

Relief and Renewal: Canada's METC Extension Breathes New Life into Mineral Exploration

written by Tracy Weslosky | March 31, 2024

In a much-anticipated turn of events, the Canadian government [announced](#) on Thursday, March 28th, the extension of the **Mineral Exploration Tax Credit** (METC) through to March 31, 2025. This decision, arriving just in the nick of time, has quelled the rising anxiety within the mining sector regarding the future of flow-through financings.

For weeks leading up to the announcement, speculation and concern have been rampant. A recent story by **InvestorNews** titled [Anxiety Rises on the Future of Flow-Through Financings as METC Deadline Looms, Canadian Government Keeps Quiet](#) highlighted the sector's unease as the March 31, 2024, deadline approached without a word from the federal government. The METC has long been a cornerstone for supporting flow-through share (FTS) pricing for exploration companies, enabling them to raise funds effectively. The lack of confirmation on its renewal posed a significant threat to the cost of capital for these companies, potentially diluting their growth and exploration activities across Canada.

Peter Clausi, a Director for the [Critical Minerals Institute](#) (CMI), the CEO of [CBLT Inc.](#) (TSXV: CBLT), and a vocal advocate for the mining community, previously expressed deep concern over the government's silence. The uncertainty, he noted, made planning and investment challenging for junior mining issuers. "Without the METC's extension, a great deal of investment would not have been made, to the detriment of everyone in the junior mining company's food chain. The extension of the METC means

that the further incentive to invest in junior mining companies with assets in Canada is still there,” Clausi elaborated following the announcement. “Many thanks to everyone who spoke to the government, and especially to PDAC who has been a historical leader in this area.”

The extension is projected to offer support for mineral exploration investments. While the figure mentioned in the announcement was \$65 million, industry experts deem this to be an exceptionally modest number. “The \$65 million figure seems low compared to the expectations within the industry,” Clausi commented, providing an opportunity to share the perceived discrepancy between the government’s projections and the industry’s expectations.

Despite the last-minute nature of the renewal and the questions surrounding the amount of support provided, the extension has been met with relief. The decision underscores the government’s recognition of the mining sector’s crucial role in Canada’s economy, especially in the sustainable development of natural resources and the promotion of Indigenous economic participation.

Quotes from senior government officials, including The Honourable Chrystia Freeland and The Honourable Jonathan Wilkinson, affirm the government’s commitment to supporting the mining sector. Freeland emphasized the importance of mineral exploration in creating future mining jobs, particularly in northern and remote communities, as part of Canada’s transition to a net-zero economy. Wilkinson highlighted mining’s historic significance to Canada and the current focus on supporting the exploration of critical minerals crucial for clean technology.

The METC’s extension arrives as both a significant relief and a call to action for the mining industry. It not only addresses

the immediate financial concerns but also signals the government's ongoing support for mineral exploration. As Canada continues to navigate its economic and environmental goals, the sustained investment in the mining sector through mechanisms like the METC will be pivotal in unlocking the country's vast mineral wealth, creating jobs, and fostering a sustainable future.

InvestorNews recently did an [interview](#) with Jeff Killeen, Director of Policy and Programs at the [Prospectors & Developers Association of Canada](#) (PDAC) who explained how PDAC has played a crucial role in lobbying for the METC's renewal. Their efforts underscore the collaborative spirit required to ensure the mining sector's stability and growth. With the extension now in place, the industry can breathe easier, focusing on the exploration and development that are fundamental to Canada's economic and environmental well-being.

Peter Clausi Analyzes the METC Extension: Understanding Its Impact on Canada's Mining Industry – Highlights from the Q&A Session:

Q: The Federal Government of Canada announced an extension of the 15% mineral exploration tax credit for investors and flow-through shares until March 31, 2025. What does this mean for the industry?

Peter Clausi: This means that the incentive to invest in junior mining companies with assets in Canada is still there without the mineral exploration tax. But a great deal of investment would not have been made, to the detriment of everyone in the junior mining company's food chain, including drillers, prospectors, lawyers, accountants, and most importantly, First Nations. With the METC being extended for at least one year, those persons will continue to benefit from continued

investments.

Q: Why did the government wait until the last minute to announce the METC extension, and why only for one year?

Peter Clausi: I blame Adam Smith and his invisible hand. I think the liberal government was using the Tax Act as a tool of social policy, which they ever right to...But I think the law of unintended consequences... would have been that those companies would not have seen investment and that's not healthy for the Canadian mining ecosystem.

