PearTree's Ron Bernbaum on Why the Structured Flow Through Tax Model is a Game-Changer for Canadian Critical Minerals

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March 11, 2025 – In a powerful advocacy for Canada's junior exploration sector at PDAC 2025, Ron Bernbaum, CEO of PearTree Financial, emphasized the critical role of the Mineral Exploration Tax Credit (METC), highlighting its recent extension for 2-years due in part to coordinated industry lobbying efforts. Bernbaum described this tax credit as indispensable, stating it "has a material impact on the ability to get financing done in a sector that we know is historically always challenged for money." He stressed the importance of permanence, noting, "The flow-through regime that's been around since the late '70s is really the only way junior exploration is financed in Canada."

Bernbaum emphasized how Canada's structured flow-through model uniquely leverages tax incentives to channel substantial investment into the critical minerals sector. He particularly noted the strong uptake by international investors, notably from Australia, who recognize the exceptional opportunity this model provides. As Bernbaum explained, "An Australian investor institution can put up a dollar and then see $1.75 deployed in the ground," highlighting how Canada's structured flow-through approach significantly enhances investor returns, reduces risk, and drives capital efficiently into essential exploration projects.

To further maximize the model's effectiveness, Bernbaum called

for increased education and advocacy, urging Ontario in particular to emulate Quebec's proactive approach. He remarked, "Quebec understands tax policy better than any other jurisdiction…QC gets it. They prosper as a result of it." Bernbaum stressed that expanding awareness and adoption of the structured flow-through model across Canada would strengthen the nation's competitive edge, driving greater investment into essential mineral exploration projects.

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