Economic Impact Assessment

Association for Mineral Exploration

Final Report

September 21, 2026

Prepared for

Association for Mineral Exploration

EY Parthenon

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Disclaimer

Ernst & Young LLP ("EY") was engaged by the Association for Mineral Exploration ("AME") to assess the economic impacts of mineral exploration expenditures in Canada and evaluate the potential implications of changes to exploration-related fiscal incentives, including Canadian Exploration Expenses ("CEE"), and the Mineral Exploration Tax Credit ("METC"). In preparing this document ("Report"), EY relied upon unaudited data and information from S&P Capital IQ, and Natural Resources Canada, as well as other third-party resources (collectively, the "Supporting Information"). EY reserves the right to revise any analyses, observations or comments referred to in this Report, if additional Supporting Information becomes available to us subsequent to the release of this Report. EY has assumed the Supporting Information to be accurate, complete and appropriate for the purposes of the Report. EY did not audit or independently verify the accuracy or completeness of the Supporting Information. Accordingly, EY expresses no opinion or other forms of assurance in respect of the Supporting Information and does not accept any responsibility for errors or omissions, or any loss or damage as a result of any persons relying on this Report for any purpose other than that for which it has been prepared.

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1. Executive Summary

Overview of the Context and Project Objectives

The Association for Mineral Exploration (AME) engaged Ernst & Young LLP (EY) to assess how changes to key fiscal incentives, including Canadian Exploration Expenses (CEE), flow-through shares (FTS), and the Mineral Exploration Tax Credit (METC), could affect exploration investment under different policy, economic, and geopolitical conditions.

The study estimates the resulting impacts on GDP, employment, and government revenues from exploration spending and assesses how changes in investment could affect the number of projects advancing to mine construction and operations, and the associated long-term economic contributions.

Enhancing FTS eligibility and extending METC incentives could:

Attract higher exploration investment

- Improved access to risk capital could support greater funding for grassroots and advanced-stage exploration projects.
- Stronger investment incentives could improve Canada's competitiveness in attracting exploration investment relative to other jurisdictions.

Up to **$1.6B**

Higher exploration expenditures annually[1]

Up to **$21B**

in GDP from 3-5 new mines over an 18-23 year period[3]

Strengthen the development of future mines

- Enhanced exploration investment could accelerate the development, construction and operation of 3 to 5 additional mines.
- These additional mines could generate $12.9 billion to $21.4 billion in incremental GDP over construction and operational life of mine.

Generate additional economic activity over the exploration lifecycle

- Enhanced incentives could generate an additional $5.2 billion to $12.2 billion in GDP over the 2026-2035 period.
- An additional 14,000 to 34,000 FTE jobs could be supported across Canada's economy.

Up to **$12B**

in additional GDP over 10 years from higher exploration spending[2]

5x

Returned in GDP for each $1 opportunity cost in tax revenue

Deliver substantial return on government investment over time

- While enhanced incentives involve an opportunity cost through foregone tax revenues, administration of the CEE program is estimated at approximately $34 million annually.
- Exploration investment and accelerated mine development could generate significant long-term tax revenues while supporting economic growth and GDP across Canada.

This could help unlock future critical mineral supply, strengthen domestic value chains, and support Canada's industrial and economic development objectives.