Q: How does this extension impact sectors not considered critical minerals?

Peter Clausi: Anything that's not on the critical minerals list would have been impacted.

Q: The extension is projected to offer \$65 million in support for mineral exploration investments. Is this consistent with your understanding of what's needed?

Peter Clausi: It is. I would expect that \$65 million number to be much larger, and that much larger level of support is what's needed for the non-critical mineral exploration company.

Q: Can you comment on the significance of quotes from Chrystia Freeland and Jonathan Wilkinson in this particular news release?

Peter Clausi: It shows how seriously the Liberal government finally took this issue. And when they realized the unintended consequences of not extending the METC, senior officials in the government took action to extend the METC.

FTS Information sources include:

- The Canadian list of Critical Minerals, [click here](#)

- [Mining Tax Canada](#)
 - [How the flow-through share \(FTS\) program works – Canada.ca](#)
 - [Canada Revenue Agency – Flow-Through Shares](#)
 - [PDAC – Access to Capital, Flow-Through Shares](#)
 - [PDAC Brochure on Flow-Through Shares](#)
 - [Critical Minerals Institute](#)
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Stop Predatory Short Selling: A Call for Ethical and Fair Trading Practices in Financial Markets

written by Tracy Weslosky | March 31, 2024

In the dynamic landscape of financial markets, the practice of short selling, particularly its aggressive form known as naked short selling, has been a subject of intense debate. While short selling is a legitimate strategy where shares are borrowed and sold in anticipation of a price drop, naked short selling often veers into market manipulation, adversely affecting stock prices and investor confidence.

Seven Small Cap Junior Mining Companies with More than \$10M in the Bank

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“Cash is king” and is especially important for junior mining exploration companies during times of potential economic downturns. Investors may be more hesitant to provide funding during economic uncertainty, making it more challenging for junior mining companies to access the capital they need to fund their operations or pursue growth opportunities.

Having a strong cash position can provide junior mining companies with a cushion to fall back on and increase their appeal to potential investors or lenders. Listed in the article are seven junior mining companies with a market capitalization of less than \$300 million but with a cash balance of more than \$10 million.

Junior mining exploration companies are typically smaller enterprises engaged in exploring and developing early-stage projects. These companies play a critical role in the mining industry as they are responsible for discovering new mineral deposits that can eventually become producing mines. However, despite the important role that junior mining companies play, they can often be undercapitalized which hinders their ability to operate effectively.

One of the main financial challenges faced by junior mining companies is the need for ongoing capital raises to maintain a strong cash balance to fund corporate activities. Unlike later-stage or producing mining companies that have access to significant financial capital, junior mining companies often

have limited funding opportunities, which makes it difficult for them to execute on their exploration and development plans. Exploration is a critical part as it involves the search for new mineral deposits and can be expensive unless the junior mining company has connected with a joint venture partner that can help split the costs

Another reason why cash is important for junior mining companies is that it allows them to take advantage of opportunities as they arise. For example, if a junior mining company discovers a new mineral deposit that continues onto an adjacent property, it may need to acquire the rights to that property. Acquiring these rights may require significant cash reserves, and without them, the junior mining company would miss out on the opportunity.

Finally, having cash on hand can help them take advantage of distressed asset sales or acquisition opportunities that may arise as other companies struggle during the economic downturn. This can be a strategic way to grow the company's asset base and position it for success once the market recovers.

7 Small Cap Junior Mining Companies with More than \$10M in the Bank

Company Name	Ticker	Market Cap. (C\$M)	Website	Cash & Short Term Investments* (C\$M)
Lithium Ionic Corp.	TSXV: LTH	\$282	www.lithiumionic.com	\$30
Chesapeake Gold Corp.	TSXV: CKG	\$137	www.chesapeakegold.com	\$29

Rare Element Resources Ltd.	OTCQB: REEMF	\$106	www.rareelementresources.com	\$19
Irving Resources Inc.	CSE: IRV	\$68	www.irvresources.com	\$13
Snow Lake Resources Ltd.	NASDAQ: LITM	\$55	www.snowlakelithium.com	\$20
Sable Resources Ltd.	TSXV: SAE	\$23	sableresources.com	\$17
Fancamp Exploration Ltd.	TSXV: FNC	\$19	www.fancamp.ca	\$18

