

Positive Measures for Mining in Budget 2024 and a Potential Blow to Mineral Exploration

Ottawa, April 16th, 2024 – Today, through its federal budget, the government has announced a mix of measures that will impact Canada’s mining and mineral exploration sector.

Budget 2024 builds upon earlier commitments in Budget 2023, as well as in the 2023 Fall Economic Statement and the Canadian Critical Minerals Strategy. Specifically, the budget includes:

- Extending the Clean Technology Manufacturing Investment Tax Credit (CTM-ITC) to include the cost of investments in eligible property used primarily (50 per cent or more of the production value) to produce qualifying critical minerals, and to make certain other adjustments to provide greater clarity to businesses involved in polymetallic extraction and processing. This responds directly and positively to a MAC concern with an original proposal of 90 per cent that would have severely limited the applicability, and therefore value, of the CTM-ITC to spur new mining and mineral processing investment.
- Setting a target of 5 years or less to complete federal Impact Assessment and permitting processes, and 2 years or less for permitting of non-federally designated projects. In addition, the government is setting a three-year target for nuclear project reviews and commits to working with the Canadian Nuclear Safety Commission and Impact Assessment Agency of Canada to consider how the process can be better streamlined and duplications reduced between the two agencies.
- \$5 billion in loan guarantees to unlock access to capital for Indigenous communities, creating economic opportunities and supporting their economic development priorities.
- Creating more work-integrated learning opportunities for post-secondary students, by providing \$207.6 million to Employment and Social Development Canada for the Student Work Placement Program.

The government announced in late March that it would extend the Mineral Exploration Tax Credit (METC) through to March 31, 2025, which this budget confirms. In addition, the budget allows individual taxpayers to claim 80 per cent of the Charitable Donations Tax Credit (instead of 50 per cent as originally proposed in 2023). However, the budget’s increase to the inclusion rate for corporations and trusts to two-thirds and for individuals to two-thirds will significantly reduce the value of the METC to many individuals. Unless the government increases the adjusted cost base of all flow through shares from zero per cent to higher levels, we believe this budget will be very damaging to financing of mineral exploration in Canada at a time when new investment in critical minerals exploration is most needed. MAC hopes to work with Finance Canada to avoid what we hope are unintended consequences of these proposed changes.

“Today’s budget has pros and cons,” explained Pierre Gratton, MAC’s President & CEO. “The proposed new threshold for the CTM-ITC is welcome, but the changes to capital gains may undermine the METC and harm mineral exploration financing. We applaud the government’s ambitions with respect to project timelines, but the real success will come down to implementation; we look forward to working

with the government to make sure that mines in Canada can be approved and brought online in timelines that are more responsive to the urgent need for Canadian minerals and metals.”

The mining industry is a major sector of Canada’s economy, contributing \$125 billion to the national GDP and is responsible for 22 percent of Canada’s total domestic exports. Canada’s mining sector employs 665,000 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.

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For more information, please contact:

Paul Hébert
Vice President, Communications
Phone: 613.292.2876
Email: phebert@mining.ca