



British Columbia
Securities Commission

BC Capital Market Report-2020



ABOUT THIS REPORT

The British Columbia Securities Commission (BCSC) fosters an investment market that is fair and honest.

BC companies¹ and investment funds can distribute securities anywhere in the world, subject to meeting local securities laws. Similarly, BC investors may purchase securities from any company or investment fund, provided the distribution meets BC securities law. This report includes capital raising activities of BC companies and investment funds globally, and of non-BC companies and investment funds from BC investors.

Companies and investment funds raising capital in BC do so by selling securities under a prospectus or under a prospectus exemption.

When relying on a prospectus, a company or investment fund provides a disclosure document that details the investment. The company or investment fund must also provide ongoing (continuous) disclosure to keep investors informed of its affairs. It may also choose to list its securities on a stock exchange such as the Toronto Stock Exchange (TSX), the TSX Venture Exchange (TSXV), the Canadian Securities Exchange (CSE), or the Neo Exchange (NEO).

Companies and investment funds may also sell their securities under exemptions from the prospectus requirements (the “exempt” or “private placement” market). Prospectus exemptions may limit securities offering eligibility to certain investors and / or may limit or prohibit resale of the securities.

This report is based on publicly available data and BCSC’s internal records for each calendar year. Since companies and investment funds are only required to report certain securities offerings to the BCSC, this report does not reflect all capital raising in BC. The timing of filings also impacts the amounts reported for each period. As a result, certain comparative figures may differ from the amounts reported in prior years due to new or additional information becoming available.

¹ The term “companies” refers to all entities (e.g. companies, partnerships, trusts, etc.) except for investment funds.

OVERALL

HIGHLIGHTS

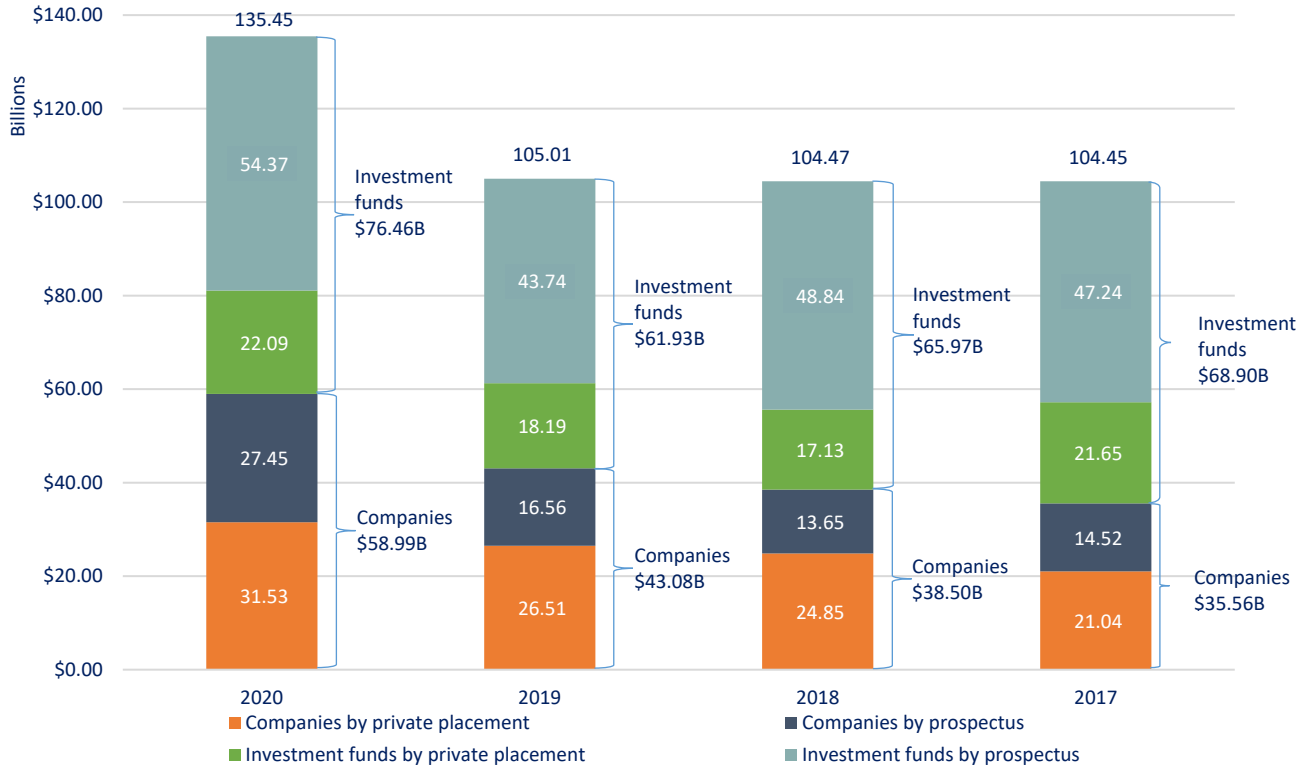
- COVID-19 reduced Q1 2020 capital raising activity and market capitalization, but markets and activity recovered strongly in the second half of the year, resulting in record capital raising activity for the year and record high BC market capitalization at December 31, 2020.
- Capital raised with a nexus to BC² increased 29% to \$135.45B (2019-\$105.01B).
- BC companies and funds raised \$31.17B, a 23% increase (2019-10% decrease).
- The number of companies raising funds in BC increased 20% to 3,098 in 2020 (2019-2,586). Approximately half of these companies were based in BC.
- Banking and finance and the mining sectors continue to be key for capital raising in BC.
- BCSC regulates over half of all Canadian-listed companies, and BC was the only larger Canadian jurisdiction (Alberta, Ontario and Quebec) that saw an increase in listed companies during 2020.

RECORD CAPITAL RAISED

BC's capital raising activity grew significantly on a year-over-year basis despite the significant negative impact of the COVID-19 pandemic on global markets in the first quarter of 2020, and 2020 was the fourth consecutive year of growth in capital raised.

² Includes capital raised by BC companies and investment funds and by non-BC companies and investment funds from BC investors.

