Net cost of $1,000 spent on mineral exploration in Québec for a company – Project not dedicated to CSMs

Major companies (Expenses related to a project not dedicated to CSMs[1])	**On April 30, 2025**
Exploration expenditures[2]	**1,000**
Credit and deductions in Québec	
Under the **Taxation Act**:	
Refundable tax credit for resources[3] (10% x $1,000)	100
Tax deduction (11.50% x $1,000)	115
Decrease of tax deduction (for mining tax) (11.50% x $144)	(17)
Decrease of tax deduction (credit for resources)[4] (11.50% x $100)	(12)
Under the **Mining Tax Act**:	
Mining tax savings (16% x ($1,000 - $100[4]))[5]	144
Company's **Québec** tax savings	**330**
Federal deductions	
Tax deduction (15% x $1,000)	150
Decrease of tax deduction (for mining tax) (15% x $144)	(22)
Decrease of tax deduction (credit for resources)[4] (15% x $100)	(15)
Company's **Federal** tax savings	**113**
Amount assumed by the governments	**443**
Net cost for the company ($)	**557**

Junior companies[6] (Expenses related to a project not dedicated to CSMs[1])	**On April 30, 2025**
Exploration expenditures[7]	**1,000**
Credit and deductions in Québec	
Under the **Taxation Act**:	
Refundable tax credit for resources[3] (22.5% x $1,000)	225
Tax deduction (11.50% x $1,000)	115
Decrease of tax deduction (no mining tax payable by these companies)	0
Decrease of tax deduction (credit for resources)[4] (11.50% x $225)	(26)
Under the **Mining Tax Act**:	
Refundable duties credit for losses (16% x (50% x ($1,000 - $400 - ($225[4] - $90[8]))))	37
Company's **Québec** tax savings	**351**
Federal deductions	
Tax deduction[7] (15% x $600)	90
Decrease of tax deduction (no mining tax payable by these companies)	0
Decrease of tax deduction (credit for resources)[4] (15% x $225)	(34)
Company's **Federal** tax savings	**56**
Amount assumed by the governments	**407**
Net cost for the company ($)	**593**

(1) For mineral exploration OTHER than the following critical and strategic minerals (CSMs): antimony, bismuth, cadmium, cesium, cobalt, copper, rare earth elements, platinum group elements, tin, gallium, graphite (natural), indium, lithium, magnesium, nickel, niobium, scandium, tantalum, tellurium, titanium, vanadium et zinc.

(2) In the example of the **major companies**, the exploration costs were not renounced by the mining company under either the Taxation Act (Québec) or the Income Tax Act (Federal).

(3) As of March 26, 2025, expenses eligible for the *Refundable tax credit for resources* (RTCR) correspond, among others to Canadian exploration and development expenses applicable to mining resource expenses, incurred in Québec. A ceiling of $100 million of cumulative eligible expenses over five years was also introduced under the 2025-2026 Budget. The introduction of this ceiling applies to a taxation year that begins after March 25, 2025. The example presented includes only exploration expenses related to mineral resources.

(4) The RTCR reduces the amount of eligible exploration expenditures.

(5) The exploration allowance is limited to 10% of the annual profit.

(6) Corporation that does not exploit any mineral resources or operate any oil or gas wells. This corporation must also not be part of an associated group member of which exploits a mineral resource or operate an oil or gas well.

(7) In the example for the **junior companies**, the exploration costs were not renounced by the mining company under the Taxation Act (Québec). As a result, eligible exploration expenditures for the purposes of the RTCR are $1,000.

Only **$400** of all exploration costs were renounced by the mining company under the Income Tax Act (Federal). Therefore, the eligible expenditures for the Federal are $600 ($1,000 - $400).

For the purposes of the Mining Tax Act, $**600** are eligible ($1,000 - $400). See *Refundable duties credit for losses*.

(8) Based on our interpretation of the legislation, the portion of the RTCR that is not taxable under the Mining Tax Act represents the proportion that is $400 out of $1,000 because of the renunciation, for federal purposes, of $400 of exploration expenditures and the fact that the calculation of the provincial RTCR is based on 100% of the exploration costs ($1,000). Four tenths of the RTCR corresponds to the unclaimed costs for the purposes of the Mining Tax Act, so this proportion of the RTCR should not be taken into account.

Hence, the portion of the RTCR that is not taxable is: **$225 x $400 / $1,000 = $90**