



- Press Release –

## **Statement – The Mining Association of Canada Encouraged by Government of Canada Efforts to Address Unintended Consequences of Budget Commitments**

**Ottawa, August 13<sup>th</sup>, 2024** – The Mining Association of Canada (MAC) welcomes the Department of Finance’s consultation on advancing key Budget 2024 priorities. For the mining sector, this consultation focuses on addressing the eligibility threshold challenges posed by the Clean Technology Manufacturing – Investment Tax Credit’s (CTM-ITC) treatment of critical minerals found in polymetallic deposits and measures to address the negative impact of Budget 2024’s change to the inclusion rate for capital gains combined with Budget 2023’s change to the Alternative Minimum Tax (AMT), which significantly reduce the incentive to invest in flow-through shares.

Due to Canada’s geological formations, valuable metals such as copper, zinc, lead, molybdenum, gold, and silver often occur in the same deposit. These complex deposits not only present economic opportunities but also play a crucial role in supporting the clean energy transition. The proposed amendment to the CTM-ITC’s eligibility threshold will help stimulate Canadian copper projects found in polymetallic deposits and support Canada’s mining industry, a key contributor to the economy in the natural resources sector.

“Copper is essential for the clean energy transition, powering everything from electric vehicles to renewable energy systems,” stated Pierre Gratton, President and CEO of the Mining Association of Canada. “We appreciate that Finance Canada has listened to our concerns and recognized the critical role of copper, often found in polymetallic deposits, in advancing Canada’s clean energy goals, by amending the eligibility threshold for critical mineral deposits.”

However, while these measures are a step in the right direction, MAC believes there is still more that can be done to stimulate investment in Canada’s mining industry. Since 2020, over \$46 billion has been invested in electric vehicle production and battery supply chains, due to its proximity to critical minerals. The rising demand from battery manufacturing factories underscores an urgent need for increased raw material production and significant midstream processing investments. If we want to capture that value domestically, Canada must accelerate mine development at an unprecedented pace.

MAC urges the government to enhance support for the critical minerals value chain by expanding the CTM-ITC eligibility to cover intangible mine development costs, including shafts, ventilation, and underground development. This expansion is crucial for boosting critical minerals production and extending the life of existing mines.

MAC also welcomes the proposed change to the AMT, which will help restore the purchasing power for individuals investing in Mineral Exploration Tax Credit (METC) and Critical Minerals Exploration Tax Credit (CMETC) flow-through shares to 2023 levels. Mineral exploration is largely conducted by small, specialist companies that rely on the sale of “flow-through shares,” which offer tax advantages to mitigate the high risks associated with exploration. However, MAC remains concerned about the ongoing reduction in corporate purchasers, which poses a significant drawback to the growth of the exploration industry.

“The proposed adjustment to the AMT helps to restore the ability of mineral exploration companies to raise funds for exploration using flow through shares,” explained Gratton. “We appreciate Finance Canada’s acknowledgement of Budget 2024’s unintended impact on the METC and today’s proposed amendment to the AMT will help to ensure that the METC remains an important financing tool for mineral exploration. Given the importance of finding new mines to address geopolitical risks and support the energy transition, we caution that more action may be needed to ensure the exploration sector continues to produce the mines of tomorrow and contribute to Canada’s sustainable future.”

“MAC is committed to collaborating with Finance Canada and other partners to maximize the mining industry’s potential,” continued Gratton. “We look forward to seeing the proposed amendments reflected in upcoming legislation, with additional adjustments, as they are crucial for driving long-term investment and growth in the sector.”

*The mining industry is a major sector of Canada’s economy, contributing \$161 billion to the national GDP and is responsible for 21 percent of Canada’s total domestic exports.*

*Canada’s mining sector employs 694,000 people directly and indirectly across the country. The industry is proportionally the largest private sector employer of Indigenous peoples in Canada and a major customer of Indigenous-owned businesses.*

## **About MAC**

The Mining Association of Canada is the national organization for the Canadian mining industry. Its members account for most of Canada’s production of base and precious metals, uranium, diamonds, metallurgical coal, mined oil sands and industrial minerals and are actively engaged in mineral exploration, mining, smelting, refining and semi-fabrication. Please visit [www.mining.ca](http://www.mining.ca).

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For more information, please contact:

Photinie Koutsavlis, Vice President, Economic Affairs and Climate Change

613.327.1393

Photinie.Koutsavlis@mining.ca