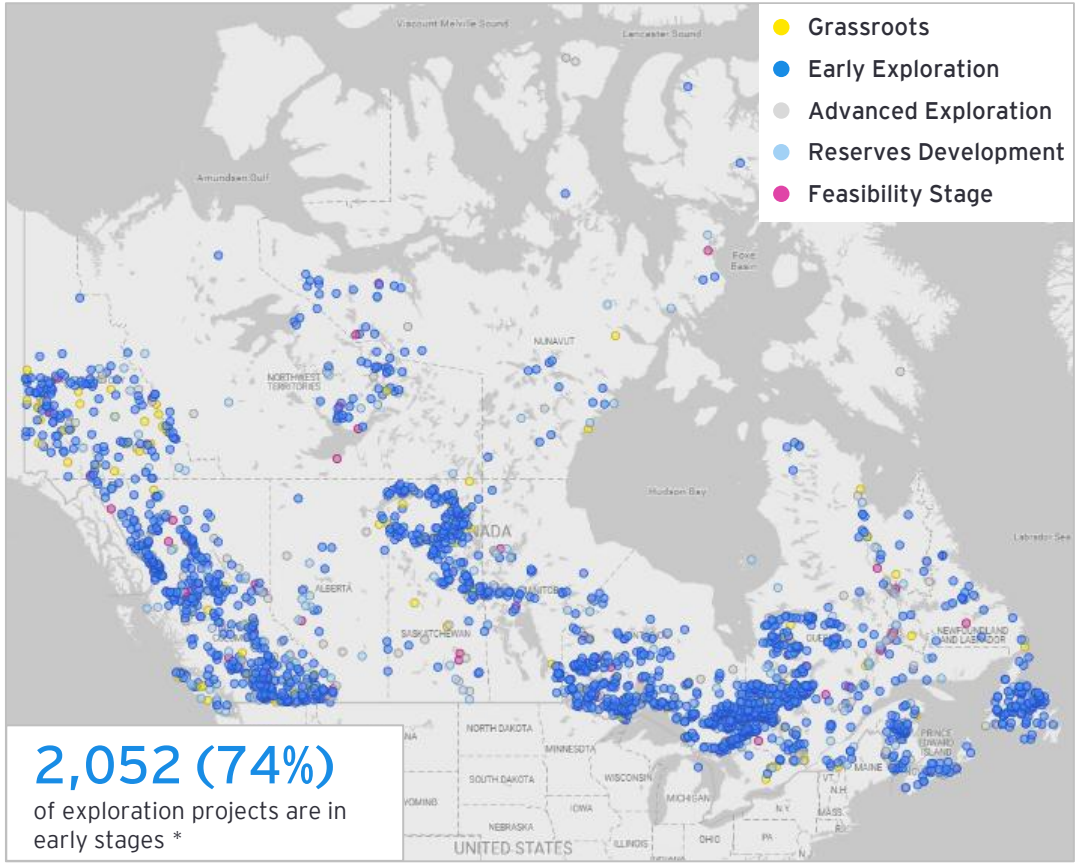
Notes: : [1]Figures are presented in nominal CAD. [2,3] Figures are presented in 2026 CAD. Cumulative 10-year job impacts are in person-year full-time equivalents (FTEs). The results provided represent total impacts including direct, indirect and induced impacts. Estimated tax impacts include taxes on products, taxes on production, as well as personal income taxes. Results presented above represent the 'High' geopolitical scenario.
Sources: Natural Resources Canada, S&P Capital IQ, Canada Strong – Fiscal and Costing Plan and EY analysis.

2. Overview of the Canadian Mineral Exploration

Mineral exploration is an inherently high-risk and capital-intensive industry characterized by long project development timelines and significant geological uncertainty. These characteristics can make access to financing particularly challenging during the early stages of project development, when projects typically lack proven economic viability.

To help address these challenges and attract private investment into the sector, governments have implemented financing incentive mechanisms such as FTS and the METC.

Canadian Active Exploration Projects - September 2026 [1]



Canadian Exploration Spending

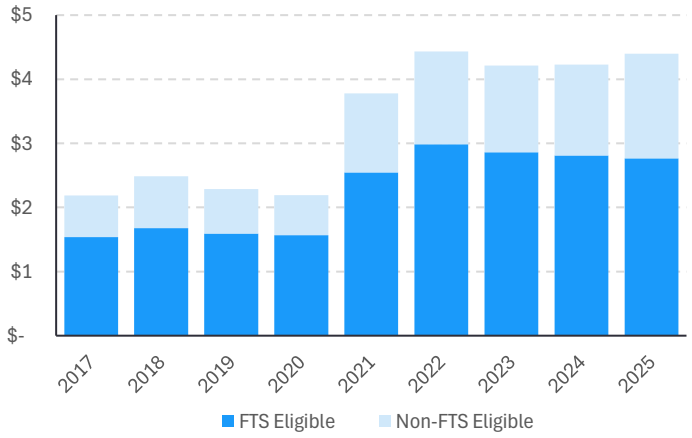
2,761
active exploration projects in Canada in September 2026 [2]

$4.4B
mineral exploration spending in Canada in 2025 [3]

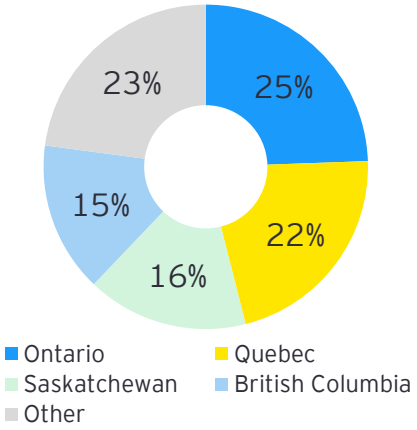
~$2.8B
mineral exploration spending in Canada in 2025, **eligible for FTS** [4] **

~$1.2B
mineral exploration spending in Canada in 2025, **eligible for METC** [5] **

Historical Expenditures (CAD billions) [6]



2025 Provincial Breakdown [7]



Sources: [1,2] S&P Capital IQ; [3,4,6,7] Natural Resources Canada; [5] BC Coal and Mineral Exploration Study.
* Early stages is defined as Grassroots, Early Exploration and Target Outline stages. ** Estimated based on exploration stage and expenditure categories.

