



Association for  
Mineral Exploration

**Written Submission for the Pre-Budget  
Consultations in Advance of the Upcoming  
Federal Budget**

By: Association for Mineral Exploration (AME)

- **Recommendation 1:** That the Government extend the Mineral Exploration Tax Credit (METC) and the Critical Mineral Exploration Tax Credit (CMETC) for a minimum of 10 years to March 31, 2027.
- **Recommendation 2:** That the Government create a targeted Mineral Project Advancement Tax Credit to support technical studies that move Canadian discoveries toward development readiness.
- **Recommendation 3:** That the Government establish a formal dual-use designation for critical mineral projects that serve both civilian economic and national defence purposes, and provide designated projects with specific support.

## **Policy to Support Canadian Minerals for Tomorrow**

Established in 1912, the Association for Mineral Exploration (AME) represents, advocates and promotes the interests of our more than 6,000 individual members who are engaged in mineral exploration and development. AME is recognized throughout Canada as an industry leader in promoting economic reconciliation and relationships with Indigenous peoples.

In January 2026, AME launched the Minerals for Tomorrow campaign, a national public-engagement campaign highlighting the essential role mineral exploration plays in Canada's economic security, defence, clean-energy transition, technological competitiveness and national sovereignty.

Mineral exploration is the R&D of the resource economy. There are no mines without mineral exploration. Mineral explorers support well-paying Canadian jobs, talent and entrepreneurs.

AME's federal budget recommendations are focused on strengthening Canada's mineral exploration ecosystem by providing the investment certainty, project-advancement tools, and policy conditions needed to support new discoveries and move promising projects toward responsible development.

The following policy recommendations support a wide breadth of small and medium enterprises (SME) from coast, to coast, to coast. These are changes that would not just benefit major projects, but the entrepreneurs who hope to make discoveries that will one day be major projects. Investing in explorers is not just about today. It's about investing in Canada's future.

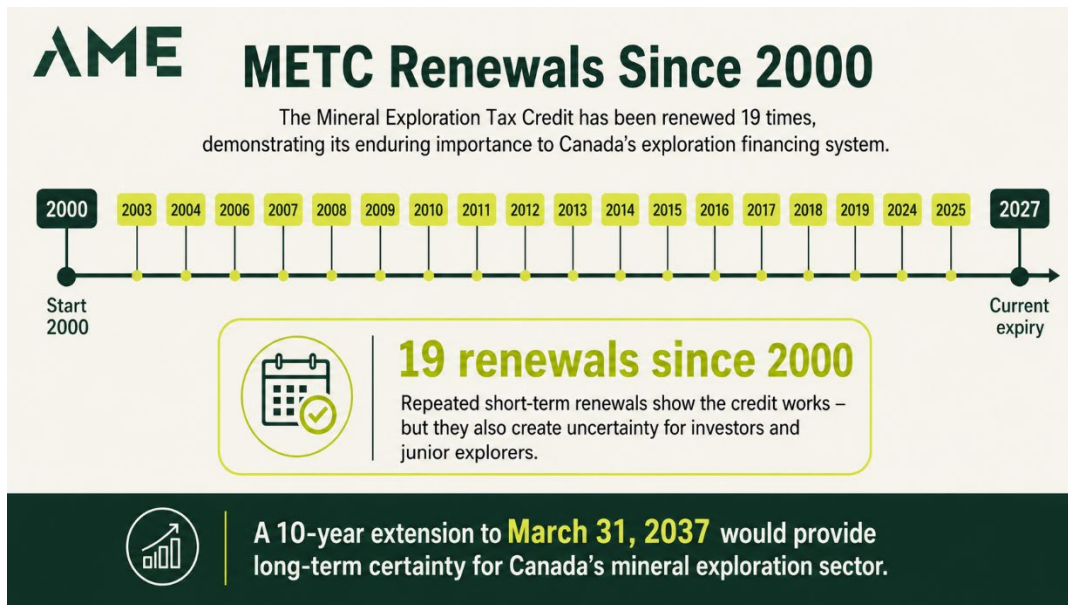
### **Recommendation 1: That the Government extend the Mineral Exploration Tax Credit (METC) and the Critical Mineral Exploration Tax Credit (CMETC) for a minimum of 10 years to March 31, 2037.**

The Mineral Exploration Tax Credit (METC) and Critical Mineral Exploration Tax Credit (CMETC) are among the most important federal tools supporting early-stage mineral exploration in Canada. In the current space, junior exploration companies face structural financial barriers due to high uncertainty and long project timelines, limited access to traditional debt financing, and information asymmetry for investors.