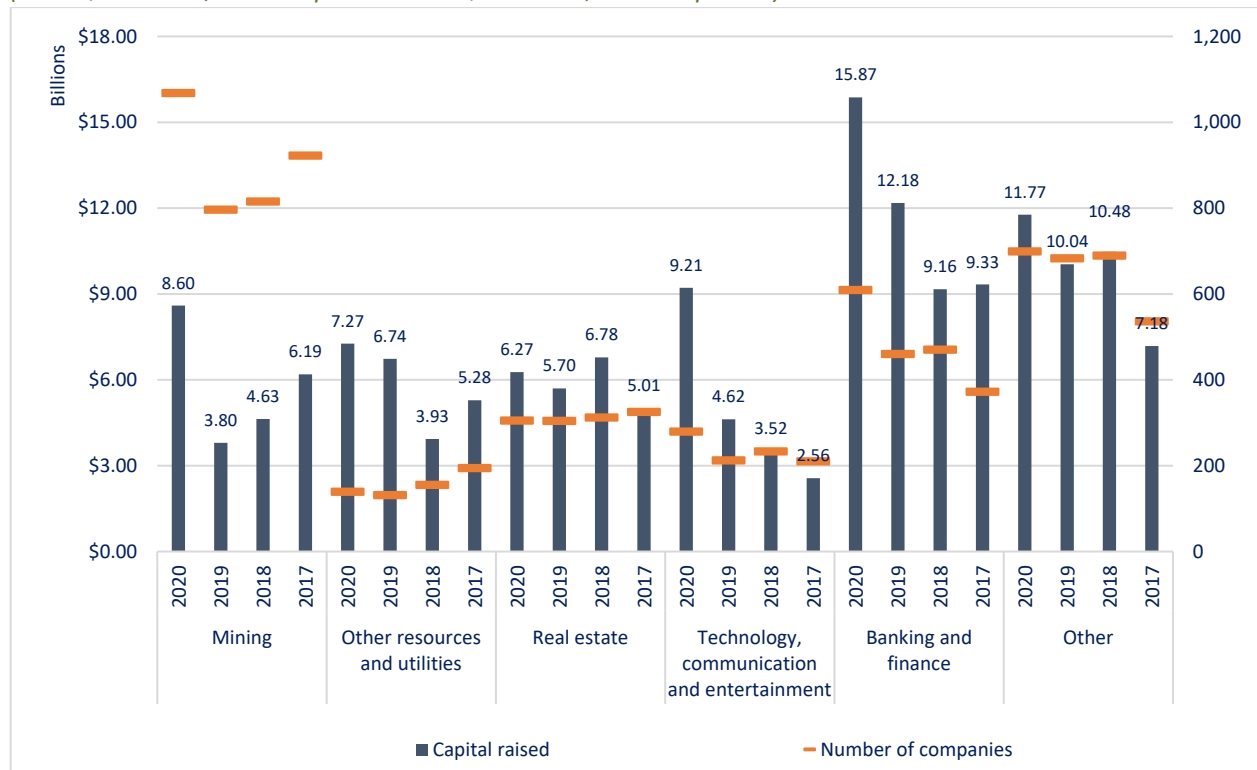
Capital raised



Capital raised by companies continued a positive trend, with a 37% increase (2019-12%), along with a 23% increase in capital raised by investment funds (2019-6% decrease). Since 2017, the proportion of capital raising activity related to companies has increased to 44% from 34%.

Capital raised by companies by sector

(2020-\$58.99B 3,098 companies 2019-\$43.08B 2,586 companies)



Mining

Mining continues to be an important capital raising industry in BC. The number of mining companies accessing BC's capital market increased to 1,068 companies (2019-796), a 34% increase, and they raised \$8.60B (2019-\$3.80B), a 126% increase.

2020 was marked by swings in both exploration and development activity and capital formation in the mining sector. The year began favorably, continuing the slow recovery from the extended decline experienced from 2012 to 2016. The global pandemic curtailed activity through March and April and caused miners to reduce 2020 planned expenditures for both capital projects and exploration. However, rising commodity prices supported a quick rebound. By June, mining sector activity was returning to pre-pandemic levels and capital formation had eclipsed that over the same period in 2019. The price of gold climbed to record highs in August, spurring renewed investor interest in gold equities. Although the gold price retreated in the last quarter of 2020, rising base metal prices for copper, nickel, zinc, and non-gold precious metals, most notably silver, continued

the momentum in capital formation. The year closed with increased financings related to specialty commodities and increased availability of capital, notably for the junior segment of the industry.

Other resources and utilities sector

In the other resources and utilities sector, the top five companies, a majority of which were utilities companies, raised \$2.98B (41%) of the total (2019-\$2.83B 42%).

Real estate

Capital raised in the real estate sector increased 10% in 2020 to \$6.27B reflecting continued interest in real estate as an alternative asset class, likely buoyed by the prolonged low-interest rate environment.

Banking and finance

The banking and finance sector was the most active sector by overall capital raised in 2020, raising \$15.87B (2019-\$12.18B) – a 30% increase. The 10 largest companies in this sector were mainly national and international banks.

OTHER

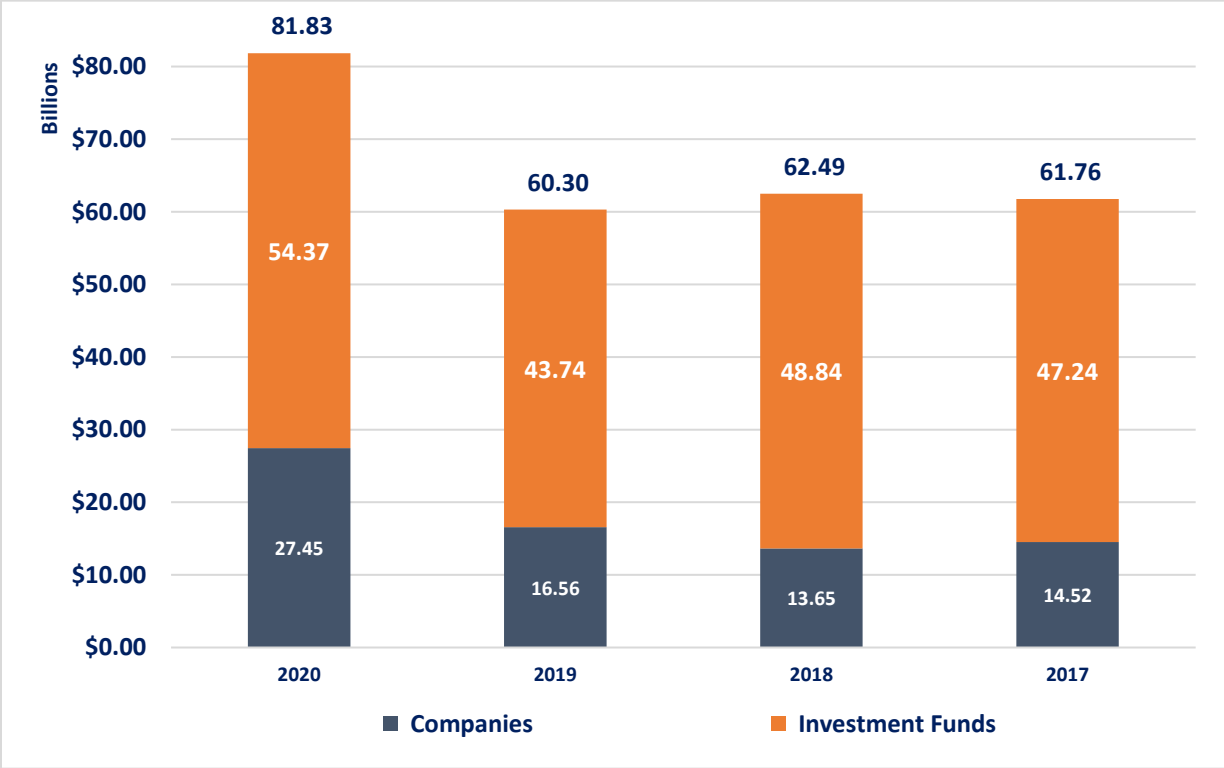
Biotechnology

The “other” category includes biotechnology, which is a growing sector in British Columbia, having raised \$2.61B in 2020 (2019-\$1.68B) – 55% increase (2019-194% increase). The majority of the capital raised in 2020 was by four BC companies (AbCellera Biologics Inc., Zymeworks Inc., Aurinia Pharmaceuticals Inc., and Xenon Pharmaceuticals Inc.).