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3. Mineral Exploration Scenarios (1/2)

To assess the potential impacts of fiscal policy changes on Canada's mineral exploration sector, a range of scenarios was developed reflecting alternative assumptions regarding exploration-related tax incentives and credits. These scenarios were also evaluated under varying geopolitical and macroeconomic conditions, including changes in commodity prices, global demand for critical minerals, trade and supply chain dynamics, financing conditions, and the overall investment climate.

Scenario Drivers		Low	Base Case	High
Fiscal incentives	CEE and FTS eligibility	**Flow-through share mechanism eliminated**	**Feasibility and economic viability studies excluded from CEE**	**Feasibility and economic viability studies included in CEE**
	Impact on exploration spending	***-25% to -35%*** *(significant decline in grassroots and early stage exploration and junior financing as tax-motivated investors withdraw)*	***0%*** *(current financing environment largely maintained, feasibility and economic studies rely on conventional equity and other financing sources)*	***+10% to +15%*** *(additional CEE-eligible expenditures support stronger capital raising and project advancement)*
	METC	**No METC**	**METC extended to March 31, 2027**	**METC extended beyond 2027 to 2035**
	Impact on exploration spending	***-5% to -10%*** *(moderate reduction, primarily affecting grassroots exploration)*	***0%*** *(current exploration spending broadly maintained)*	***+5% to +10%*** *(greater investor confidence and sustained participation in flow-through financing)*
Sensitivity Testing				
Broader economic and geopolitical factors	Commodity Market Trends	Global economic slowdown, weaker industrial activity, oversupply of key commodities	Moderate long-term growth in mineral demand	Sustained strong prices for gold and critical minerals
	Regulatory Environment and Infrastructure Investments	Permitting delays worsen, infrastructure constraints persist, labour shortages worsen, and competing jurisdictions become more attractive	Regulatory environment remains stable with gradual improvements in project approvals and infrastructure development	Canada improves permitting efficiency, invests in infrastructure, strengthens Indigenous partnerships
	Geopolitical Environment	Geopolitical tensions ease, alternative suppliers expand production, and concerns over critical mineral security diminish	Current geopolitical environment persists. Governments continue supporting supply chain diversification, but at a moderate pace	Continued fragmentation of global mineral supply chains drives allied countries to secure supplies from politically stable jurisdictions

Sources: EY analysis based on discussions with AME. Note: METC impacts are applicable only to early exploration spending and the impacts are incremental to the share of eligible spending.

3. Mineral Exploration Scenarios (2/2)

Potential Fiscal Policy Impact on Total Exploration Expenditures

Enhanced or reduced exploration incentives could substantially impact Canada's mineral exploration investment trajectory.

Low

$1.8-$2.4B annual expenditure decline relative to the base case (2027-2035)

