

# AME RECOMMENDATIONS TO GOVERNMENTS TO SUPPORT MINERAL EXPLORATION AS A RESULT OF COVID-19 OUTBREAK

March 31, 2020

The COVID-19 pandemic has resulted in exploration projects being postponed due to a combination of health concerns and lack of financing. AME is working with officials from both the provincial and federal governments to ensure that mineral explorers are supported during and after the outbreak.

AME has submitted recommendations to both levels of government to stimulate the recovery and growth of the mineral exploration sector.

Both the governments of BC and Canada have also announced broad-ranging relief programs, and the BC government has announced an extension on registering work and payments for mineral and placer titles to December 31, 2021. For the latest updates, visit <https://amebc.ca/resources/covid-19/>.

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## AME RECOMMENDATIONS TO PROVINCIAL GOVERNMENT

AME made the following recommendations on March 31 to the Hon. Bruce Ralston, Minister of Energy, Mines and Petroleum Resources, and the Hon. Carole James, Minister of Finance.

These recommendations are focused on both permitting improvements and financial incentives.

### 1) Permitting:

- a. **Extend all existing Notice of Work (NoW) Permits through December 31, 2021** – this action is needed to support companies who will be unable to work this year due to the current physical distancing measures and the lack of ability to finance mineral exploration in these challenging financial conditions.
- b. **Expedite the review of all new NoW applications for mineral exploration so they are approved within 30 days** – this action is needed to ensure that mineral explorers who have funds, or are able to raise funds, can get to work quickly once the COVID-19 outbreak has subsided. Current processing times for NoW applications mean that most companies who apply for a permit once the situation improves will not get to work in 2020. It is critical the industry get back to work as quickly as possible once the threat has subsided in order to support British Columbians and our communities across the province.

### 2) Financial Incentives:

- a. **Immediately refund all outstanding BC Mining Exploration Tax Credit (BC METC) rebates to companies** – many Junior companies are in a critical need of funds to maintain their operations and to undertake exploration once conditions improve. BC METC refunds can take more than a year to be received (longer if under audit) and now is when they need those funds the most. We recommended fully refunding any outstanding rebates that are not under audit and refunding 80% of rebates that are currently under audit (to be reconciled once the audit is complete).
- b. **Increase the BC Flow-Through Share rate and the BC METC rates to 60% for a twelve (12) months**

- starting in June 2020** – the flow-through share program is the primary vehicle by which funds are raised for mineral exploration in British Columbia. Temporarily increasing the flow-through and BC METC rates to 60% will provide a strong incentive for new investment in BC mineral exploration projects and will allow companies to get out and conduct field programs once the threat of the COVID-19 outbreak has subsided. This will benefit the more than 150 communities across BC that support mineral exploration. In addition, investment capital is mobile, and a rate of 60% would make BC the top destination in Canada for high-risk mineral exploration capital.
- c. **Extend the deadline for spending flow-through funds raised in 2019 and 2020 by twelve (12) months** – many mineral exploration projects will not be able to operate this year or will operate on reduced budgets. Companies that have existing flow-through funds may not be able to spend those funds within the existing legal requirements of the flow-through program. To offset this challenge, we recommend extending the deadline for spending flow-through funds raised in 2019 and 2020 by twelve months. This request has also been put forward to the federal government.
  - d. **Expand the criteria for the use of flow-through and BC METC funds to include administration and desktop geological work for eighteen (18) months starting on April 1, 2020** – expand the criteria for the use of flow-through funds to include administrative and office-based geological work in light of the current limitations on field-based programs. This includes, planning, data mining, compilation, modelling and other geological work needed to advance a mineral exploration project as well as administrative work needed to keep the company operating. The request has also been put forward to the federal government.
- 3) **Create a \$100 Million Investment Fund for Mineral Exploration** – we urge government to create a \$100 million investment fund for the mineral exploration industry with profits being directed towards Indigenous training and capacity, reclamation of legacy sites and community initiatives. This will position BC as one of the top jurisdictions in the world for mineral exploration, will clearly demonstrate government support for responsible mineral exploration and will ensure companies conduct exploration in BC and hire staff, including Indigenous people and contractors from businesses in more than 150 communities right across BC. This item will directly advance governments reconciliation mandate and will support the building of BC's brand as a "the backbone of an inclusive, progressive and low carbon economy" as stated in the Mining Jobs Task Force vision.
- 4) **Reinstate the BC Prospector Grant Program** – prospector grant programs have proven to be a very effective way to stimulate early-stage, grass-roots exploration. This is exactly the type of work needed to make new mineral deposit discoveries in BC, and the type of work that is eliminated first during difficult financial times, such as today. In addition, a prospector grant program will allow individuals and small operators to work during 2020; something that is currently at risk. This program could be structured to allow for desktop prospecting and geological work in 2020 that is followed by 'boots on the ground' later in 2020 or in 2021.

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## AME RECOMMENDATIONS TO FEDERAL GOVERNMENT

AME made the following recommendations on March 30 to the Hon. Seamus O'Regan, Minister of Natural Resources, and the Hon. Bill Morneau, Minister of Finance.

These recommendations are focused on the federal Mineral Exploration Tax Credit (METC) and are aimed at supporting mineral explorers and developers through this difficult time and helping the sector get back to work quickly once conditions improve.

- 1) **Extend the deadline for spending flow-through funds raised in 2019 and 2020 by twelve (12) months** – many mineral exploration projects will not be able to operate this year or will operate on reduced budgets.

Companies that have existing flow-through funds may not be able to spend those funds within the existing legal requirements of the METC program. To offset this challenge, we recommend extending the deadline for spending flow-through funds raised in 2019 and 2020 by twelve months.

- 2) **Expand the criteria for the use of flow-through funds to include administration and desktop geological work for eighteen (18) months starting on April 1, 2020** – expand the criteria for the use of flow-through funds to include administrative and office-based geological work in light of the current limitations on field-based programs. This includes, planning, data mining, compilation, modelling and other geological work needed to advance a mineral exploration project as well as administrative work needed to keep the company operating.
- 3) **Increase the federal METC from 15% to 30% for twelve (12) months starting in June 2020** – the METC program is the primary vehicle by which funds are raised for mineral exploration in Canada. Temporarily increasing METC to 30% will provide a strong incentive for new investment in mineral exploration and will allow companies to get out and conduct field programs once the threat of the COVID-19 outbreak has subsided.