July 17, 2026

Hon. François-Philippe Champagne, P.C., M.P.
Minister of Finance and National Revenue
90 Elgin Street
Ottawa, Ontario
K1A 0G5

Sent via email:

Re: Modifying the Canadian Exploration Expenses (CEE) Eligibility to protect Canadian Sovereignty and Build a Strong Economy

Dear Minister Champagne,

We welcome Canada's decision to make critical minerals central to its economic sovereignty and growth agenda. However, Canada's capital markets are not currently sufficient to address the financing gap between discovery and construction. This project-advancement financing gap weakens Canada's ability to convert its geological potential into mines, supply chains, and long-term economic opportunity.

The Association of Mineral Exploration (AME) is writing to request that the government fulfill its Canada Strong commitment to expand eligible activities under Canadian Exploration Expenses (CEE) to include technical studies, engineering, and feasibility costs for all eligible mineral projects, including precious, base and critical mineral projects. This change, or alternatively, the creation of a new Mineral Project Advancement Tax Credit, would directly address the financing gap that is preventing 171 advanced critical mineral projects from moving forward.

As we continue to partner with the government to secure Canadian economic resilience and sovereignty, this move will reduce reliance on foreign-controlled supply chains and provide Canada with a secure source of materials. 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 measure at $34 Million annually over three years and was an extremely positive step forward.

We recognize that the November 2025 budget amendment was intended to prevent the FTS regime from being used to fund activities beyond its original exploration mandate. This is a reasonable technical correction.

What AME is requesting is a deliberate, purposeful policy expansion that makes development stage costs explicitly eligible, consistent with your government's own Canada Strong commitment. We believe that providing clear eligibility for feasibility and engineering costs would provide greater certainty for investors in a way that is targeted, costed, and aligned with your critical minerals agenda.

Canada is a mining country, home to vast reserves of precious, base, and critical minerals. Mining was a pillar of the economy long before Confederation and remains so today; it employs more than 710,000 Canadians in high-paying, productive jobs.

The mineral exploration and mining sector is a strategic asset for Canada. Half of the world's publicly listed mining companies are based in Canada, and Canadian-headquartered companies account for 38% of global non-ferrous exploration. This gives Canada's mineral exploration ecosystem global influence, positioning itself as an important source of economic strength and strategic leverage.

Furthermore, mining exploration is important for rural economic development. In British Columbia, AME's research shows that for every dollar spent on exploration, 87% stays in the community closest to the exploration, supporting workers, contractors, Indigenous partners, and local businesses. Much of this activity occurs in rural and remote communities where private-sector investment can be difficult to attract and where successful projects can create long-term economic opportunity.

Yet despite growing global demand, Canada's mining sector continues to struggle to move projects through the development pipeline. The numbers tell the story. Natural Resources Canada reports there are currently 171 advanced critical mineral projects across the country. Yet since the launch of Canada's Critical Minerals Strategy in 2022, only one critical mineral mine has entered commercial production, and only one project has received a positive federal environmental assessment decision. Only 68 technical reports demonstrating project feasibility have been released since 2022, roughly 17 per year, and just 14 projects have advanced through the federal impact assessment process over the past four years.

Engineering costs are integral to demonstrating a resource's quality and advancing it from discovery to development; their exclusion is economically counterproductive and will affect the ability to build and operate mines. Currently, there is insufficient support for development-stage companies under existing legislation. The current tax regime supports early-stage exploration and companies in construction and transitioning to operation. However, there is a significant gap in support for the development stage, which is vital to building a robust supply pipeline. Regardless of the solution applied, our industry is requesting action to address a problem that has resulted in fewer mines entering operation.

AME's preferred solution is to expand CEE eligibility to include the project-advancement work needed to determine whether a discovery can become a responsible, economically viable project. This should include preliminary economic assessments, prefeasibility studies, geotechnical work, engineering studies, environmental baseline programs, and related technical work.

If the Government of Canada determines that CEE reform is not the appropriate mechanism, AME recommends creating a Mineral Project Advancement Tax Credit. This credit should be targeted specifically to the engineering, feasibility, environmental, technical, and economic studies required to determine whether mineral discoveries can become responsible, viable projects. Such a measure would complement the existing flow-through share system by addressing the development-stage gap between early exploration and construction.

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. We are also currently working with Provinces and Territories to bring their support for this initiative and are confident of its national importance. We will follow up on our progress along with economic analysis in the coming months.

Mineral exploration is an industry that strengthens Canada's economic resilience and sovereignty. It 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.

We would like to request an opportunity to discuss this critical issue and ensure that you include it in your budget submission for the upcoming budget.

Sincerely,

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

AME Association for Mineral Exploration

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c.c.:

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The Hon. Tim Hodgson, P.C., M.P., Minister of Energy and Natural Resources
The Hon. Melanie Joly, P.C., M.P., Minister of Industry
The Hon. Rechie Valdez, P.C., M.P., Secretary of State (Small Business and Tourism)
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Pierre Gratton, President and CEO of the Mining Association of Canada (MAC)