



PROSPECTORS &
DEVELOPERS
ASSOCIATION
OF CANADA

Friday, June 3, 2016

Sent via email: charlie.angus@parl.gc.ca

Mr. Charlie Angus
M.P. Timmins – James Bay
House of Commons
Ottawa, ON K1A 0A6

Dear Mr. Angus,

On behalf of the Prospectors & Developers Association of Canada (PDAC), I wish to express our thanks for your efforts to support Canada's mineral exploration and development industry by recommending a five-year renewal of the Mineral Exploration Tax Credit (METC).

As you are aware, a robust mineral exploration sector is vital to the health of Canada's minerals industry as a whole, which accounts for almost 4% of Canada's GDP and employs over 375,000 workers across the country. To ensure the continued ability of the minerals industry to provide socioeconomic benefits, new mineral deposits must be discovered through exploration. However, the industry currently faces a persistent downturn in exploration financing which has resulted in decreased exploration activity. In fact, financing for exploration on Canadian exchanges has dropped 90% since 2007.

During downturns, programs that support the sector such as the METC are invaluable. The METC is a fundamental component of the policy infrastructure that has made Canada the number one jurisdiction for mine equity financing, and a top destination for global exploration investment. Since 2007, flow-through funds have provided an average of 70% of all funds raised on Canadian stock exchanges for the purpose of mineral exploration; in 2014, that figure reached a high of 90%. Historically renewed on a one-year basis, a longer period of renewal for the METC would provide longer-term stability to junior companies, greater predictability for investors and enhance investor confidence in Canadian projects.



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On behalf of our 8,000 members, I would like to once again thank you for your efforts to support the sector. If you have any questions or would like to discuss this further, please do not hesitate to contact me or PDAC's Executive Director, Andrew Cheatle.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Schafer', with a long horizontal stroke extending to the right.

Robert W. Schafer
President
Prospectors & Developers Association of Canada

Cc: Andrew Cheatle, Executive Director, PDAC