Cannabis

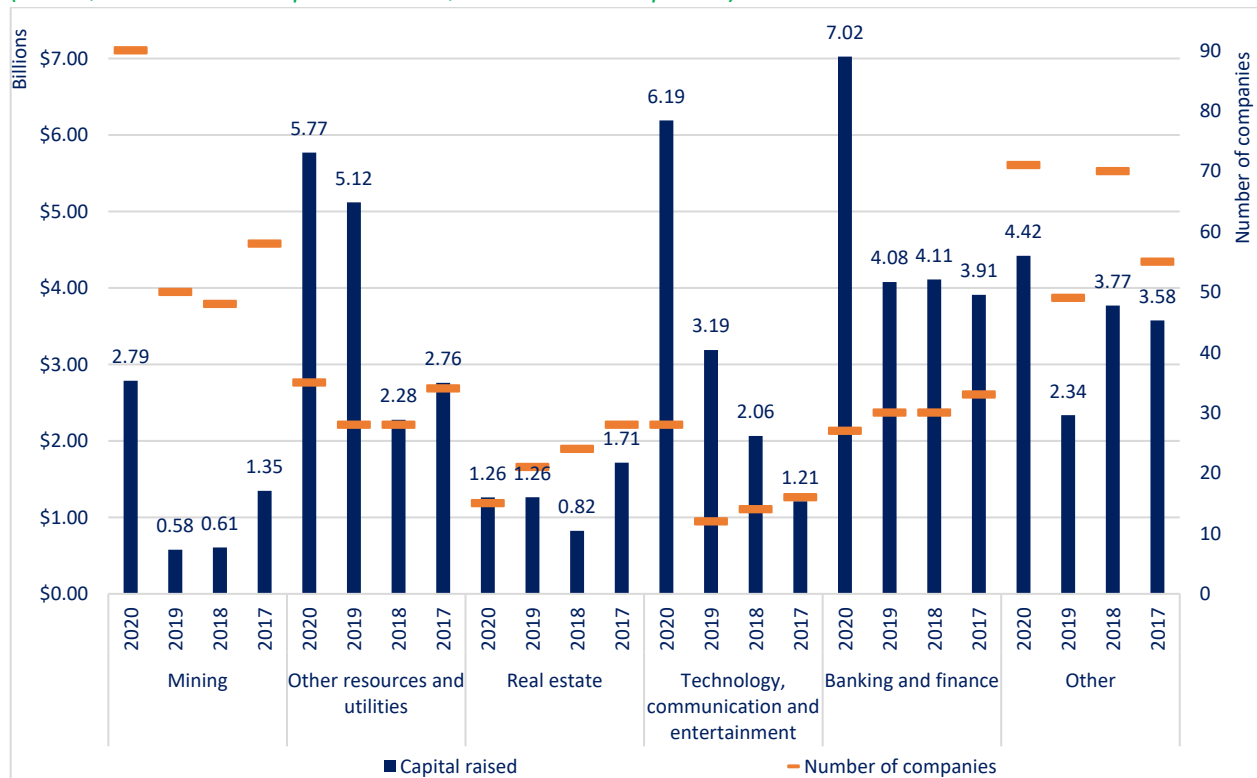
The “other” category also includes the cannabis sector, which raised \$0.69B (2019-\$2.21B), continuing a pull-back from the frenetic pace around the time of cannabis legalization in 2018 (\$4.61B raised in 2018)

CAPITAL RAISED BY PROSPECTUS



The capital raised by prospectus in BC increased 36% to \$81.83B (2019-\$60.30B). Half of the total increase was attributable to capital raised by companies which increased by 66% (2019-21%) on a year-over-year basis, and the other half of the increase was from capital raised by investment funds, which increased by 24% (2019-10% decrease).

Capital raised by companies by prospectus
 (2020-\$27.45B 266 companies 2019-\$16.56B 185 companies)



Capital raised by prospectus jumped significantly in all sectors, except for real estate which was flat.

In the mining sector, the capital raised increased 382% to \$2.79B from \$0.58B. In 2020, five companies raised \$1.30B (47%) of the total (2019-\$0.31B 54%) with Teck Resources Limited raising \$0.72B (26%). There was 80% increase in the number of mining companies offerings by prospectus in 2020.

In the other resources and utilities sector, five companies raised \$2.98B (52%) of the total (2019-\$2.83B 55%).

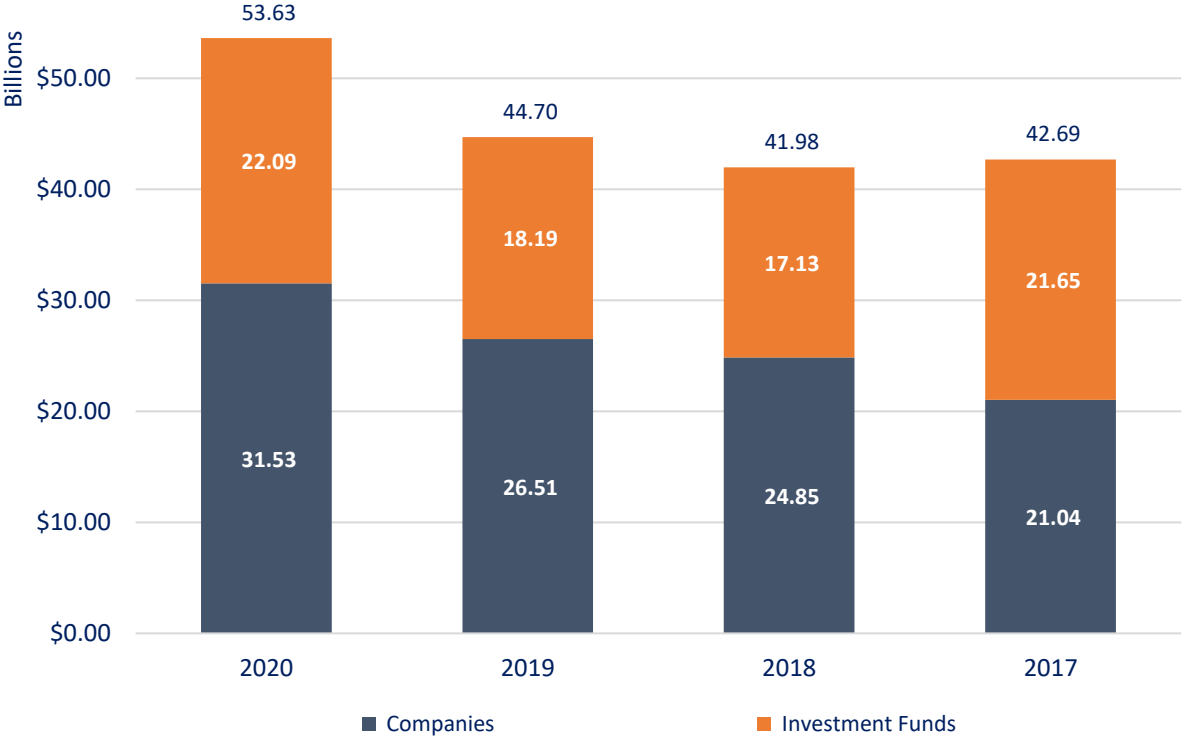
In the technology, communication and entertainment sector, Telus Corporation raised \$3.00B (48%) of the total (2019-\$2.80B 88%). The next four most active companies raised an additional \$2.51B (41%) (2019-\$0.35B 11%).