These credits are effective because they enable the market to fund exploration instead of relying completely on government subsidies. They help junior exploration companies raise high-risk capital through flow-through shares, enabling work that is essential to discovering the next generation of Canadian mines. Every dollar the Government gives up administering the METC generates more than \$7 in mineral exploration and economic activity in Canada. Both credits are due to expire on March 31, 2027.

For 26 years, successive governments have renewed the METC 19 times because it remains one of Canada's most effective tools for mobilizing private capital into high-risk mineral exploration. However, the short-term renewals of the METC also weaken the credit's effectiveness where investors price-in policy uncertainty thereby raising the cost of capital for mining exploration. A long-term extension would enable the METC to become a more effective capital mobilization tool.

Figure 1. Renewals of the METC (2000 – 2027)



To this end, a minimum 10-year extension of METC would send a clear signal that Canada is committed to maintaining a competitive exploration financing environment. It would help to reduce the inefficiency of the current tax credit without materially increasing the fiscal burden.

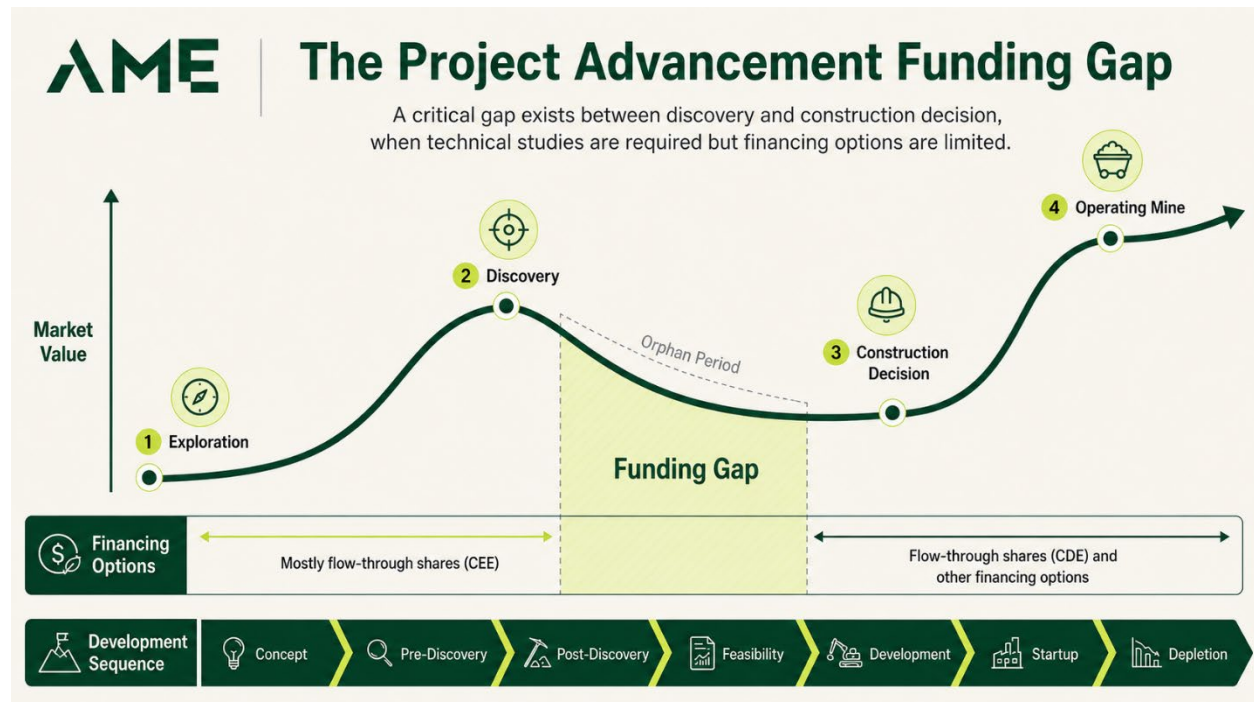
Furthermore, the CMETC renewal should be aligned with the METC renewal timeline to ensure the two measures work together, instead of creating policy incongruity of a mismatch between two important tax credits. To this end, the CMETC should also be extended for a minimum 10-years with the METC.

Overall, METC and CMETC are capital formation tools. The alternative is direct government subsidy, which is more distortive and more costly for the government. **METC and CMETC create value for taxpayers that address the market failure where mining explorers have limited access to capital at reasonable costs due to high geological risks. A 10-year extension of both credits help to improve the efficiency of both instruments to mobilize private capital into mining exploration.**

**Recommendation 2: That the Government create a targeted Mineral Project Advancement Tax Credit to support technical studies that move Canadian discoveries toward development readiness.**

Canada has strong tools to support early-stage mineral exploration, but there remains a critical financing gap between discovery and development. Once a mineral project has moved beyond initial exploration, companies must undertake significant technical work to determine whether a discovery can become a responsible, economically viable mine.

