BMA ADVOGADOS

Mining: new paths for capital

01.07.2026 3 min read

Authors

Felipe Prado

João Raso

Related areas

Environmental, Climate and Mining

Topics

Environmental, Climate and Mining | Mining | BMA Review

Mining requires significant upfront investment, unfolds over decades, and carries substantial geological and operational risks. Internationally, royalties and streaming dominate. In Brazil, the menu of financing options is starting to broaden.

Mining is a challenging proposition from a financing standpoint. It demands significant upfront investment long before the first tonne is produced, combines geological, regulatory, environmental, and price risks, and can take ten to fifteen years to move from discovery to production. As a result, financing the sector requires specialized structures, particularly in the early stages of the mining life cycle.

Internationally, three models have become standard. Royalty financing provides capital in exchange for a share of future revenue or production, without diluting ownership. Streaming combines an upfront payment with the ongoing purchase of a portion of production at a discounted price. Offtake prepayments allow producers to bring forward revenue in exchange for a commitment to future supply. These structures are all non-dilutive and work well for more advanced projects, but are less suited to early-stage exploration, where risk is highest.

In Brazil, these financing structures are only beginning to gain traction. Although "incentive debentures," created by Law 12.431/2011, which provide investors with preferential tax treatment on interest income, have long been used in other sectors, mining projects were, until recently, unable to access them.

The landscape began to change with Law 14.801/2024, which created a new class of "infrastructure debentures" that shifts the tax incentive to issuers and aims to reduce financing costs at the project level. Regulations issued under Decree 11.964/2024 defined priority sectors, including the processing of strategic minerals for the energy transition, in which projects are eligible to issue infrastructure debentures. Further developments followed in November 2025, when MME Directive 120/2025 established eligibility criteria for mining projects and allowed up to 49% of the proceeds to be allocated to mining and mine development activities, provided they are tied to downstream processing projects.

Even so, the scope remained limited. The Directive applies only to the processing of strategic minerals for the energy transition – such as lithium, nickel, graphite, and rare earth elements – leaving out fertilizers, iron, aluminum, and purely exploratory phases of the mining life cycle.

In May of this year, the Chamber of Deputies approved Bill PL 2780/2024 (the "Bill"), which broadens the range of funding options available to the mineral sector. The Bill, which is now before the Senate, extends the benefits of Laws 12.431/2011 and 14.801/2024 to projects involving critical and strategic minerals, while removing the prior ministerial approval requirement that had limited access under Law 12.431.

The central feature – and the main constraint – is that direct eligibility to issue these debentures is restricted to mineral processing, transformation, and urban mining projects. Exploration, prospecting, mining, and mine development can only access them indirectly, as components of a broader processing or transformation project, rather than on a standalone basis. In practical terms, this excludes junior exploration companies and operators involved solely in upstream mining activities, without a structured downstream component.

In addition to expanding debenture-based financing, the Bill establishes the Mining Activity Guarantee Fund (FGAM – *Fundo Garantidor da Atividade Mineral*), with an initial capital of BRL 2 billion from the federal government and the potential to reach BRL 5 billion through private contributions. The fund is designed to provide guarantees to support financing for projects involving critical and strategic minerals, reducing lenders' perceived risk and lowering financing costs across the sector.

There are also signs that a broader institutional ecosystem is taking shape. These include the 2025 BNDES–FINEP public call – a joint government funding initiative supporting strategic projects – which mobilized up to BRL 5 billion in credit, a strategic minerals private equity fund (FIP) co-managed by Ore Investments and Régia Capital, with potential of up to BRL 2 billion, and other initiatives led by both Ore Investments and FINEP.

Taken together, these developments indicate that Brazil's financing framework in the mining sector is becoming more mature and diversified, moving closer to established international practices. Gaps remain – particularly in the earliest stages of the value chain – but the trajectory is clear.

› PROFESSIONALS

Professionals who combine legal insight and market perspective

Felipe Prado

João Raso