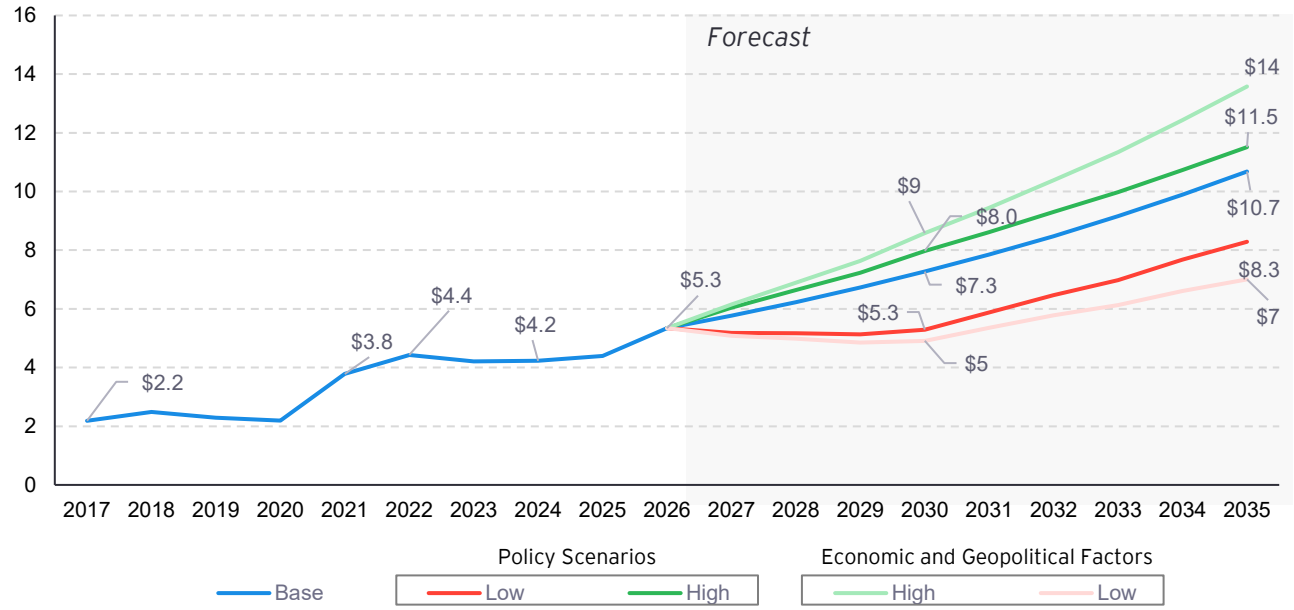
$16-$21B cumulative expenditure gap relative to the base case over 10 years

High

$0.7-$1.6B annual expenditure increase relative to the base case (2027-2035)

$6-$14B cumulative expenditure increase relative to the base case over 10 years

Canadian Mineral Exploration Expenditures (CAD, billions)



Sources: Natural Resources Canada, S&P Capital IQ, and EY analysis. Note: Figures are presented in nominal CAD.

Potential Impact on Future Mine Development

Higher levels of exploration spending increase the likelihood of new mineral discoveries and improve the pipeline of projects advancing toward feasibility and development.

Over time, this can lead to a greater number of mine construction projects and operating mines, with corresponding increases in employment, GDP, and government revenues.

$1-$1.5B total construction expenditures on a representative mine in Canada

$2-$3B total operating expenditures over the life of mine (15-20 years) for a representative mine in Canada

Based on the likelihood of mines moving forward to construction and production stages, various fiscal policy and geopolitical scenarios may have the following impact:

Low	**up to 8 mines** could be delayed and not proceed to the development and operations stage in the next 10 years
High	**3-5 mines** could be accelerated or proceed to the development and operations stage in the next 10 years

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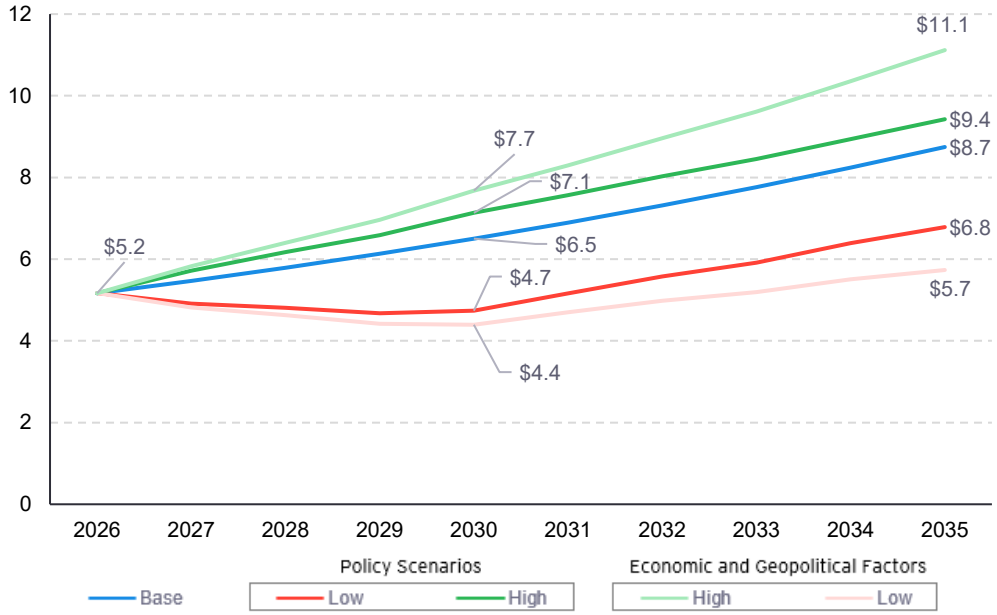
4. Economic Impact of Mineral Exploration Expenditures

Under the Base Case Scenario, which considers the continuation of the current FTS framework, ongoing availability of the METC through its currently announced term, and a stable macroeconomic and geopolitical environment, exploration expenditures are estimated to generate approximately **$68 billion in GDP**, support **184,144 full-time equivalent (FTE) jobs**, and contribute **$8 billion in tax revenues** across Canada over the **2026 to 2035** period.