In the banking and finance sector, the capital raised increased 72% to \$7.02B from \$4.08B. Five of Canada's national banks raised \$4.98B (71%) of the total (2019-\$3.34B 82%).

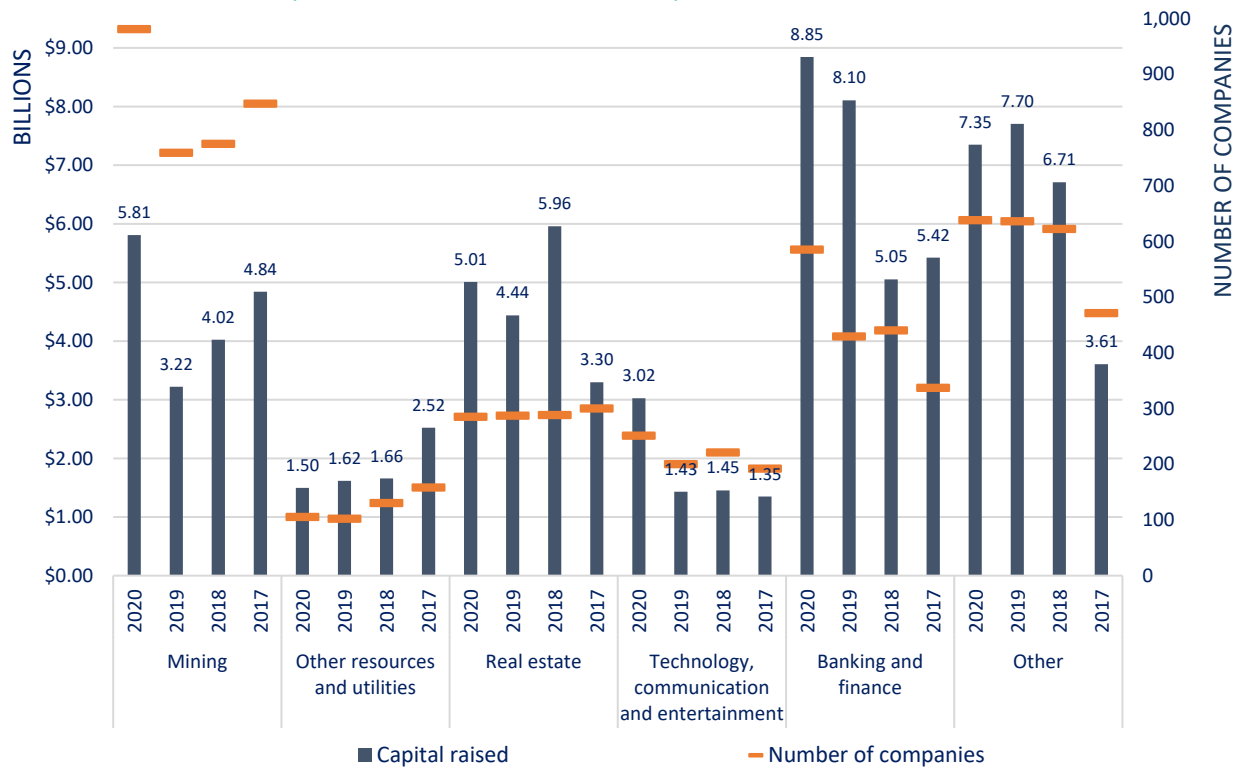
CAPITAL RAISED BY PRIVATE PLACEMENT

The capital raised by private placement increased 20% to \$53.63B in 2020. Capital raised by companies continued a positive trend, with a 19% increase (2019-7%). Capital raised by investment funds followed a similar trend with a 21% increase (2019-6%).

Capital raised by private placement



Capital raised by companies by private placement
 (2020-\$31.53B 2,844 companies 2019-\$26.51B 2,413 companies)



After three years of decline, capital raised by the mining sector in the exempt market increased 80% to \$5.81B from \$3.22B with Teck Resources Limited raising \$0.75B (13%) in 2020. The number of companies involved increased 23% to 981 from 759.

The technology, communication and entertainment sector raised \$3.02B in 2020, consisting primarily of large international companies raising capital from BC institutional investors.

The banking and finance sector raised \$8.85B in 2020, a 9% increase over the prior year (2019-60%). The ten largest companies in this sector raised 34% of the total (2019-37%).

