



**Asia-Pacific  
Economic Cooperation**

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## **Key Developments in Canada's Mining Sector – May 2016**

Purpose: Information  
Submitted by: Canada



**10<sup>th</sup> Mining Task Force Meeting  
Arequipa, Peru  
9-10 May 2016**

# Key Developments in Canada's Mining Sector – May 2016

Canada's minerals and metals sector makes a substantial contribution to Canada's economy. In 2014, the sector directly employed 375,000 Canadians, and accounted for 3.6% of the country's Gross Domestic Product (GDP). In 2015 the sector accounted for 19% of Canada's merchandise exports (\$91.6 billion CDN).

Canada ranks as the top or a significant producer of many key commodities including: potash (1<sup>st</sup>), uranium (2<sup>nd</sup>), nickel (2<sup>nd</sup>), cobalt (3<sup>rd</sup>), aluminum (3<sup>rd</sup>), diamond (4<sup>th</sup>); and gold (5<sup>th</sup>). Nearly 60% of the world's publicly listed mining and exploration companies (1,500) are listed on the Toronto Stock Exchange (TSX) and TSX Venture Exchange.

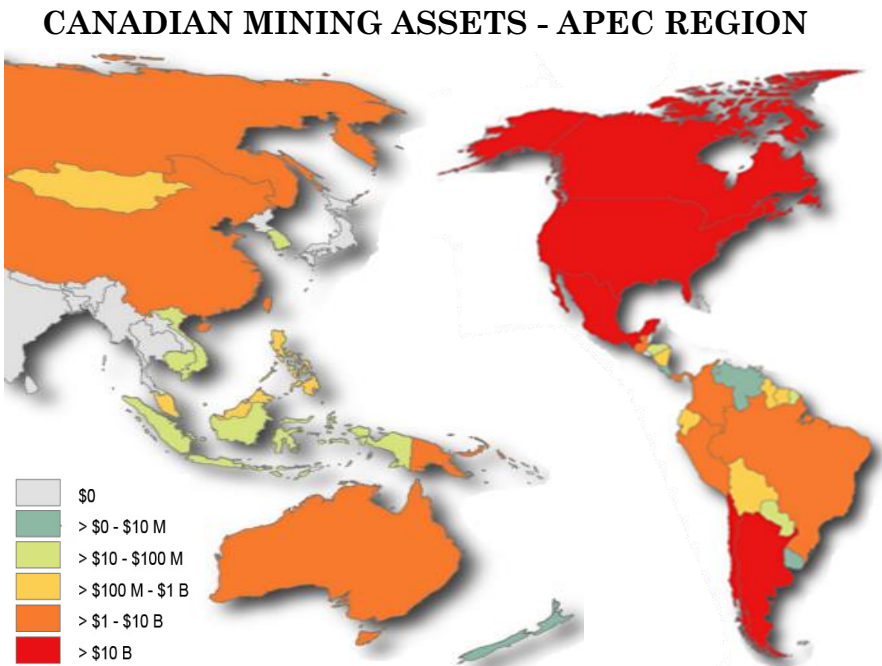
In 2014, Canadian mining and exploration companies were present in 105 foreign countries with mining assets totalling \$170 billion CDN, including over \$14 billion in Asia and Oceania. Canada also remains one of the world's top destinations for nonferrous mineral exploration investment, attracting 14% of budgeted expenditures in 2015, while Canadian-based companies accounted for over 30% of global nonferrous exploration budgets.



