

## OPINION

# Let's make sure we get Canada's critical minerals strategy right

By [ROHAN HAZELTON](#) MAY 4, 2022

Recent geopolitical developments have underscored the need to not treat critical minerals solely as an ingredient in cellphones and electric vehicle batteries.



Finance Minister Chrystia Freeland's 2022 budget committed \$1.5-billion in investment over seven years for infrastructure and supply chain projects to help realize critical mineral mining projects in Canada, writes Rohan Hazelton. *The Hill Times* photograph by Sam Garcia

Given the context of this year's federal budget—surging energy prices, post-COVID economic stabilization, and a war in Europe—the Government of Canada was understandably more focused than perhaps in any of the Trudeau government's previous budgets. It was not Christmas morning with a bauble for everyone. It was a disciplined and focused approach to the challenges ahead for our economy, addressing needs while trying to contain spending. Among the new areas of investment, however, was a hidden gem that could turn out to be transformative for the economy of the North, and to North American security and sovereignty in the economy of the future. This was the first federal budget to identify critical minerals as a sector of strategic importance to Canada, and to commit to the development of a cohesive critical minerals strategy. This is bold, this should be commended, and this is necessary.

Finance Minister Chrystia Freeland's budget committed \$1.5-billion in investment over seven years for infrastructure and supply chain projects to help realize critical mineral mining projects in Canada. It also committed investments toward developing data sets to help inform critical minerals exploration. It also announced an experimental 30 per cent Critical Mineral Exploration Tax Credit for certain exploration expenses related to Canadian development work in particular critical minerals and rare earth metals.

It further commits to research funds through the National Research Council to support critical minerals technology and value chains, and additionally commits to re-establishing a Centre of Excellence on Critical Minerals.

As our government works to leverage these investments to gain maximum impact, it would be prudent to consider several cautionary notes. We should maximize the flexibility of the \$1.5-billion fund, focus on the shovel readiness of projects, and prioritize those that exemplify the economic values that ought to define future growth in the mining sector: Indigenous participation and environmental stewardship.

On the first point of flexibility, the federal budget notes that the Strategic Innovation Fund will be harnessed to support this growth area in Canadian mining, and that it will focus its efforts on manufacturing, processing, and recycling applications. While these are all worthwhile pursuits, we may want to start with so-called "lower-hanging fruit"—projects that can more quickly be commercialized into success stories to help build investor confidence and momentum in the sector. At times, the less prescriptive, the better; core infrastructure needs can sometimes be less dazzling than new technology, but can make a quicker impact.

On that note, the Government of Canada should also start with existing mining projects in the North and evaluate how to kickstart them into production. There are presently four critical mineral projects in the Northwest Territories—Prairie Creek,

Nechalacho, NICO, and Pine Point—that are moving toward becoming operational extraction sites and operational for the long term. The first task, then, should be assessing each project’s individual barriers, and moving them to the top of the priority list.

Prairie Creek, for example, is a virtually shovel-ready mining project for zinc and silver, whose immediate need is the construction of an all-season road. The environmental assessments are complete, and Indigenous partnership agreements are already negotiated. It just needs a road to become a viable production site. Once operational, the significant economic and social benefits of the mine will immediately start to be realized—something that is particularly important as existing diamond mines are poised to end production within three years.

The North’s new critical minerals sites not only have the potential to offset an anticipated decline from maturing diamond mines, they also help to sustain Indigenous employment in particular while contributing generally to tax revenue, resource royalties, and secondary economic activity such as services and transportation.



Prairie Creek Project, located in traditional Dene territory in Canada’s Northwest Territories. *Photograph courtesy of NorZinc*

Prairie Creek is also an ideal case study in prioritizing projects with the ethos Canadians expect from mining companies. It has strong support from local community, and has done tremendous work closely with local First Nations: the Naha Dehé (Nahanni Butte) Dene Band, and the Liidlii Kue First Nation have already successfully completed impact

benefit agreements, with a third in negotiation with the Acho Dene Koe Nation. These agreements ensure long-term employment, training, education, and social investments that will only increase over time. It is also a showpiece in environmental stewardship: no tailings, 100 per cent water recycling, and alternative energy baked into the operational design.

Canada is at a pivot point. Recent geopolitical developments have underscored the need to not treat critical minerals solely as an ingredient in cellphones and electric vehicle batteries. They are a strategic sector that will be used in a broader global trade and power dynamic. With China presently dominating the global market, Canada was prudent in signing a partnership framework with the United States to embark on North American critical minerals independence. Our government is equally prudent in treating this as a sector that requires a concerted development strategy, given the location of Canada's deposits.

Let's make sure that we get this right. Let's ensure Canada's critical minerals strategy does not become a victim of its own overcomplication, that it targets core infrastructure needs to kickstart immediate production—with shovel-ready projects as the obvious first focus—and that reconciliation, Indigenous and northern prosperity, and environmental stewardship be fundamental pillars to Canada's critical minerals future.

*Rohan Hazelton is president and CEO of NorZinc Ltd.*