**Figure 2: The Project Advancement Funding Gap**



These studies are essential to moving projects from promising discoveries to investment-ready opportunities. However, they are expensive, high-risk, and difficult for junior companies to finance. At this stage, projects often remain years away from construction or revenue generation, and many companies still lack access to traditional debt financing. As a result, promising Canadian discoveries can stall before they reach the development stage.

Recent federal clarification that feasibility, engineering, and economic viability studies do not qualify as Canadian Exploration Expenses has made this gap more urgent. While AME still feels that the CEE criteria could be expanded in line with the Seabridge Gold case we are now recommending a dedicated tool to support the next stage of the mineral development pipeline. A targeted Mineral Project Advancement Tax Credit (MPATC) would fill this gap without blurring the distinction between exploration and development.

The MPATC would support eligible technical studies for Canadian mineral projects, with a particular focus on critical minerals, defence-critical minerals, and projects that strengthen domestic and allied supply chains. This complements Canada's Critical Minerals Strategy and it's an effective policy tool by targeting a sensitive stage with low capital access. By helping companies finance the studies required to advance projects toward development readiness, the credit would improve Canada's ability to turn discoveries into future mines, attract investment, support Indigenous partnerships, and build secure mineral supply chains.

S&P Global found that the average time from discovery to commercial production for 127 mines was 15.7 years, with a range of 6 to 32 years. That means Canada's critical mineral supply challenge cannot be solved only by supporting grassroots exploration; promising discoveries also need help moving through the long project-advancement stage.

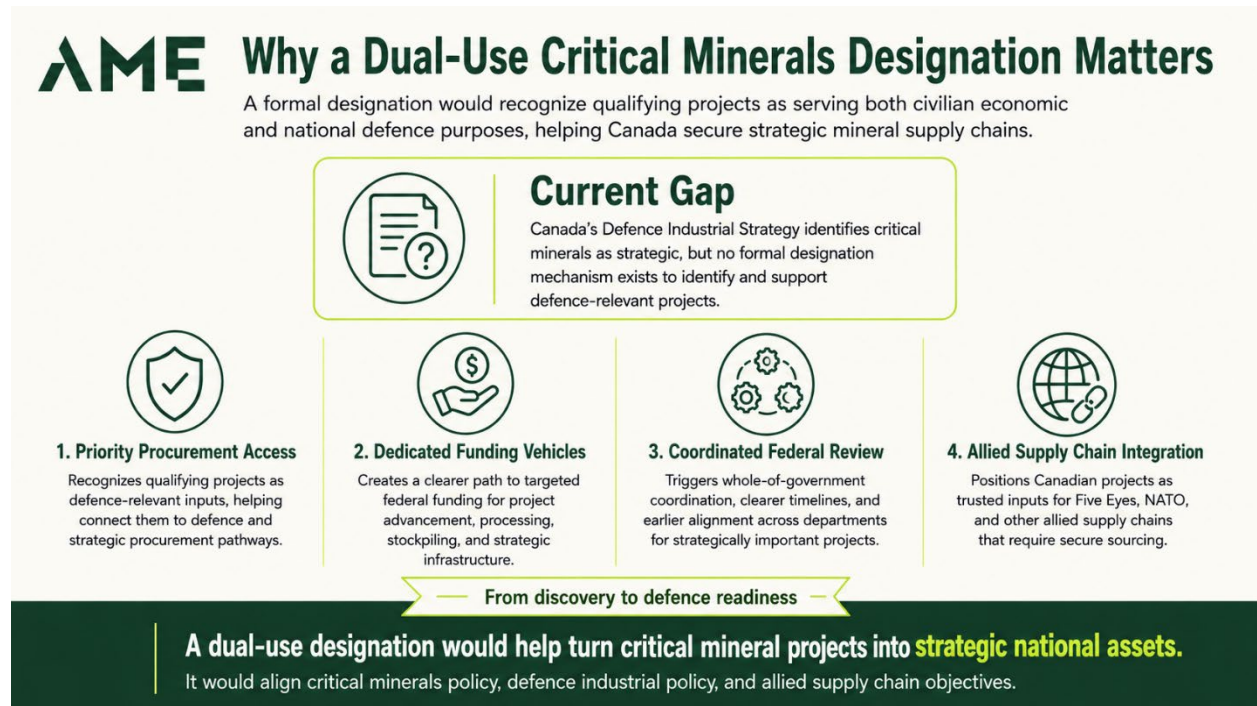
**This MPATC would complement, rather than duplicate, existing exploration incentives. The METC and CMETC help Canada find new discoveries. A Mineral Project Advancement Tax Credit would help move the most promising discoveries toward responsible development. Together, these tools would strengthen the full mineral project pipeline and support Canada's long-term economic, clean technology, and national security objectives.**