These impacts reflect the direct, indirect, and induced economic activity associated with exploration investment and provide a benchmark against which alternative policy and market conditions can be assessed.

Projected GDP Impact of Exploration Spending (CAD, billions)



The High Scenario considers a more supportive policy and investment environment, including the continuation or enhancement of exploration tax incentives, stronger commodity prices, favourable geopolitical conditions, and improved access to capital for mineral exploration. Under this scenario:

- Cumulative GDP impact may increase by **$5.2 billion to $12.2 billion** relative to the Base Case.
- Employment impact may increase by **14,000 to 34,000 jobs** over the 10-year period.
- Tax revenues may increase by **$0.6 billion to $1.5 billion** relative to the Base Case.

The Low Scenario considers a less supportive investment environment, including the removal or reduction of exploration-related tax incentives, weaker financing conditions for junior exploration companies, and less favourable commodity market and geopolitical conditions. Under this scenario:

- Cumulative GDP impact may decline by **$13.9 billion to $18.5 billion** relative to the Base Case.
- Employment impact may decrease **38,000 to 51,000 fewer jobs** over the ten-year period.
- Tax revenues similarly may decrease by **$1.6 billion to $2.1 billion** relative to the Base Case.

Economic Impacts of Exploration Spending (2026-2035)

	Low		Base Case		High	
Indicator	Total (10 years)	Average annual	Total (10 years)	Average annual	Total (10 years)	Average annual
GDP (billion, CAD)	$49.5-$54.1	$5.0-$5.4	$68.0	$6.8	$73.2-$80.2	$7.3-$8.0
Jobs (FTEs)	133,336-146,094	13,334-14,609	184,144	18,414	198,349-218,378	19,835-21,838
Taxes (billion, CAD)	$5.9-6.4	$0.59-$0.64	$8.0	$0.8	$8.6-$9.5	$0.86-$0.95

Notes: Figures are presented in 2026 CAD. Cumulative 10-year job impacts are in person-year full-time equivalents (FTEs). The results provided represent total impacts including direct, indirect and induced impacts. Estimated tax impacts include taxes on products, taxes on production, as well as personal income taxes.
Sources: Natural Resources Canada, S&P Capital IQ and EY analysis.

5. Economic Impact of New Mines

Overview of Approach

- Analyze rates of exploration project conversion to mine development
- Review expenditures and timelines of mine construction and operations
- Estimate total economic impact of a representative mine in Canada
- Estimate incremental economic impacts of policy scenarios

- A representative Canadian mine could generate approximately **$4.3 billion in GDP**, support **16,450 FTE jobs**, and contribute **$0.67 billion in taxes** across construction and 15 to 20 years of operations.
- Under the High Scenario, enhanced incentives could accelerate three to five mines, generating an additional $12.9 billion to $21.4 billion in GDP, 49,403 to 82,339 FTE jobs, and approximately $3.35 billion in tax revenues over 18 to 23 years.
- Under the Low Scenario, up to 8 mines could be delayed, placing approximately $34.3 billion in GDP, 131,742 FTE jobs, and $5.4 billion in tax revenues at risk over 18 to 23 years.

Economic Impact of a Representative Mine in Canada

Indicator	Construction Impact (~3 years)	Operations Impact (15-20 years)	Total (18-23 years)
Direct Spending (billion, CAD)	$1.38	$3.03	$4.41
GDP (billion, CAD)	$1.35	$2.93	$4.28
Jobs (person-year FTEs)	9,250	7,200	16,450
Taxes (billion, CAD)	$0.35	$0.32	$0.67

