at today’s prices. And when companies with a history of destroying value get handed fresh capital simply because the tape is strong, that should give all of us pause.

The other thing we’re risking here is the generalist audience. They’ve just started to dip a toe back into this sector after a long absence. If what they find is dilution, drift and underperformance, they won’t stick around - and this time, it may take even longer to bring them back.

It’s not just the short-term price action I’m worried about. It’s the hangover. Issuing paper into a hot market can feel painless at the time. But that paper stays on the balance sheet. It weighs down share prices. It complicates the cap table. And in the next downturn, it becomes a real problem.

I’m not suggesting we stop raising capital. That’s not realistic - and it’s not smart. We need to build, to develop, to move good assets forward. But we also need to be selective. We need to remember that access to capital isn’t the same as a license to use it indiscriminately.

"At Dundee, we’ve built our strategy around backing substance over spin. We don’t follow hype - we follow the rocks."

Our team conducts deep, on-the ground due diligence, with a technical process that goes well beyond desktop analysis. We spend time on site. We understand the geology, the engineering, the permitting path, and the capital intensity. And we ask the tough questions before deploying capital - not after.

We focus on high-conviction positions in companies with real assets, capable teams, and aligned capital structures. That discipline doesn’t always make headlines - but it’s core to how we protect capital and generate long-term value. Our stock continues to trade at a meaningful discount to NAV, offering an intelligent way to participate in this cycle without chasing the froth.

This is a great moment for the sector. We just need to be careful not to fumble it.

Because bull markets aren’t just built on price moves. They’re built on trust. And trust is hard to earn - and easy to dilute.