

Anxiety Rises on the Future of Flow-Through Financings as METC Deadline Looms, Canadian Government Keeps Quiet

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As the deadline looms for the expiration of the end of March, the Canadian mining industry faces a pivotal moment that could significantly impact its funding mechanisms and future exploration endeavors. The mineral exploration tax credit (METC), traditionally extended during the PDAC Convention, has not seen its renewal announced this year, stirring considerable anxiety within the sector. This program has been a cornerstone in supporting Flow-Through Share (FTS) pricing for exploration companies, enabling them to raise funds more effectively. Without the METC, these companies are looking at a potential increase in the cost of capital by 15% to 20%, a dilution that signifies not just an operational challenge but a strategic impediment to growth and exploration activities across Canada.

Peter Clausi, a Director for the [Critical Minerals Institute](#) (CMI) and a prominent voice in the mining community, articulates the immediate concern and confusion within the sector. According to Clausi, the silence from the federal government in response to lobbying efforts for clarity on the METC's future is disconcerting. This uncertainty complicates planning and investment for junior mining issuers, who might see their cost of capital rise significantly without the federal credit component of flow-through financing. Clausi's observations underscore the critical nature of this moment, as the industry seeks guidance amidst this uncertainty.

The broader ramifications of the METC's expiration extend beyond federal boundaries, affecting provincial METCs in Ontario and Saskatchewan, which are set to expire concurrently. Although Manitoba and British Columbia have made their tax credits permanent, and Quebec's provincial incentives would remain effective, the overall impact on the industry's financing landscape is profound.

If the METC does expire at the end of March, the Critical Mineral Exploration Tax Credit (CMETC) would continue until 2027.

Clausi emphasizes the significance of the upcoming federal budget announcement on April 16, which the sector hopes could reinstate the METC or provide a viable alternative.

Ron Bernbaum of [Peartree Capital](#) further amplifies this concern, highlighting the vital role of flow-through financing in supporting over [90% of exploration investment](#) in Canada. Bernbaum points out that recent tax changes, especially those related to the Alternative Minimum Tax (AMT), threaten to reduce exploration capital significantly. The double whammy of an expanded AMT regime and no METC would have a severe negative impact on mining exploration in Canada.

Both Clausi and Bernbaum's insights into the current state of flow-through financing and the METC bring to light the intricate balance between government policy, tax incentives, and the financial health of the mining sector. As the deadline approaches, the industry awaits some kind of federal action that could either bolster its prospects or challenge its resilience in navigating the complexities of mineral exploration and development in Canada.