**Top 8 APEC Economies by Canadian Mining Assets (2014)**

1. United States - \$25.6B
2. Chile - \$21.8B
3. Mexico - \$20.6B
4. Peru - \$8.7B
5. China - \$4.9B
6. Australia - \$3.5B
7. Papua New Guinea - \$1.2B
8. Philippines - \$511M

*\*All figures CDN*



Outlined below are recent mining-related developments in Canada:

### **A renewed relationship with Indigenous peoples**

The Government of Canada has committed to undertake a renewed, nation-to-nation, relationship between Canada and Indigenous peoples that is based on recognition of rights, respect, co-operation, and partnership. Approximately **10,000 Indigenous Canadians** are employed in the mining and mineral processing sectors, particularly in upstream activities including mineral exploration, quarrying, and related services. Mineral development holds significant socio-economic opportunities and can be a catalyst for Indigenous peoples' economic development. The Government of Canada is committed to supporting the participation of Indigenous peoples in mineral development, and encourages active collaboration between mining companies and Indigenous communities.

### **Clean Technology and Innovation**

Clean technologies are a key component of the Government of Canada's approach to promoting sustainable economic growth, and will play a critical role in Canada's transformation into a low-carbon economy. The federal government has committed to provide over \$1 billion CDN over 4 years (beginning FY2017-2018) to support clean technology and innovation, including in the forestry, energy, and mining sectors. Natural Resources Canada's **Green Mining Initiative** brings together various stakeholders to develop and deploy green technologies that increase energy efficiency, reduce greenhouse gases, minimize waste, and increase productivity in mining.

### **North American Clean Energy and Environmental Management**

The Government of Canada announced its participation in Mission Innovation, a public-private partnership which includes Australia, Chile, China, the United States, and others, to **dramatically increase global investments in clean energy**. Under Mission Innovation, Canada will work with global partners to promote cleaner energy and better environmental outcomes that reduce greenhouse gas emissions. The Government is now developing a pan-Canadian Framework for Clean Growth and Climate Change with Canada's provinces and territories that will meet or exceed Canada's international greenhouse gas emissions targets.

### **Strengthened environmental assessments**

Robust environmental assessment processes support evidence-based decision-making for major natural resource projects. The Government of Canada has committed to review and introduce new **federal environmental assessment processes** as part of efforts to restore public trust and support the renewal of the relationship with Canada's Indigenous peoples. This includes ensuring that decisions on projects undergoing federal environmental assessments are informed by scientific evidence and that Indigenous peoples are more fully engaged in reviewing and monitoring major projects. Interim principles to guide environmental assessments for major projects have been announced as the first part of a broader strategy. More information on the interim principles can be found at: <http://news.gc.ca/web/article-en.do?nid=1029999>

## Tax Measures

### **Renewal of the Mineral Exploration Tax Credit (METC)**

Promoting the exploration of Canada's mineral resources by junior exploration companies ensures the long-term viability of the mining sector. To help junior mineral exploration companies raise capital, the Government of Canada has announced the renewal of the 15 percent **Mineral Exploration Tax Credit** for another year until March 31, 2017. The Mining Exploration Tax Credit provides an incentive to investors in flow-through shares issued to finance mineral exploration and is in addition to the deduction provided to the investor for the exploration expenses "flowed through" from the company that issues the shares.

### **Canadian Exploration Expense under the *Income Tax Act***

The Government of Canada has also announced its intention to ensure that costs associated with environmental studies and community consultations related to grassroots mineral exploration will qualify as a "Canadian Exploration Expense" under the *Income Tax Act* (100% deductibility). This is related to the government's commitments to properly consulting Indigenous communities and to improved environmental regulations.

### **Exploration and Mining in Canada: An Investor's Brief**

Natural Resources Canada has published an Investor's Brief which provides potential investors interested in mineral exploration or mining in Canada with information on Canadian **mineral resource development legislation and regulations** at the federal, provincial, and territorial levels. It explains Canada's regulatory and non-regulatory approaches to mineral resource development, identifies responsible authorities across the country, and provides information about investing in, or acquiring, a Canadian exploration and mineral development project. The Investor's Brief is a complementary tool to existing government information resources and contains references to direct readers to these sources. The Investor's Brief is currently available in French and English, and will be available in Mandarin in Fall 2016.



Access the Investor's Brief at: [www.nrcan.gc.ca/investorsbrief](http://www.nrcan.gc.ca/investorsbrief)