

## **Canada's Minerals and Metals Industry Welcomes Fall Economic Statement Measures, Urges Rapid Tabling and Passage Through the Parliament**

**Ottawa, December 16, 2024** – Today, the government announced in its Fall Economic Statement (FES) that it will table two critical amendments that will support mineral exploration and spur investment into Canada's mining sector, creating thousands of highly paid jobs. MAC urges Parliamentarians to pass these measures as soon as possible.

The FES builds upon earlier commitments in Budget 2024 and the Canadian Critical Minerals Strategy. Of note to the mining sector, the FES implementation legislation includes:

- 1) a mining-focused amendment to correct the critical mineral eligibility threshold for the Clean Technology Manufacturing Investment Tax Credit (CTM-ITC); and,
- 2) a change to the Alternative Minimum Tax (AMT) to ensure that the increase to the inclusion rate for capital gains does not significantly erode the value of the Mineral Exploration Tax Credit (METC).

"Today's FES brings some much-needed adjustments that will support our sector and help enable Canada to make good on its Critical Minerals Strategy," explained Pierre Gratton, MAC's President & CEO. "The proposed new threshold for the CTM-ITC is critical, and the changes to the Alternative Minimum Tax will avoid unintended consequences that would have been disastrous for minerals exploration in Canada. However, if these measures are not passed by Parliament, investment will continue migrate to economically viable projects elsewhere in the world, costing Canada jobs, valuable export revenue and will make Canada more dependent on other countries for our metal supply chains."

### **The previous CTM-ITC 90% threshold excluded most polymetallic deposits**

Canada's geological formations, valuable metals such as copper, zinc, lead, molybdenum, gold, and silver often occur in the same polymetallic deposits. These complex deposits not only present economic opportunities but also play a crucial role in supporting the clean energy transition. While the CTM-ITC's purpose is to spur as much critical mineral copper production as possible, its "90% threshold" was restrictive for polymetallic deposits and, in the case of copper, would effectively fail to incentivize any new production. Of all existing copper mines and all known advanced projects, only one met the previous CTM-ITC threshold.

The proposed amendment to lower the threshold to 50% retroactive to January 2024 will ensure that copper projects benefit from the CTM-ITC as intended.

### **Copper projects across Canada**

If the legislation is passed, the CTM-ITC will enable billions of dollars in new investment and the protection and creation of thousands of new jobs in at least four projects — one in

Saskatchewan and three in British Columbia that, taken together, will increase Canada's copper production by more than 50% and erase the significant decline in copper reserves that has occurred over the past 15 years. The benefits will also flow to Ontario and Quebec, the latter a key copper producing province that is home to one of only three copper smelters in North America, and a copper refinery, and many copper exploration projects.

As Canada's largest private sector employer of Indigenous peoples on a proportional basis, these changes will secure additional opportunities for Indigenous communities to participate in, and benefit from, mining development.

### **Fixing a Blow to Exploration Spending — Amending the METC**

Budget 2024's changes to the inclusion rate for capital gains had the unintended consequence of significantly reducing the value of the Mineral Exploration Tax Credit (METC) to many individuals, and that unless fixed, would significantly reduce the ability to raise financing for mineral exploration in Canada. At a time when new investment in critical minerals exploration is most needed, it is estimated that of the \$1.2 billion raised annually for exploration using the METC, \$700-800 million will be lost if the METC is not fixed. The proposed amendment to the Alternative Minimum Tax will largely restore the value of the METC and ensure investment dollars continue to support mineral exploration in Canada.

We encourage Parliamentarians to work together to support our domestic mining industry and ensure that these key legislative fixes are advanced expeditiously through Parliament.

*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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