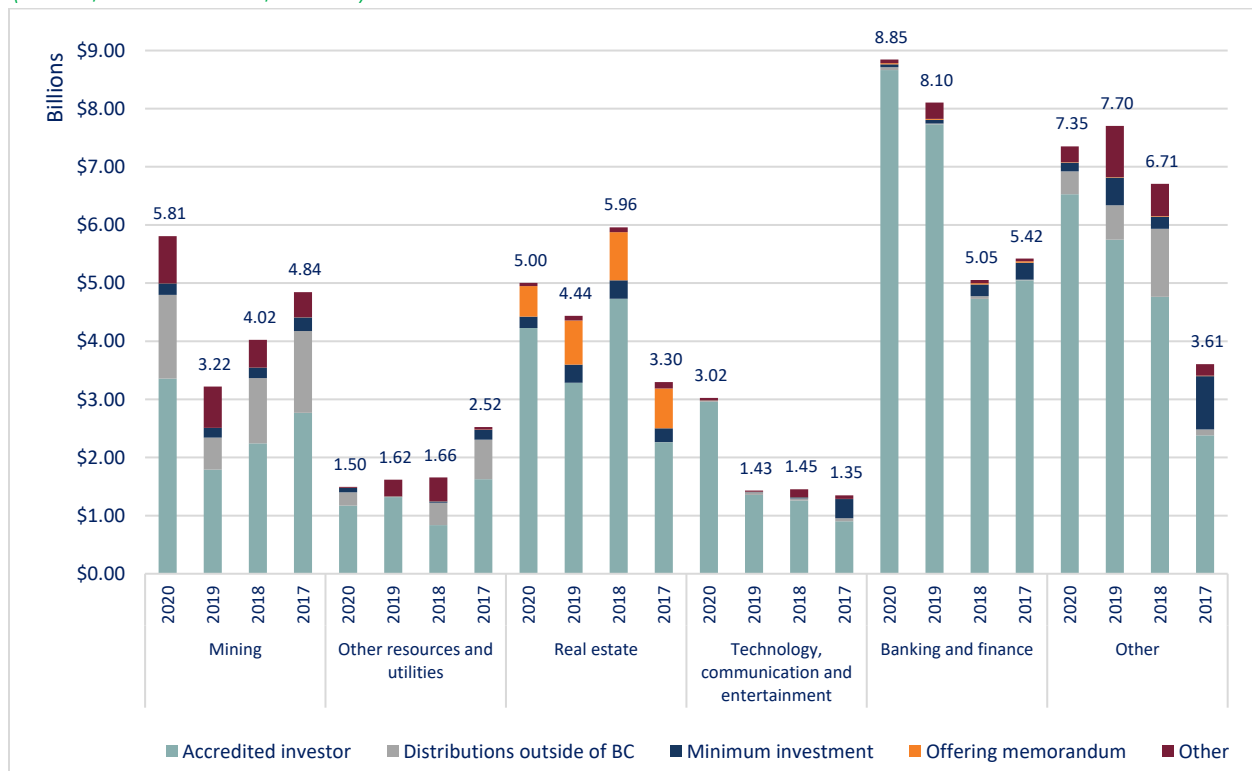
EXEMPTIONS RELIED ON BY COMPANIES IN THE PRIVATE PLACEMENT MARKET

Based on reports filed with the BCSC, the most common exemptions relied on by companies during 2020 were:

- Accredited investor³: \$26.91B (85%) (2019-\$21.22B 80%) of the capital raised
- Distributions outside of BC⁴: \$2.13B (7%) (2019-\$1.21B 5%) of the capital raised
- Minimum investment⁵: \$0.67B (2%) (2019-\$1.03B 4%) of the capital raised
- Offering memorandum⁶: \$0.55B (2%) (2019-\$0.79B 3%) of the capital raised

Capital raised by sector and exemption

(2020-\$31.53B 2019-\$26.51B)



³ Investors who meet certain financial criteria, for example high net worth individuals, banks, and pension funds.

⁴ Investors outside BC where the securities laws of the investor's jurisdiction are complied with.

⁵ Non-individual investors investing at least \$150,000.

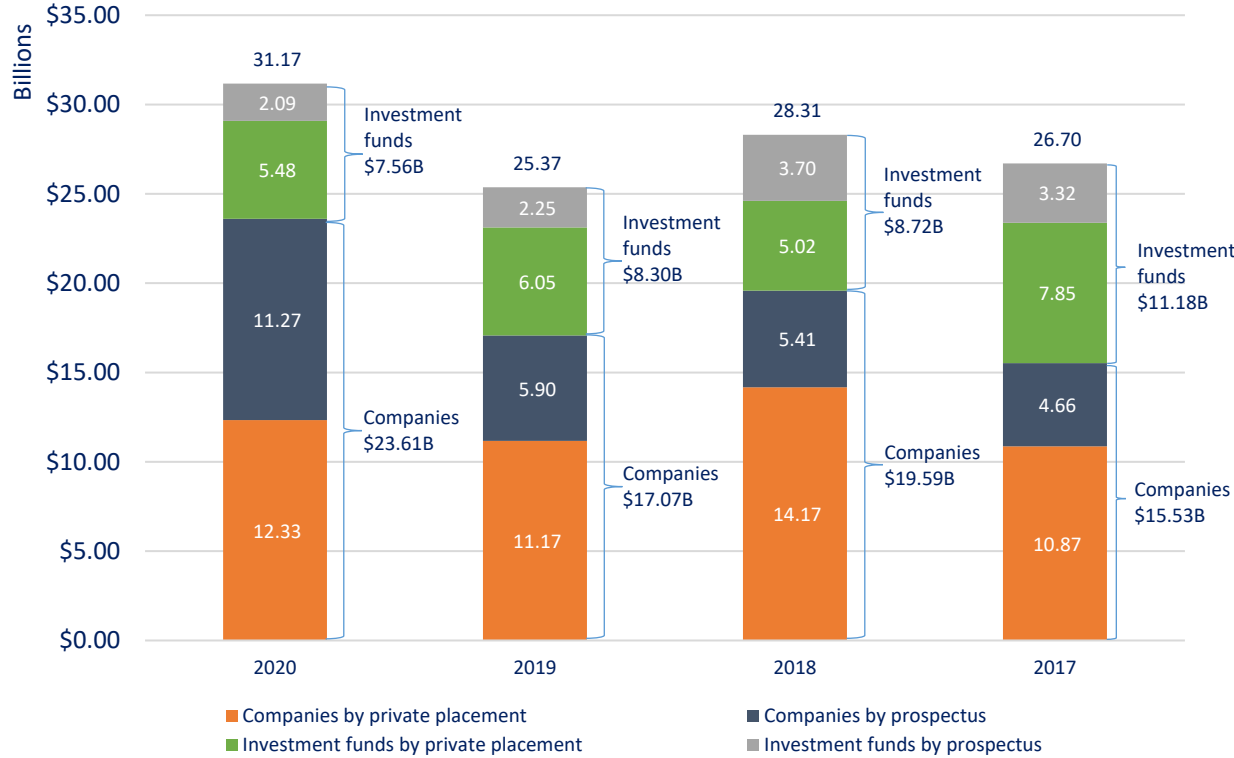
⁶ Investors are provided an offering memorandum that describes the business, the management, the offering, and the risks.

BC COMPANIES AND INVESTMENT FUNDS

The previous sections include capital raised by BC companies and investment funds *and* by non-BC companies and investment funds from BC investors. This section focusses on BC companies and investment funds.

BC companies and investment funds raised 23% of the total capital raised in the BC capital market (2019-24%). The total raised in 2020 was \$31.17B, a 23% increase (2019-10% decrease).