*Source: S&P Capital IQ; Company Presentations

Lithium Ionic Corp. (TSXV: LTH); Market Capitalization: \$282 million; Cash: \$30 million

Lithium Ionic Corp. is a Canadian mining company that focuses on the exploration and development of lithium resources. The company's properties cover approximately 7,700 hectares in the Aracuai lithium province in Minas Gerais State, Brazil. The province has excellent infrastructure, including access to highways, hydroelectric power, water, and nearby commercial ports. Lithium Ionic's Itinga and Galvani claims are located in the same district as the CBL mine, which is a producing lithium mine, and Sigma Lithium Corp.'s (NASDAQ: SGML) large Barreiro and Xuxa lithium deposits, which are in the construction stage. The company aims to leverage its strategic location and expertise to become a significant player in the growing lithium

market.

Chesapeake Gold Corp. (TSXV: CKG); Market Capitalization: \$137 million; Cash: \$29 million

[Chesapeake Gold Corp.](#) is a Canadian mining company that focuses on the exploration and development of precious metal projects in Mexico. The company's primary asset is its flagship Metates project, which is located in Durango, Mexico. The Metates project has a Measured & Indicated resource of approximately 19.8 million ounces of gold and 542 million ounces of silver, and an Inferred resource of 640 thousand ounces of gold and 18 million ounces of silver.

Rare Element Resources Ltd. (OTCQB: REEMF); Market Capitalization: \$106 million; Cash: \$19 million

[Rare Element Resources Ltd.](#) is a company headquartered in Colorado, USA. The company is focused on the exploration and development of rare earth elements (REEs) in North America. Its flagship project, the Bear Lodge Project in Wyoming and, according to the US Geological Survey, is one of the largest disseminated rare earth element deposits in the United States with a Measured & Indicated resource of 18 million tons grading 3.05% Total Rare Earth Oxide (TREO) at a 1.5% cutoff grade.

Irving Resources Inc. (CSE: IRV); Market Capitalization: \$68 million; Cash: \$13 million

[Irving Resources Inc.](#) is a Canadian-based mineral exploration

company focused on the exploration and development of gold and other mineral projects in Japan. The company's primary asset is the Omu project, which is located on the northern island of Hokkaido. The Omu project is a high-grade epithermal gold-silver deposit that is located in a highly prospective region, which has seen limited exploration in recent time. Irving Resources has been actively exploring and drilling the property to define and expand the mineralization.

**Snow Lake Resources Ltd. (NASDAQ: LITM);
Market Capitalization: \$55 million; Cash:
\$20 million**

[Snow Lake Resources Ltd.](#) is a Canadian mineral exploration and development company focused on the exploration and development of battery metal projects in the Snow Lake area of Manitoba, Canada. The company's primary asset is the Thompson Brothers Lithium deposit, which is a lithium exploration project located in the Snow Lake area. The Thompson Brothers Lithium deposit contains an Indicated Resource of 9.08 million tonnes grading at 1.00% Li₂O and an Inferred Resource of 1.97 million tonnes grading 0.98% Li₂O using a 0.3% Li₂O cut-off grade. The project has potential for expansion and Snow Lake Resources has been actively exploring and drilling the property to further define and expand the mineralization.

**Sable Resources Ltd. (TSXV: SAE); Market
Capitalization: \$23 million; Cash: \$17
million**

[Sable Resources Ltd.](#) is a Canadian mineral exploration company focused on the exploration and development of precious and base metal projects in Latin America. The company is actively

exploring the San Juan Regional Program incorporating the Don Julio, El Fierro, La Poncha, and Los Pumas projects in Argentina, and the Mexico Regional Program, incorporating the Vinata and El Escarpe projects.

**Fancamp Exploration Ltd. (TSXV: FNC);
Market Capitalization: \$19 million; Cash:
\$18 million**

[Fancamp Exploration Ltd.](#) is a Canadian mineral exploration company focused on the exploration and development of mineral properties in Canada. The company has a portfolio of mineral claims, including copper, gold, zinc, titanium, chromium, and rare earths metals, totaling over 158,000 hectares across Ontario, Quebec, and New Brunswick, Canada, as well as investments in other mineral exploration and development companies, including [EDM Resources Inc.](#) (TSXV: EDM) and [NeoTerrex Corporation](#) (*private*).