**Recommendation 3: That the Government establish a formal dual-use designation for critical mineral projects that serve both civilian economic and national defence purposes, and provide designated projects with specific support.**

Canada’s Defence Industrial Strategy recognizes that critical minerals are foundational to Canada’s defence industrial base, economic security, and allied supply chain resilience. However, Canada does not yet have a formal mechanism to identify which upstream mineral projects are defence-relevant and should receive coordinated federal support.

This creates an important policy gap. Critical mineral projects are often assessed primarily as resource development or economic projects, even when they provide inputs essential to defence, national security, and allied industrial resilience. Without a formal dual-use designation, strategically important projects may not have a clear pathway into defence procurement planning, dedicated funding programs, federal coordination mechanisms, or allied supply chain initiatives. As a result, Canada risks underutilizing its domestic mineral potential at a time when allies are moving quickly to secure trusted sources of supply.

**Figure 3: Dual-Use Critical Minerals Unlocks Opportunities**



A dual-use critical minerals designation would recognize qualifying projects as serving both civilian and defence purposes. This designation should apply to mineral exploration, development, processing, refining, recycling, and related infrastructure projects that support defence, aerospace, semiconductors, advanced manufacturing, secure communications, energy systems, and allied supply chains. It would not replace existing environmental, regulatory, or Indigenous consultation

requirements. Instead, it would provide a clear federal signal that designated projects are strategically important and should receive coordinated treatment across government.

The designation should provide four practical benefits.

1. Create priority procurement and supply chain access. Many upstream mineral projects are essential to defence supply chains, but they sit several steps removed from final defence procurement. A dual-use designation would help ensure that Canadian mineral projects are formally recognized as defence-relevant inputs under federal procurement and industrial planning frameworks. This would allow government to identify Canadian sources earlier, connect them to downstream manufacturers and defence contractors, and ensure that domestic supply is considered where feasible.
2. The designated projects should have access to dedicated funding vehicles. Critical mineral exploration and project advancement are capital-intensive, high-risk, and often difficult to finance through traditional markets. This is especially true for minerals with emerging, opaque, or geopolitically sensitive supply chains. A formal designation would create a clearer pathway for eligible projects to access federal funding related to defence innovation, critical minerals, project advancement, processing, offtake agreements, stockpiling, and strategic infrastructure. It would help ensure that upstream mineral projects are not excluded from defence-related funding simply because they are not yet part of final manufacturing.
3. The designation should trigger streamlined federal coordination and review. This should not mean lowering environmental standards or weakening obligations to Indigenous Peoples. Rather, it should mean clearer timelines, coordinated decision-making, early identification of federal requirements, and whole-of-government support for projects that have recognized national security value. Designated projects should receive coordinated attention from relevant departments and agencies, including Natural Resources Canada, National Defence, Innovation, Science and Economic Development Canada, Public Services and Procurement Canada, the Defence Investment Agency, Crown-Indigenous Relations and Northern Affairs Canada, Indigenous Services Canada, and federal regulators.
4. The designation should support allied supply chain integration. Canada has an opportunity to position its mineral sector as a trusted supplier to Five Eyes, NATO, G7, and other allied partners. However, allied supply chains increasingly require verification, reliability, and clear evidence that projects are strategically relevant. A dual-use designation would help identify Canadian projects that can contribute to allied defence and industrial needs, support offtake discussions, and strengthen Canada's role as a secure source of critical minerals.

For AME, this recommendation is especially important because defence-critical supply chains begin with exploration. Canada cannot supply defence, aerospace, semiconductor, and advanced manufacturing industries without first discovering and advancing the mineral projects that provide the necessary inputs. A dual-use designation would help ensure that strategically important mineral discoveries are recognized early and supported through the project pipeline.

Establishing a formal dual-use critical minerals designation would make Canada's Defence Industrial Strategy more actionable for the mineral sector. It would align critical minerals policy, defence procurement, federal funding, permitting coordination, allied supply chain integration, and strategic stockpiling. Most importantly, it would recognize that mineral exploration and project advancement are not only economic activities; they are also foundational to Canada's sovereignty, security, and ability to support its allies.

**Canada should not wait until a mineral becomes scarce to recognize its strategic importance. A dual-use designation would help identify and advance the projects needed to secure Canada's future economic and defence capabilities.**