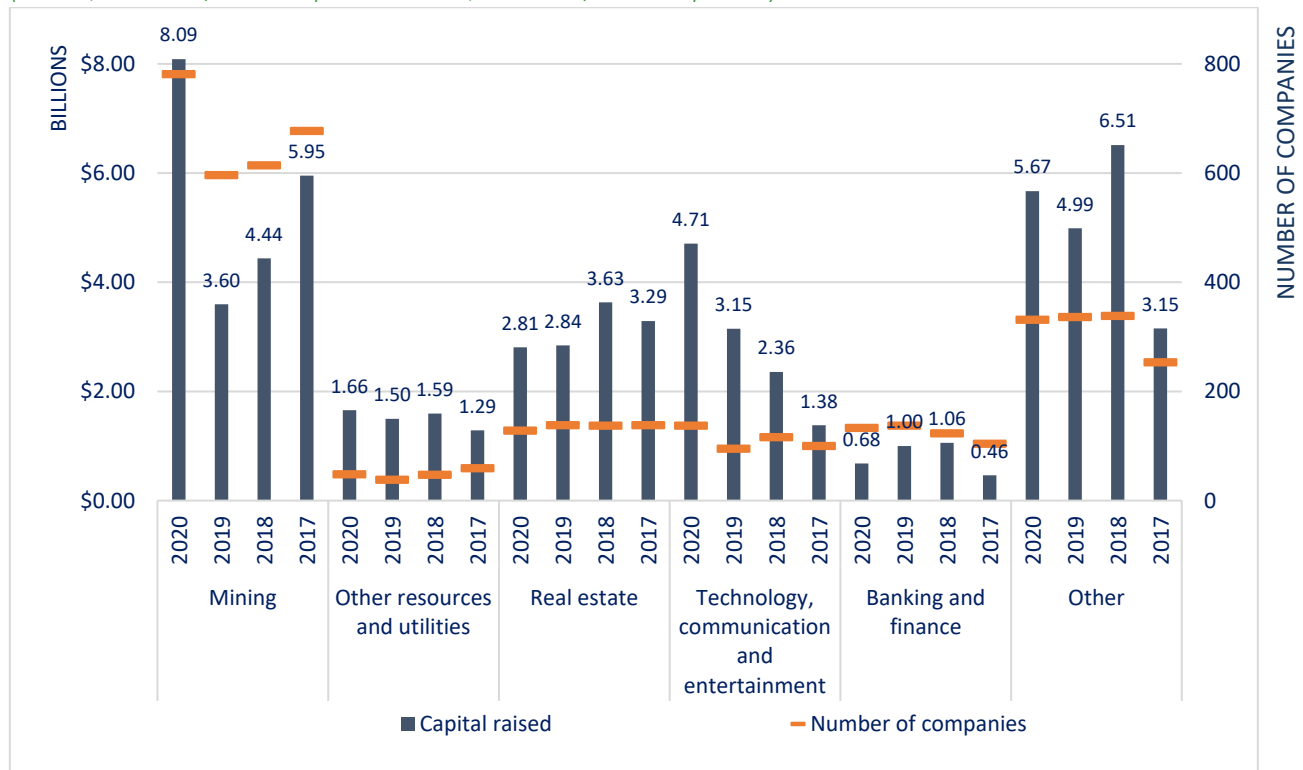
Capital raised by BC companies and investment funds



The capital raised by BC companies increased 38% to \$23.61B in 2020. This increase was only partially offset by the 9% decrease in the capital raised by BC investment funds to \$7.56B.

Capital raised by BC companies by sector

(2020-\$23.61B 1,558 companies 2019-\$17.07B 1,340 companies)



The mining sector remains the most active sector for BC-based companies with both the largest number of companies involved and the most capital raised. The capital raised increased 125% to \$8.09B after a 19% decrease in 2019. The 781 BC mining companies (2019-596 companies) accounted for 50% of the BC companies (2019-44%) and 34% of the capital raised by BC companies (2019- 21%). Teck Resources Limited accounted for 18% of the total.

Capital raised in the technology, communication and entertainment sector increased 50% (2019-34%), with offerings from Telus Corporation accounting for the majority.

The “other” category includes biotechnology, which raised \$2.31B in 2020 (2019-\$1.04B) – a 123% increase (2019-97% increase). The majority of the capital raised in 2020 was by four BC companies (AbCellera Biologics Inc., Zymeworks Inc., Aurinia Pharmaceuticals Inc., and Xenon Pharmaceuticals Inc.).

The “other” category also includes the cannabis sector, which raised \$0.67B (2019-\$2.08B), continuing a pull-back from the frenetic pace around the time of cannabis legalization in 2018 (\$4.17B raised in 2018).

The following table summarizes the capital raised by the three most active BC companies:

	2020 <i>(\$ billions)</i>	2019 <i>(\$ billions)</i>
Prospectus		
Telus Corporation	3.00	2.80
Ballard Power Systems Inc.	0.93	-
Methanex Corporation	0.91	0.91
Aritzia Inc.	-	0.33
Private Placement		
Teck Resources Limited	0.75	-
BCI QuadReal Realty	0.70	-
Vancouver Airport Authority	0.60	-
Eldorado Gold Corporation	-	0.42
Trez Capital Yield Trust	-	0.38
SSR Mining Inc.	-	0.33

LISTED COMPANY INFORMATION

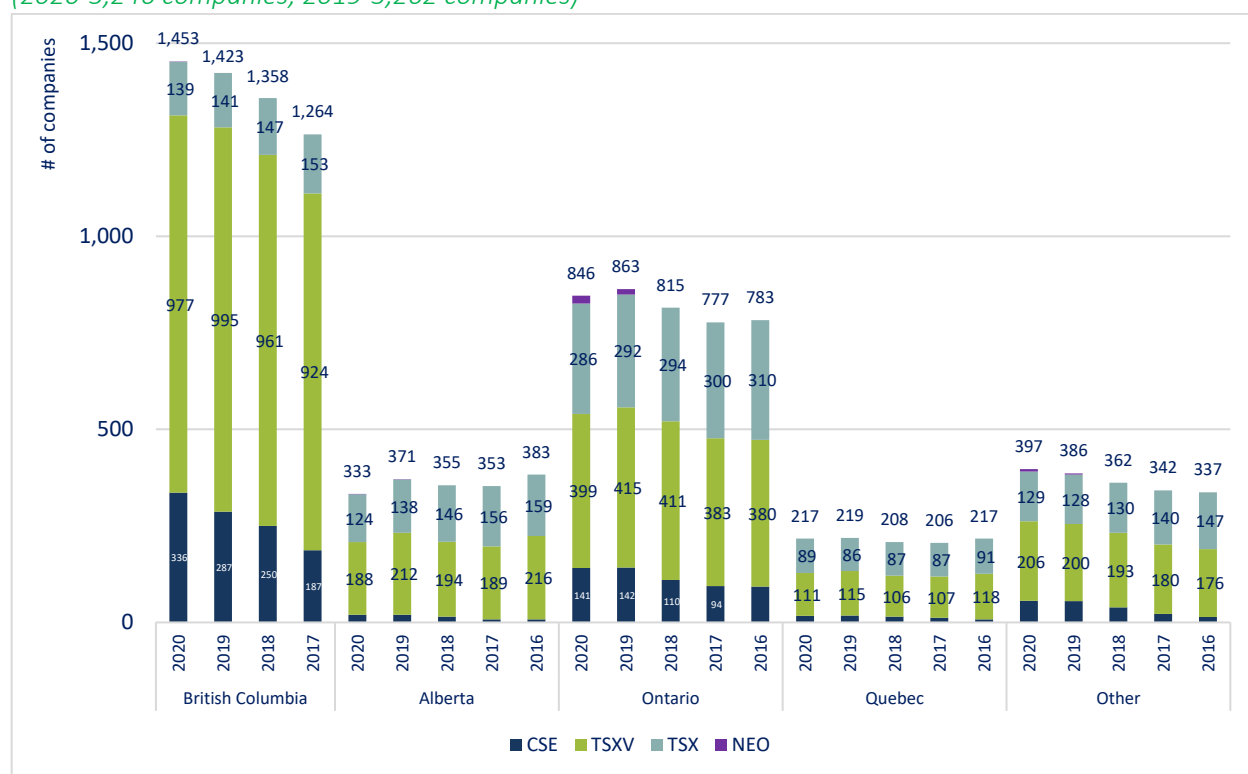
The following analyses summarize the companies listed on the four Canadian listing exchanges (TSX, TSXV, CSE, and NEO). The analyses do not include investments funds⁷ and companies that are only listed on foreign exchanges.⁸

CANADIAN-LISTED COMPANIES

The BCSC regulates more Canadian-listed companies than the Ontario, Alberta, and Quebec securities regulators combined. In addition, over half (54%) (2019-52%) of all listed *venture* companies are regulated by the BCSC.⁹

BC was the only larger jurisdiction in Canada that saw an increase in the number of listed companies in 2020.