Vital Metals' Rare Earths off-take MOU with Ucore positions Vital as a key supplier for a non-Chinese Total Rare Earths'

Supply Chain

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A key element for junior miners to demonstrate progress is to secure off-take agreements. This then typically leads to a greater degree of confidence that the company is credible as a supplier and that there is demand for its mined material. Such progress attracts not only investors but also potential project financiers. In the case of Vital Metals, the production of ore concentrates containing the key magnet rare earths neodymium & praseodymium (NdPr) that commenced in the summer of 2021 in the past year coincided with [strong price gains](#) that confirm strong demand.

Neodymium 1 year price chart shows strong price gains the past year



Source: [Trading Economics](#)

Vital Metals MOU with Ucore

[Vital Metals Limited](#) (ASX: VML) (“Vital”) recently [announced](#) news of signing a non-binding MOU with Ucore Rare Metals Inc. (TSXV: UCU | OTCQX: UURAF) for the supply of a mixed rare earth carbonate, beginning H1 2024. Ucore’s Alaska Strategic Metals’ Center, SMC, facility is planned to be commissioned in the first half of 2024 with an initial 2,000tpa total rare earth oxide (TREO) separation and purification capacity, ramping to at least 5,000t/year TREO by 2026.

That means Ucore is looking to secure concentrate supply over 2.5 years in advance of when it is needed, showing the strength of demand for Western produced rare earths concentrate. It also means Vital has a growing off-take partner, making it a win-win

relationship for both parties.

Vital Metals' Managing Director Geoff Atkins [stated](#): "Vital to commence product acceptance with Ucore in Q4 CY21 by supplying a sample of concentrate produced from its Nechalacho rare earths project in NWT, Canada....**The MOU will position Vital as a key supplier of rare earths in the North American market**, building on its offtake agreement with REEtec in Europe.....We are continuing to grow our operations in Canada and are well-placed to supply both geographies with the complete suite of rare earths."

Ucore Chairman and CEO, Mr. Pat Ryan, P.Eng, [stated](#): "This partnership with Vital is an integral step in the development of the Alaska SMC, as Ucore continues to cultivate relationships with potential like-minded upstream and downstream partners in the evolving Western world market; with the ultimate goal of ensuring that original equipment manufacturers transforming to an electrified economy continue to have access to a comprehensive North American raw material and finished goods supply chain."

A reminder about Vital Metals

Vital is already mining ore at its Nechalacho Mine in Canada's Northwest Territories (NWT), with commencement of ore processing, at Vital's now under construction Saskatoon cracking and leaching facility, expected to begin in 2022. The Nechalacho Mine is a high grade, light rare earths (bastnaesite) project with a world-class resource of 94.7Mt at 1.46% TREO (measured, indicated and inferred). Nechalacho's North T Zone hosts a high-grade resource of 101,000 tonnes at 9.01% LREO (2.2% NdPr). Vital's strategy is to develop Nechalacho in two stages. Stage 1 of the operations focuses on the North T Zone resource, now in production, and is fully funded; Stage 2 will involve the

development of the much larger Tardiff deposit.

Vital Metals' Nechalacho rare earths project in the NWT's of Canada – production of beneficiated ore commenced in June 2021



Source: [Vital Metals Annual report – June 2021](#)

Vital has successfully produced a beneficiated product which is to be further processed at the Company's, now under construction, extraction facility in Saskatoon targeted to commence by late 2021 and with [commercial production by mid-2022](#). Vital aims to produce a minimum of 5,000 tonnes of contained REO by 2025.

Vital's off-take summary

- Binding off-take agreement with Norwegian company REEtec for Stage 1 production with the supply of 1,000t REO (ex-Cerium)/yr for an initial five-year period. This was recently increased to rare earth carbonate product containing a minimum of 750t NdPr, contained within [2,000t/year total rare](#) earth oxides (TREO) with a maximum of 25% cerium. Amended agreement extends Vital's product sales to REEtec to 2028 with option for an additional expanded 10-year agreement.
- Non-binding MOU with Ucore Rare Metals Inc. to sell to Ucore a minimum of [500t REO \(ex-cerium\)/year](#), commencing H1 2024. Vital to expand production to support a minimum of 50% of Ucore's envisioned 5,000t TREO/yr processing capability (ie: 2,500t TREO/yr) by 2026.

The off-take agreements above combined, if completed, amount to 2,500t REO/yr (2,000 + 500) out of Vital's production target to achieve "5,000 tonnes of contained REO by 2025". It looks quite

likely the Ucore off-take will be increased later.

