

April 17, 2026

Hon. Tim Hodgson, P.C., MP
Minister of Energy and Natural Resources
358 Confederation Bldg. 229 Wellington St.
Ottawa, Ontario, K1A 0A6

Re: Inclusion of Feasibility and Engineering in the Canadian Exploration Expenditure

Dear Minister Hodgson,

We are writing for your assistance in advocating to your colleague Hon. Francois-Philippe Champagne, Minister of Finance, for a policy update around the eligibility of feasibility and engineering in the Canadian Exploration Expenses (CEE).

The Association of Mineral Exploration (AME) recommends adopting the test for CEE as set out in the *Seabridge Gold Inc. v. British Columbia (2025 BCSC 558)* decision in the Income Tax Act of Canada that would include pre-production engineering costs, including preliminary economic assessments, prefeasibility studies, geotechnical work, and environmental baseline programs, as eligible CEE.

Your government's *Canada Strong* platform, published in advance of the 2025 election, included the policy statement: *Attract, expand, and derisk investments in critical minerals exploration and extraction through the expansion of existing tax credits.... Expanding eligible activities under Canadian exploration expenses to include the costs of technical studies, such as engineering, economic and feasibility studies for critical minerals projects.* The *Canada Strong* plan costed this at \$34 Million annually over three years and was an extremely positive step forward.

This platform is exactly in line with the 2025 Supreme Court of British Columbia decision on *Seabridge Gold*, in which the judge provided a simple interpretation of CEE, including those expenses set out in the Liberal platform.

The November 4, 2025, Federal Budget specifically targeted the *Seabridge* decision, limiting CEE deductions fundable under the FTS regime in a complete reversal of the policy set out in the Liberal "Canada Strong" platform. According to Natural Resources Canada, adoption of the *Seabridge* definition of CEE and the *Canada Strong* policy adds an additional \$500M in annual exploration capital.

The changes outlined in Budget 2025 would create a capital cliff at the engineering stage, where projects face the highest technical risk and greatest need for equity investment.

Engineering costs are part of proving the quality of a resource and are integral to advancing a resource from discovery to development; their exclusion is economically counterproductive and will impact on our ability to build and operate mines.

Currently, there is a lack of support for development-stage companies through existing legislation. The current tax regime supports early-stage exploration and companies that are in construction and moving to operation. There is a significant gap in support for the development stage, which is vital to building a pipeline of supply.

The cost of development is expensive and prohibitive to smaller companies, where it is difficult to raise capital, especially when there is so much uncertainty around permitting, etc. This perpetuates an unending cycle of more uncertainty, more time, more money. Expansion of the Canadian Exploration Expenditure (CEE) is an avenue for the Federal government to provide support for the development stage, which is needed to secure and develop resources in BC and Canada.

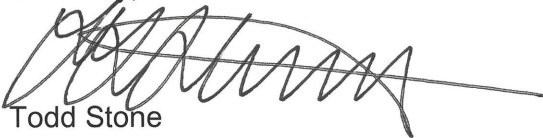
We would like to thank your government for its efforts to make mineral exploration a key part of Canada's vision for the future. Mineral exploration and mining support thousands of jobs throughout the country in urban, rural, and Indigenous communities and are essential to our economic development.

It's also an industry that strengthens Canada's economic resilience, independence and sovereignty. Canadian mineral exploration reduces reliance on foreign-controlled supply chains and provides Canada's partners with a secure source of materials.

Investing in the CEE is a good policy decision that incentivizes mining not just as an economic activity, but as a strategic one.

Thank you for the opportunity to provide our comments on the CEE and in support of the development of a more domestic critical defence minerals supply for Canada.

Sincerely,



Todd Stone
President & CEO
Association for Mineral Exploration of BC
tstone@amebc.ca