Canadian-listed companies by head office and exchange
(2020-3,246 companies; 2019-3,262 companies)



⁷ There were 929 (2019-832) investment funds with a market capitalization of \$279.2B (2019-\$223.8B) listed on the four exchanges. None of them are based in BC.

⁸ Such as the NYSE, NASDAQ, and OTC markets.

⁹ Ventures companies refer to the companies listed on the TSXV and CSE.

In terms of breakdown by exchange, BC companies represent 52% (2019-51%) of TSXV-listed companies, 59% (2019-55%) of CSE-listed companies, and 18% (2019-18%) of TSX-listed companies. BC companies dominate the venture-listed market, and BC is home to the second largest population of TSX-listed companies.

Companies that list on the TSXV may, over time, meet the listing requirements of the TSX and choose to graduate to that senior exchange. Seventy-two (52%) of the 139 BC-based companies currently listed on the TSX graduated from the TSXV. Nationally, 31% of companies listed on the TSX were TSXV graduates.

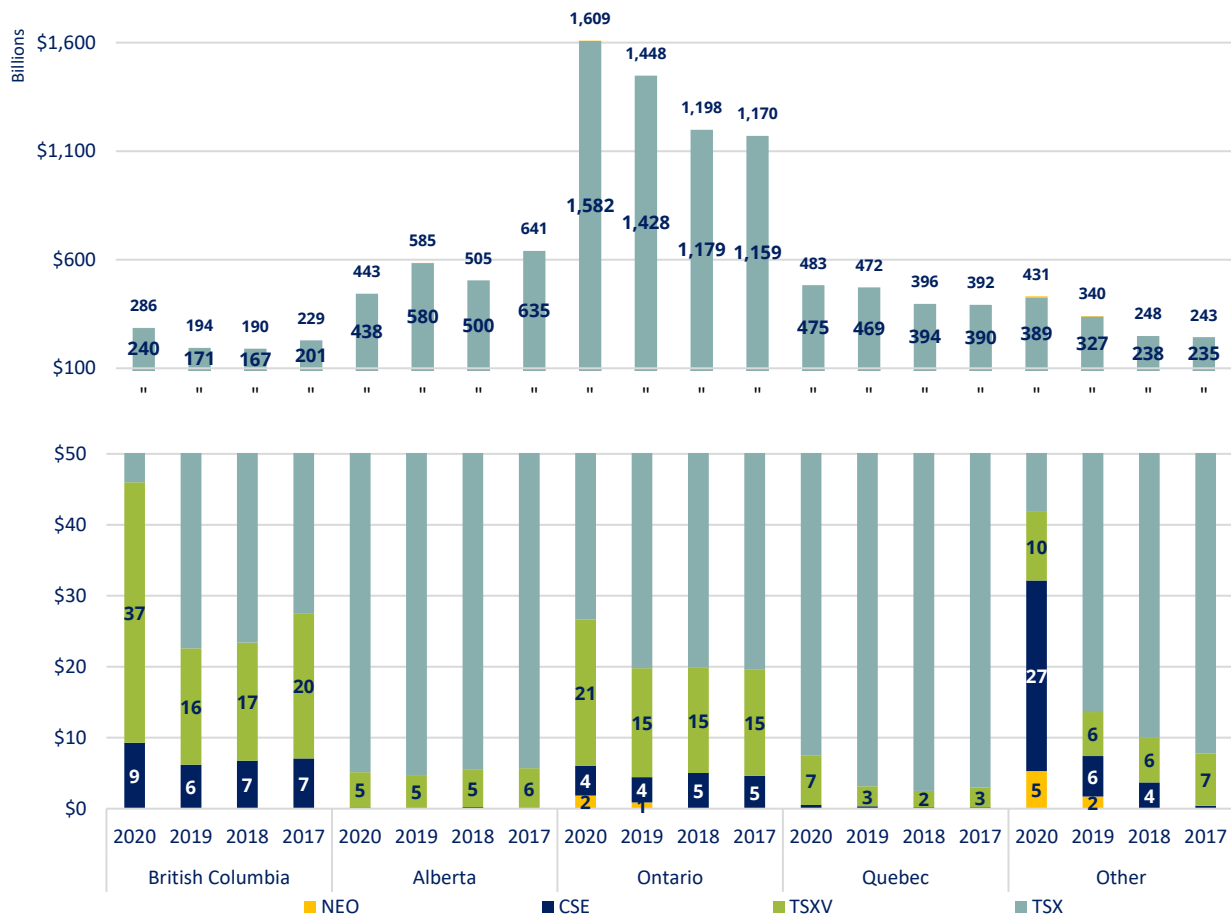
Market Capitalization

Despite the global pandemic and the related market crash in the first quarter of the year¹⁰, the total market capitalization in Canada increased to \$3.3T (2019-\$3.0T) – a 7% increase from 2019 (2019 had a 20% increase from 2018 (\$2.5T)).

The market capitalization of BC-based companies was \$286B (2019-\$194B) – a 47% increase from 2019 (2019 had a 2% increase from 2018 (\$190B)). BC-based companies on the TSXV increased their market capitalization by 125%, (2019-1% decrease), on the CSE by 52% (2019-9% decrease), and on the TSX by 40% (2019-3%).

¹⁰ Total Canadian market capitalization temporarily fell 22% to \$2.4T at March 31, 2020 from \$3.0T at December 31, 2019.

Canadian-listed companies' market capitalization by head office location
 (2020-\$3.3T; 2019-\$3.0T)