Vital Metals' Nechalacho rare earths project is a simple open pit operation in northern Canada's NWT's



Source: [Vital Metals Annual report – June 2021](#)

Closing remarks

Vital is now the first rare earths producer in Canada and only the second in North America, from their Nechalacho rare earths mine, with commercial production set to be reached in mid-2022. Vital's extraction facility in Saskatoon will be built and produce a rare earths concentrate from about June 2022. Vital has secured off-takes in Europe with REEtec and now with Ucore in North America. These companies will take Vital's concentrate for further separation and purification.

Vital has agreed to acquire the Zeus heavy rare earth project (& 68% of the Kipawa Project) in Canada and it also owns a second light rare earths project in Tanzania.

Vital Metals Limited trades on a market cap of A\$248 million and certainly looks to be a company with a very bright future in the non-Chinese total rare earth supply chain.

Betting on gold in

Newfoundland, TRU Precious enters the race.

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Did you know that Newfoundland in Canada is the latest hot spot for gold exploration? A wave of junior miners are rushing to get land positions in the area after the New Found Gold Corp. discovery of 92.86 g/t gold over 19m (included 285.2 g/t Au over 6.0 meters) was [announced](#) in January 2020. A major advanced project in Newfoundland is the Valentine Project that has proven and probable reserves of 1.87 million ounces of gold and a resource estimates of 3 million M&I ounces of gold. Today's company has already staked a massive 23,000 hectares in the highly-prospective Central Newfoundland Gold Belt, with one of their projects practically right next to the Valentine Project and another right next to New Found Gold's Project.

That company is [TRU Precious Metals Corp.](#) (TSXV: TRU | OTCQB: TRUIF) ('TRU'). TRU is a gold exploration company with a district-scale land package of 23,000 ha in the Central Newfoundland Gold Belt. TRU's major project is the Golden Rose Project/Property which lies just near Marathon Gold Corp.'s Valentine Project, which holds the largest undeveloped gold resource in Atlantic Canada.

TRU Precious Metals Corp. portfolio of projects in Newfoundland (location map)



Source: [Company presentation](#)

TRU has five properties at various stages of exploration. They are:

- **The Golden Rose Project (subject to entering into a definitive 100% option agreement)** is a regional-scale land package covering 105 km² within the Valentine Lake structural corridor, hosting over 45 km of prospective strike length for gold mineralization. It is easily accessible via provincial highway and forest access roads. It is located between Marathon Gold Corp.'s Valentine Gold Project to the northeast and Matador Mining Ltd.'s Cape Ray Gold Project to the southwest. Selected drill intercepts include **1.37 g/t Au over 26.31 m and 2.15 g/t Au over 12.6 m**. There has also been a 65 g/t Au historic grab sample. There are 6 distinct gold showings/ prospects already identified.
- **The Twilite Gold Project (100% owned)** is located along a structural corridor with other gold deposits such as Cape Ray and Valentine Lake. The Project has a historical drill hole interval of **5.1 g/t Au over 5.8 m, from 14.2 m to 20 m depth**. There is also a 202 g/t Au grab sample in a zone of quartz veining and silification.
- **The Rolling Pond Property (option to 100% own)** is host to a large, well-preserved, highly underexplored hydrothermal quartz vein system up to 50-75 m wide (true width) containing anomalous gold grades. The over 1.7 km long main zone remains open along its strike length. Its neighbour is New Found Gold's Queensway Project.
- **The Stony Lake Property** is an underexplored 2,675 ha with historical samples with visible gold. There is a mineralized zone known as the "Cliff Showing".
- **The Gander West** is untested ground with quartz veins in outcrop 16 km from where NFG had a drill hole interval of 92.86 g/t gold >19 m.

TRU Precious Metals Corp. five exploration stage projects in Newfoundland



Source: [Company fact sheet](#)

The Central Newfoundland Gold Belt has good existing infrastructure including power and year-round access and exploration ability.

TRU has an experienced management team as you can read [here](#). VP Property Development & Director, Barry Greene, is a Newfoundland-based geoscientist with over 30 years of experience.

Closing remarks

One advantage of heading to more remote and under-explored locations such as Newfoundland is that there is always the chance of a huge discovery. We saw that in Alaska and perhaps next will be Newfoundland.

TRU Precious Metals Corp. trades on a market cap of just C\$8.3 million. Risk is significant being an early-stage gold explorer, but there is also huge upside if they can strike significant gold in Newfoundland.