

Critical minerals: A prominent topic in Canada's 2021 federal election

September 03, 2021

Critical minerals represent a strategic opportunity that holds great importance for Canada. The Canadian government has identified a list of 31 minerals considered critical for the sustainable economic success of Canada as part of its Canadian Minerals and Metals Plan. These minerals include rare earth elements, nickel, copper, lithium, uranium and many others.¹

Background

On September 2, the Canadian Chamber of Commerce released a statement² highlighting the “importance of strengthening trusted and sustainable critical mineral supply chains and reducing our dependence on China,” and urging the development of a trade and economic strategy for developing Canada’s critical mineral deposits. Such a strategy would address all segments of the supply chain (*i.e.* exploration, extraction, development and production), including the use of government procurement contracts to create incentives for North American-sourced critical minerals and targeted tax and regulatory support for extraction projects.

The Conservative Party of Canada platform

The Conservative Party of Canada (CPC) platform³ proposes the implementation of a Critical Minerals Strategy “to take advantage of Canada’s abundant resources of the minerals needed to power our clean energy future.” Specifically mentioned are policies to facilitate the responsible exploitation and mining of lithium, support for the export of uranium to responsible countries for use in civilian programs, and new initiatives to recover critical minerals from historical mine wastes.

The Liberal Party of Canada platform

The Liberal Party of Canada (LPC) platform⁴ also includes specific initiatives with respect to critical minerals, referring to using all tools (including the Investment Canada Act) to “ensure the protection and development of our critical minerals from both an economic and national security perspective.” These measures include building an end-to-end sustainable battery supply chain, attracting major “anchor investments in key

areas like mineral processing and cell manufacturing,” and doubling the existing 15 per cent mineral exploration tax credit (METC) for critical minerals, which are essential to clean technology manufacturing such as batteries. The METC is a non-refundable tax credit that enables investors in mining companies that incur eligible exploration expenses to reduce their taxes payable.⁵ This occurs when investors purchase “flow-through shares”⁶ in such companies, which renounce the qualifying expenses they incur in favour of the FTS investors. In the case of the METC, eligible exploration expenses are essentially those incurred in conducting aboveground mineral exploration activity to determine the existence, location, extent or quality of a base or precious metal deposit in Canada.

Conclusion

The enhanced interest in critical minerals during Canada’s 2021 federal election is welcome towards ensuring the development of this important segment of Canada’s mining sector for the benefit of all Canadians.

1 [Critical Minerals, Government of Canada, 2021](#)

2 [Canada’s climate and national security depend on critical minerals, so why is no one talking about it, asks Canadian Chamber of Commerce.](#)

3 [CANADA’S RECOVERY PLAN.](#)

4 [Critical Minerals and Batteries, Liberal Party of Canada.](#)

5 [Mineral Exploration Tax Credit, Government of Canada, 2021.](#)

6 [Flow-Through Shares, Mining Tax Canada.](#)

By

[Steve Suarez](#)

Expertise

[Tax](#), [Energy – Power](#), [Government & Public Sector](#), [Mining](#), [Renewable Energy](#)

BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 725 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

blg.com

BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing unsubscribe@blg.com or manage your subscription preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2024 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.