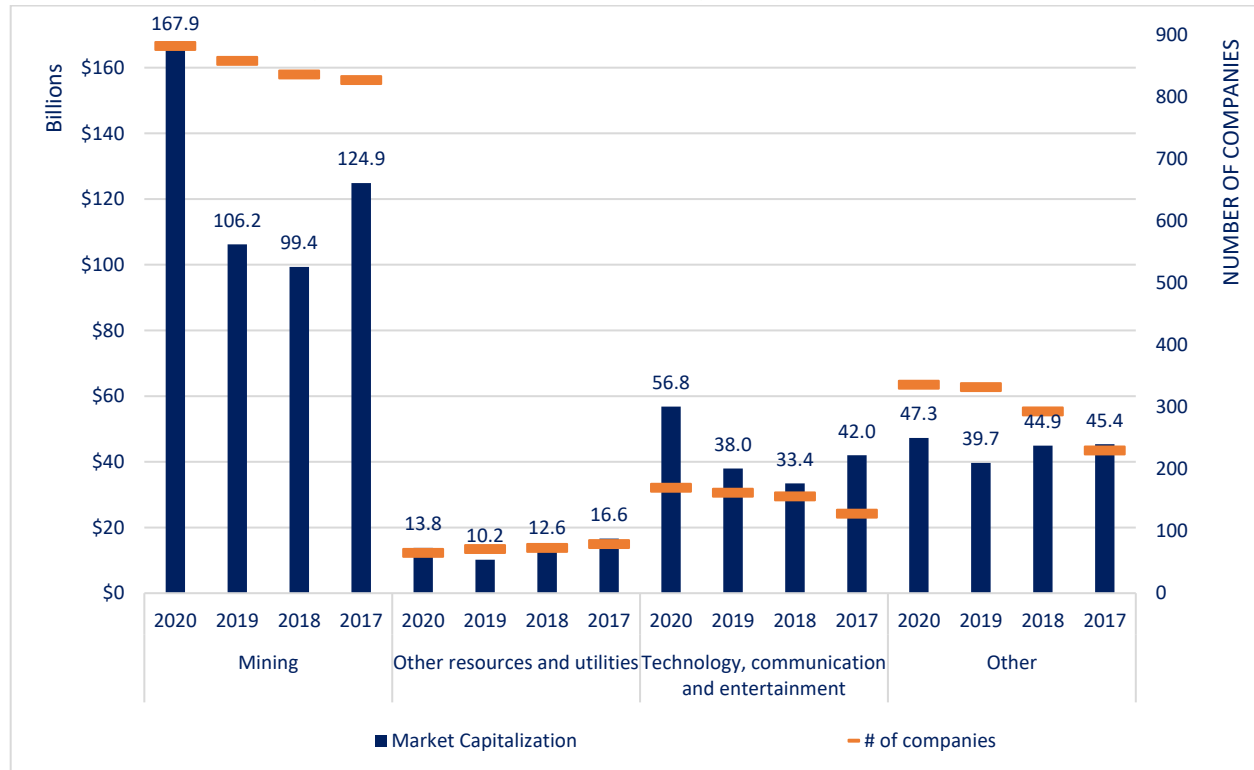


The “Other” category includes 83 companies with a market capitalization of \$28.9B (2019-79 companies \$7.2B) that are headquartered outside Canada but have the BCSC as their principal regulator.

The BCSC is the principal regulator of an additional 247 companies (2019-272 companies) that are not listed on the TSX, TSXV, CSE, or NEO.

BC-BASED CANADIAN-LISTED COMPANIES

BC-based Canadian-listed companies by industry
 (2020-\$285.7B 1,453 companies; 2019-\$194.0B 1,423 companies)

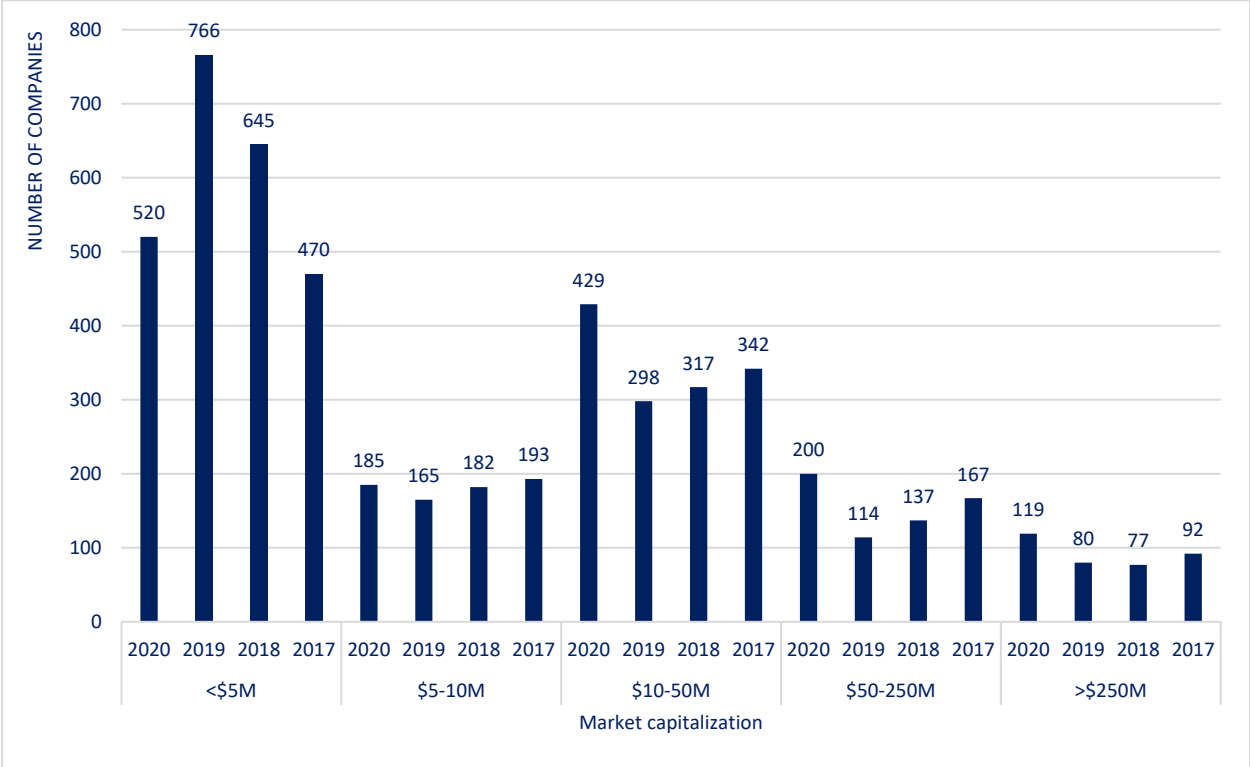


Mining continues to be the most prominent public company sector in BC with

- 882 companies (2019-858) - 61% of BC-based listed companies (2019- 60%),
- a 58% increase in market capitalization (2019-7%), and
- 59% of the total market capitalization (2019-55%).

The market capitalization of the BC companies in the technology, communication and entertainment sector increased 50% (2019-13%), led by a 284% increase in Ballard Power Systems.

Market capitalization, by range, of BC-based Canadian-listed companies



Thirty-six percent (36%) (2019-54%) of BC-based companies had a market capitalization of \$5 million or less at December 31, 2020. By comparison, 29% (2019-36%) of Alberta-based companies had a market capitalization of \$5 million or less, and 23% (2019-33%) of Ontario-based companies were in that range.

Offsetting the 32% decrease (246 companies) in the number of companies with market capitalization of \$5 million or less, there was a 44% increase (131 companies) in companies with market capitalization of between \$10 million and \$50 million and a 75% (86 companies) increase in companies with market capitalization of between \$50 million and \$250 million.

The largest BC-based public companies¹¹ by market capitalization

	Exchange	2020 (\$ billions)	2019 (\$ billions)	2018 (\$ billions)	2017 (\$ billions)
Lululemon Athletica Inc.	NASDAQ	58.14	40.70	22.38	14.06
Telus Corporation	TSX	32.54	30.26	27.06	28.13
Wheaton Precious Metal Corp.	TSX	23.67	17.28	11.83	-
First Quantum Minerals Ltd.	TSX	15.75	9.07	-	-
Abcellera Biologics Inc.	NASDAQ	15.60	-	-	-
Teck Resources Limited	TSX	12.30	12.48	16.89	18.96
Goldcorp Inc.	TSX	-	-	11.62	13.90

¹¹ Including companies listed on foreign exchanges.