

# Canada's Federal Government Commits To Expedite, Streamline And Stimulate Mining Exploration And Permitting – But Is It Enough?



## Overview

Is a new day dawning in Canadian mining? After years of underwhelming policy support, Canada's federal government is pivoting from being a disinterested gatekeeper to being a more invested partner and project enabler.

This move is most welcome. The global mining and critical minerals industries stand at an inflection point and Canada is at the centre of the crossroads: beyond this reboot of government backing, mining in Canada benefits from numerous longstanding industry advantages, including deeper mining financial, legal and technical expertise than any other jurisdiction globally.

We highlight what international mining companies and investors interested in exploring Canadian opportunities need to know. We also discuss the rewards and wider systemic issues – economic and geopolitical – at stake.

# Revitalized Government Stimulus and Support

The Canadian federal government has awoken to the reality that attracting investment in mining requires an efficient, transparent and predictable regulatory system, as well as committed government support.

In December 2022, and in recognition that critical minerals present a generational opportunity for the country's economy, the federal government released the Canadian Critical Minerals Strategy (the Strategy). Core objectives of the Strategy include (1) stimulating exploration, (2) accelerating project development, and (3) promoting stakeholder support.

The recently released 2024 federal Budget (the Budget) builds on these initiatives and allocates \$3.8 billion to the Strategy. This includes several tax credits, including the:

- Mineral Exploration Tax Credit: a 15% tax credit that supplements the tax deduction benefits tied to Canada's flow-through share regime for early-stage exploration companies (and under which regime certain tax deductions can be transferred by the company to investors).
- Critical Mineral Exploration Tax Credit: a 30% tax credit available to companies exploring for one of 15 critical minerals, including copper, nickel, lithium, cobalt and any rare earth element. Expenses covered include those going toward determining the existence, location, extent or quality of the mineral resource.
- Clean Technology Manufacturing Investment Tax Credit: a 30% tax credit applicable to investments in eligible property used in clean technology manufacturing or critical mineral extraction and processing.

Regarding accelerating project development, the Budget sets a target of (1) five years (or less) to complete impact assessment and permitting for federally designated mining

projects, and (2) two years (or less) for the permitting of non-federally designated projects. The Budget also announced several other measures to improve predictability for project proponents and increase the federal government's coordination, transparency and accountability throughout the permitting process. These include:

- A cabinet directive to establish clear roles and responsibilities within and across federal departments.
- Conducting different but overlapping regulatory reviews simultaneously rather than sequentially where possible.
- The establishment of a new mining permitting coordinator within the federal government, increased funding to federal review authorities, and various permitting coordination mechanisms to reduce duplication and expedite processing.
- Amending the federal *Impact Assessment Act* to facilitate more efficient project reviews.
- An overall aim of reducing the permitting process for new mines in Canada by as much as a decade and to as few as five years.<sup>1</sup>

Regarding promoting stakeholder support, the Budget commits \$5 billion in loan guarantees to facilitate Indigenous communities' equity ownership in mining projects. Indigenous communities will also benefit from (1) increased capacity funding to help alleviate the costs of negotiating with project developers, and (2) a new federal consultation coordinator.

Relatedly, Canada is also betting big on electric vehicle (EV) battery production. The federal, Ontario and Quebec governments recently signed a series of multi-billion dollar investment agreements with Honda, Volkswagen, Ford, GM, Stellantis and Northvolt regarding production facilities for EV batteries and parts. The goal is to establish Canada as a leading player in the global race to build EV supply chains,

and we're getting noticed: Bloomberg recently ranked Canada first internationally in attractiveness for building EV battery supply chains.

## **Canada's Historic Mining Might and Advantages**

The Canadian government's rededication to accelerating momentum in Canadian mining builds on our longstanding and deep-rooted industry advantages.

Canada is a perennial mining superpower. We're the largest producer of potash globally and among the top five producers of gold, aluminium, diamonds, platinum group metals, titanium concentrate and uranium. A total of approximately 60 minerals and metals are extracted at approximately 200 mines and 6,500 quarries.

