Canada’s Federal Budget and the 5 Critical Mineral Moves That Could Reshape Mining

written by Peter Clausi | November 6, 2025

In a departure from tradition, Canada’s federal government tabled its full 2025 budget on November 4 — a fall presentation that marks both a fiscal reset and a geopolitical statement. Branded “Canada Strong,” the budget sets out C$280 billion in new investments over five years, with a notable emphasis on infrastructure, productivity, housing, and — critically — the strategic development of the country’s vast critical minerals sector.

While the headline figure — a projected C$78.3 billion deficit for 2025–26 — has sparked some pushback, industry leaders in mining and clean technology have been quick to flag the budget as “mining-friendly” and, potentially, transformative for Canada’s position in global resource supply chains.

A Five-Point Checklist for Impact

Peter Clausi, Director of the Critical Minerals Institute (CMI), outlines five key components of the budget that may shape the future of Canadian mining — particularly for the critical mineral sector. “If implemented, these measures have the potential to significantly alter the investment landscape for critical minerals in Canada,” he said in an interview.

(1) First Nations: A Critical Partnership

“Anybody in Canada knows: if you’re going to do mining, the road runs through First Nations,” Clausi emphasized. The budget’s funding for Indigenous partnerships is therefore essential – but mixed signals emerged. While Ottawa confirmed new funding mechanisms such as expanded Indigenous loan guarantees (tripling the pool to C$3 billion), it also introduced a 2% cut to Indigenous Services Canada and Crown-Indigenous Relations. “Anything that hurts First Nations hurts mining,” Clausi warned, though he acknowledged the new funding “probably balances it out” overall.

According to the budget document, federal investment will prioritize roads, broadband, and energy transmission in the Ring of Fire – a resource-rich area in Northern Ontario – in partnership with First Nations. Road projects like the Northern Road Link and the Marten Falls Community Access Road are expected to unlock mineral development in remote communities.

(2) C$2 Billion Sovereign Investment Fund

A standout item in the budget is a new sovereign investment fund worth C$2 billion, earmarked for critical minerals. “The devil’s in the details,” Clausi cautioned. “We don’t know if that’s for exploration, production, or R&D.”

The fund is intended to help projects get past the “valley of death” – the high-risk pre-construction phase where many mining ventures falter. Ottawa has stated that the fund will complement its 2022 Critical Minerals Strategy and support domestic

refining, advanced processing, and strategic stockpiling. These steps are designed to align with the U.S. Inflation Reduction Act and similar EU programs to onshore supply chains.

(3) Extension of the Flow-Through Tax Credit

Each year at PDAC – the world's premier mineral exploration convention – Canadian issuers and investors hold their breath over the fate of the Critical Mineral Exploration Tax Credit. The mining industry won't have to wait until PDAC2026 because the 2025 budget offered relief: Ottawa has extended the program through March 31, 2027. "That's great news for the industry," said Clausi.

Originally introduced in 2022, the tax credit allows investors in flow-through shares to deduct up to 30% of their investment in eligible critical mineral projects. The extension provides long-term planning certainty for junior miners – particularly in early-stage lithium, nickel, and graphite exploration – and is expected to stimulate activity in underexplored regions.

(4) An Expanded Critical Minerals List

n a move that may reshape exploration priorities, the government expanded the list of eligible critical minerals under the flow-through tax credit to include 12 additional elements: tin, bismuth, cesium, chromium, germanium, tungsten, antimony, arsenic, barite, tellurium, vanadium, and zirconium. "These are all important for the development of a green economy and for getting off the carbon standard," Clausi noted. "They're also vital for defense and semiconductor manufacturing."

This aligns Canada’s taxonomy more closely with its allies. Tin, for example, is a key component in solder for electronics; tungsten and bismuth are used in both clean tech and defense systems. Canada’s inclusion of these minerals opens up exploration financing for a broader set of resource projects and sends a signal to global investors that Ottawa is serious about strategic autonomy.

(5) Clean Technology Investment (Incentives) Tax Credit

The newly introduced Clean Technology Investment Tax Credit – a refundable 30% tax credit for eligible capital investments – may also benefit the mining sector indirectly. “It’s possible this may include new technologies or R&D for processing critical minerals,” Clausi said. “And as we’ve discussed, processing is one of the roadblocks in the critical minerals supply chain.”

Processing facilities – for lithium hydroxide, nickel sulfate, or rare earth separation – remain bottlenecks in Canada’s critical minerals sector. The tax credit could apply to equipment and technology used in these midstream facilities. If so, it would further Canada’s ambition to capture more of the value-added segment of the EV battery and tech metals supply chain.

A Budget for Geoeconomic Transition

Canada’s repositioning on critical minerals is as much about geopolitics as it is economics. The sovereign fund, tax incentives, and infrastructure outlays reflect a clear desire to align with allies in the U.S., EU, and Indo-Pacific who are racing to secure reliable sources of lithium, nickel, cobalt, graphite, and rare earth elements.

The November budget also signals a deeper fiscal realignment. Prime Minister Mark Carney's government is shifting to a fall budget cycle — mirroring the U.S. — and reorienting national priorities toward supply chain resilience, climate adaptation, and innovation. Finance Minister François-Philippe Champagne described it as a "generational investment plan."

For a country whose northern latitudes hold untapped mineral wealth and whose capital markets remain a global hub for junior exploration, Budget 2025 could mark the beginning of a new era — one in which Canada's resources are no longer just exported, but refined and integrated into high-value manufacturing ecosystems.

That is, if the government can deliver on the details — and ensure that policy momentum translates into shovels in the ground.