Potential Incremental Impact of New Mines in Low and High Scenarios

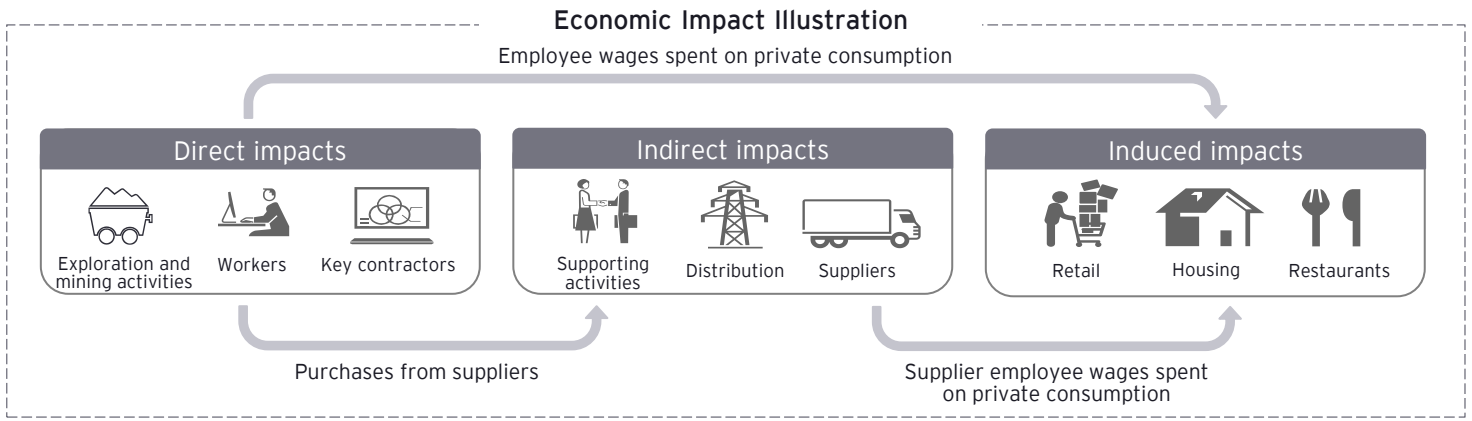
Indicator	Low	High
Mines delayed /accelerated	Up to 8 mines delayed	3-5 mines accelerated
Total Economic Impact (over 18-23 years, construction and operations)		
GDP (billion, CAD)	▼ $34.3	▲ $12.9-$21.4
Jobs (person-year FTEs)	▼ 131,742	▲ 49,403-82,339
Taxes (billion, CAD)	▼ $5.4	▲ $2.01-$3.35

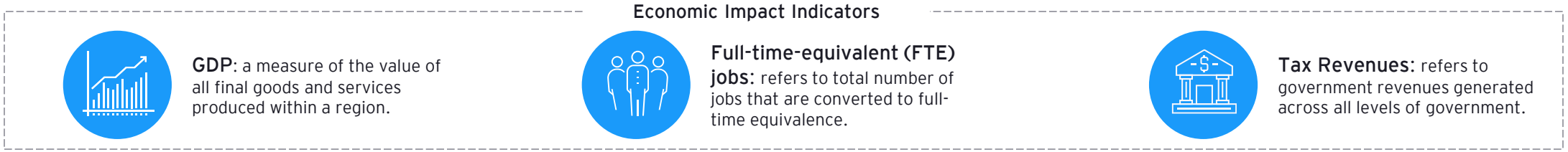
Notes: Figures are presented in 2026 CAD. Cumulative 10-year job impacts are in person-year full-time equivalents (FTEs). The results provided represent total impacts including direct, indirect and induced impacts. Estimated tax impacts include taxes on products, taxes on production, as well as personal income taxes. A representative mine profile is based on a mix of gold and critical mineral exploration projects and operating mines across Canada with an average capital investment of $1.38 billion and operating spending of $3.03 billion over a life of mine of 15-20 years.
Sources: S&P Capital IQ and EY analysis.

Appendix: Economic Impact Assessment Methodology

Economic Impact Assessment

- To model the economic impacts of the mineral exploration and mine development in Canada, EY utilized its proprietary economic model to assess these effects. The model incorporated inputs from Natural Resources Canada, S&P Capital IQ, and EY analysis and is based on the principles of the **input-output (I-O) model**. This model captures economic impacts through three distinct channels: **direct, indirect**, and **induced** impacts. These impacts, both individually and collectively, illustrate how the exploration, construction and operational activities ripple throughout the national economy.
- The key economic indicators analyzed include **Gross Domestic Product (GDP), Jobs (FTEs)**, and **Taxes.**





Note: One FTE is equivalent to one worker employed full-time based on a standard 40-hour work week. Taxes include municipal/local, provincial, and federal taxes on products and production, and personal income taxes.

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