Toronto has been the epicentre of mining finance internationally almost since the TSX's inception in 1861, and this dominance continues today. Mining companies listed on the TSX and TSXV raised \$45 billion over the past five years through over 6,500 financings, representing 48% of all global mining financings and 36% of all global mining equity capital raised over that time period. Altogether, more mining companies trade on the TSX and TSXV than any other stock exchange.

With this concentration of capital markets activity comes an even denser nucleus of mining expertise – financial, accounting, legal, technical and environmental – all efficiently gathered in Toronto's central business district. Indeed, few (if any) financial centres internationally are as specialized in a single industry as Toronto is in mining.

The aggregate result is greater visibility, better access to capital, and optimized dealmaking. It's therefore no surprise Toronto is home to the headquarters of more mining companies

than any other city globally. And this is not even to mention Vancouver, itself a long-established global centre for mining companies, finance and expertise.

Fasken exemplifies Canada's mining might. In 2023 and for the 15th time, Fasken was recognized as the world's top [Global Mining Law Firm of the Year](#). This was our ninth consecutive win, receiving this award more times than any other law firm in the world. We also rank among the top law firms for financings and new listings on the TSX, the AIM Market, and the JSE.

Mining in Canada also greatly benefits from our immediate proximity to the United States. The Canada-U.S. Energy Transformation Task Force was launched in March 2023 and was extended by the 2024 federal budget. The Task Force's mandate is to advance more resilient North American supply chains for critical minerals, nuclear fuels, green steel and aluminium. A key aspect of this is supporting priority cross-border critical mineral projects and bolstering critical mineral supply chain integration.

## **Concluding Comments: The Significant and Systemic Issues at Stake**

Unfortunately, and similar to elsewhere, the permitting of new mines in Canada has recently taken as long as 12-15 years.<sup>2</sup> Fortunately, the Canadian federal government has expressly acknowledged this is unacceptable and must change, quickly. The stakes are significant and twofold.

First, improving Canada's appeal to international mining investment is a matter of national economic growth and prosperity. Enormous fortunes will be won and lost in the green energy transition, as recent predictions the price of copper will quadruple over the next several years illustrate.<sup>3</sup> Canadian competitiveness has been fading on

several fronts. Our first priority should be to play to our strengths, and Canada is arguably nowhere stouter than in mining.

Second, and equally importantly, the critical minerals race isn't merely monetary, but also a matter of critical national and international security. Canada and its allies have to date been outmaneuvered by rivals in establishing and solidifying critical mineral supply chains. Control over these has become a new global strategic centre of gravity and threatens to be used as a weighty geopolitical and military weapon.<sup>4</sup> Canada's abundant mineral resources can contribute considerably to the West's response.

We therefore warmly welcome the federal government's recent commitments to expediting, streamlining and stimulating mining investment, exploration and permitting. The immediate next step is for the government to dutifully and diligently see them through.

However, a wider and more systemic issue also requiring urgent attention remains. If society is to successfully navigate the green energy transition, the critical role the mining sector will play must be more widely recognized, valued and championed. Stated differently, success in the critical minerals and green energy races will require commitment, cooperation and resolve among government and industry. These are greatly facilitated by broader community understanding and support, and so we must do more to foster the broader embrace of Canadian mining moving forward. Similarly, the federal government must be steadfast in building and maintaining investor confidence in the long-term stability and strategic importance of Canadian mining. This requires putting potential short-term political gain behind dependably preserving a welcoming and attractive investment climate. This also requires committing to greater transparency and predictability in regulatory treatment and reviews, including in relation to

foreign investment.

Overall, its one thing for the federal government to state the Canadian mining industry is open for business. Its another thing for the government to fully commit to ensuring that both is (and remains) the case.

## Footnotes

1. See [“Ottawa to accelerate critical mineral mining, energy minister says”](#).
2. See [“Ottawa to accelerate critical mineral mining, energy minister says”](#).
3. See [“Copper price to rocket to \\$40,000 a tonne, says top trader Andurand”](#).
4. See [“Make no mistake, there’s an economic war happening, and the West is losing”](#).

*The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.*

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