



PROSPECTORS &  
DEVELOPERS  
ASSOCIATION  
OF CANADA

ASSOCIATION  
CANADIENNE DES  
PROSPECTEURS ET  
ENTREPRENEURS

February 1<sup>st</sup>, 2024

**To: Honourable Anita Anand  
President of the Treasury Board  
House of Commons  
Ottawa, Ontario,  
Canada  
K1A 0A6**

**BY ELECTRONIC MAIL**

Dear Minister Anand,

The Prospectors and Developers Association of Canada (PDAC) is the voice of Canada's mineral exploration and development sector. On behalf of our 7,000+ individual and corporate members, we value the opportunity to provide input for the Supply Chain Regulatory Review.

Without critical mineral exploration and development, there is no critical mineral supply chain. Consideration of this cardinal, initiatory sub-sector is essential to meet the primary goals of acts such as the Fighting Against Forced and Child Labour in Supply Chains Act and Canada's Export and Import Permits Act, as well as achieving global climate change targets and the targets of Canada's Critical Minerals Strategy. To ensure a secure and sustainable supply chain, it is important to encourage and enable domestic production. When compared to other leading global suppliers of critical minerals (Russia, Indonesia, and China), the Canadian mining industry leads for recognized environmental assessment and consultation practices and generates less than 50% related emissions than its overseas counterparts – all while contributing 5% to Canada's GDP (2021).

While Canada's government has invested over \$7.6 billion since 2020 in electric vehicle (EV) battery plants, it is estimated that 388 new mines will be needed across North America to supply these plants and meet the government's goal of having 100% of new vehicle sales be electric by 2040. We must be conscious that only an estimated 1 in 10 exploration projects make it to the drilling stage and only 1 in 1,000 drilling projects produce results that meet the feasibility threshold to become an operating mine (a process which takes an average of 10 – 15 years). This understanding suggests Canada would need to support tens of thousands exploration and development projects to meet supply chain demands.

Steps must be taken to bolster the development of Canadian mines via supporting the trade and financing, international and otherwise, that make them possible, as well as coordinating support for mineral exploration and development within federal departments, different levels of government, and local and Indigenous communities. Success in these areas will entice global EV and battery manufacturing on Canadian soil supplied by Canadian minerals.

To enable Canadian mines to participate in the critical minerals supply chain, PDAC recommends the Treasury Board of Canada Secretariat consider the following.

- **Prepare to extend the Critical Minerals Infrastructure Fund (CMIF, currently \$1.5 billion) and available per project allocations (currently a maximum of \$50 million per project) to better capture the costs of significant infrastructure projects.** This action will enable more projects to be developed and generate significant cooperative infrastructure improvements for remote communities in proximity to such developments. This support is essential, as projects located in



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remote regions of the country have average all-in costs and development capital requirements at least 3 times greater than non-remote projects.

- For example: Fortune Minerals' NICO critical minerals project's new, all-season 97-kilometre Tłıchq Highway provides a year-round connection for both the mine and the previously isolated Tłıchq First Nations community of Whatì to the Yellowknife Highway. The Northwest Territories Government absorbed the road's \$200 million construction cost. Had the territorial government not stepped in, at its current maximum the CMIF would account for less than 25% of these costs, leaving Fortune Minerals to source the remaining \$150 million for the road in addition to \$135 million to advance the related mine to a shovel-ready state and \$589 million development capex (as of 2014).
- **Identify opportunistic locations to establish critical mineral hubs or activity centres (locations which could include raw material (ore) processing, rail, freight, and transfer capacity to connect critical mineral ores to downstream stages) to create community economic development opportunities and improve the flow of critical minerals.** The Government of Canada should evaluate current transportation and mineral processing capacity, in concert with analysis of mineral production potential across Canada, to determine where detailed infrastructure feasibility studies should be conducted and subsequently fund and complete such studies. This effort could be done with support of Natural Resources Canada, the Critical Minerals Centre of Excellence, and industry partners, and would bolster community preparedness and provide an express approach to establishing more critical mineral production and value-added activities within Canada.
- **Provide clarification to mineral companies and investors on review processes for foreign investment in Canadian critical minerals projects to ensure predictability and reduce investor uncertainty. Where foreign investment is restricted or disallowed, prepare to support critical minerals projects in filling the financing gaps left in the absence of these investments.** Overall, investment and import/export policies should seek to advance Canada's critical minerals targets by limiting delays and supporting SME's ability to attract financing and strategic partnerships.

We thank you in advance for considering our recommendations. PDAC would appreciate the opportunity to further engage in the development of the Supply Chain Regulatory Roadmap and is available to discuss recommendations outlined in this letter or other matters relating to the Critical Minerals supply chain. Please contact Jeff Killeen (PDAC Policy & Program Director) at [jkilleen@pdac.ca](mailto:jkilleen@pdac.ca) if you would like to connect on this matter.

Kind Regards,

Lisa McDonald  
PDAC Executive Director