The Government of Canada extends the Mineral Exploration Tax Credit for an additional Two years

March 4, 2025

Authors

Josianne Beaudry

Partner, Lawyer

Éric Gélinas

Counsel and Lawyer

Mylène Vallières

Partner, Lawyer

On March 3rd, 2025, the Department of Finance Canada announced a two-year extension to the 15% Mineral Exploration Tax Credit ("**METC**") available to investors in flow-through shares. The extension means that the METC will be effective until March 31, 2027.

This announcement came at a time when uncertainty loomed over the industry and some stakeholders feared that the government would not renew the METC.

Over time, this tax credit has become a key component of flow-through share financings. It is intended to enhance the tax deductions already available to flow-through share holders and ultimately help companies raise capital for mineral exploration.

The METC was last renewed in 2019 for a five-year period, indicating the government's long-term commitment to the sector at that time.

And while this renewal is welcome news for exploration companies, it should be noted that the shorter two-year horizon of the extension does not provide the same assurance regarding the incentive's future.

It is possible that this two-year renewal reflects the government's intention to promote the new 30% Critical Mineral Exploration Tax Credit ("CMETC") instead, on which more information can be found

Copyright (c) Lavery, de Billy, S.E.N.C.R.L. - L.L.P.

here: Federal Budget 2022: Good News for Mining Exploration Companies!

In closing, it is important to note that the one-year extension to the 15% METC will not affect the period during which the 30% **CMETC** is available for critical mineral exploration, which will end on March 31, 2027, and is subject to renewal.

If you were planning on financing non-critical mineral exploration, you may want to complete this transaction within the next two years in order to benefit from the 15% METC.

Our team of professionals specializing in securities, mining law and taxation is available to answer any questions you may have concerning this new measure and to guide you in arranging a successful flow-through financing.

Copyright (c) Lavery, de Billy, S.E.N.C.R.L. - L.L.P.