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Chair: Terry Duguid



Standing Committee on Natural Resources

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• (1100)

[English]

The Chair (Hon. Terry Duguid (Winnipeg South, Lib.):
Good morning, colleagues. Welcome.

I call this meeting to order.

[Translation]

Hello, everyone.

I am very pleased to be here with you this morning.

[English]

Let me start by acknowledging that we are meeting on the unceded territory of the Algonquin Anishinabe nation.

Welcome to meeting number three of the Standing Committee on Natural Resources. Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room. In the second hour, some of our witnesses will be attending via Zoom.

Before we continue, I would like to ask all in-person participants to consult the guidelines written on the cards on the table. These measures are in place to help prevent audio and feedback incidents, and to protect the health and safety of all participants, including, and especially, our amazing interpreters. You will also notice a QR code on the card, which links to a short awareness video.

I would like to make a few comments for the benefit of our witnesses and, of course, our members. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. As a reminder, all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, there's a "raise hand" function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

Pursuant to Standing Order 108(2) and the motion adopted on Thursday, September 18, the committee is commencing the study of the development of critical minerals in Canada. There was consensus among committee members that we should start with this study, which is very important for our country and for your communities.

I want to thank the clerk for receiving the lists of witnesses and reaching out to some of them already. We have a full panel today.

Normally, we try to have only three so that we have more time with each of those witnesses.

Thank you, colleagues, all of you, for your lists of witnesses. I think you know, those who have been in committee before, that we leave it to the clerk to reach out, assemble witness panels as they are available, try to balance among the parties and, hopefully, get down the list.

With that, Madam Clerk, I think we can turn to our witnesses.

I would like to welcome our witnesses. Members on our first panel are from the Natural Resources department: Isabella Chan, senior assistant deputy minister, lands and minerals sector; Kimberly Lavoie, assistant deputy minister, Nòkwewashk—

Kimberly Lavoie (Assistant Deputy Minister, Nòkwewashk, Department of Natural Resources): Nòkwewashk is an Algonquin word for "sweetgrass".

The Chair: —Amanda Wilson, director general, policy and economics branch; and Andrew Ghattas, senior director, critical minerals centre of excellence.

You will have five minutes for your opening remarks. I know that colleagues will be anxious to ask you questions. Your time starts now.

Isabella Chan (Senior Assistant Deputy Minister, Lands and Minerals Sector, Department of Natural Resources): Thank you, Chair.

Thank you to the committee members for the invitation today.

[Translation]

Thank you for the opportunity to speak today and to contribute to your study on critical minerals.

• (1105)

[English]

Again, my name is Isabella Chan, and I'm the senior assistant deputy minister of the lands and minerals sector at Natural Resources Canada.

[Translation]

Critical minerals are the foundation upon which modern technology is built.

[English]

Growing demand, heightened geopolitical competition and the drive toward rearmament have changed the calculation on critical minerals. They are no longer just economic commodities. They are strategic assets essential to our national and economic security.

[Translation]

Canada is endowed with enormous resource wealth spread across critical-mineral-rich regions from coast to coast to coast, including rural, remote and indigenous communities.

[English]

For example, Canada holds one of the largest known reserves of rare earth elements globally, estimated at over 15 million tonnes in 2023. Canada is well positioned to be a leader in responsible, inclusive and sustainable production of critical minerals, and the growing global demand for critical minerals represents a generational opportunity for our country. Canada is already a top-five global producer for 10 critical minerals with the potential for more.

In 2023, Canada had 46 critical minerals mines and 31 processing facilities, as well as 171 event-stage critical minerals projects.

[Translation]

The Canadian critical minerals strategy, launched in December 2022, has laid a solid foundation for critical minerals development in Canada.

Through the strategy, Canada's whole-of-government approach to critical mineral development is collaborative, forward-looking, iterative and long-term.

[English]

Implementation of this strategy involves 15 federal departments and agencies, as well as collaboration with provincial, territorial, indigenous, industry, and other Canadian and international partners.

In the first year of the implementation of the strategy, Canada already saw a 15% increase in the domestic production of key critical minerals. We intend to extract, process, manufacture and recycle critical minerals in Canada by building up every part of the supply chain at home, maximizing economic growth and employment.

Bloomberg New Energy Finance has consistently ranked Canada at or near the top of its ranking for the battery supply chain and for overall critical minerals production competitiveness.

We have also announced funding for a number of strategic programs to help advance Canada's critical minerals, including working with provinces and territories to build infrastructure to get mining projects online faster, which includes the \$1.5-billion critical minerals infrastructure fund.

The development of critical minerals value chains also represents a significant opportunity to advance economic reconciliation and to grow the indigenous economy through jobs, services and ownership opportunities.

Through the critical minerals research, development and demonstration program, Canada is supporting the development of new processes and technologies and is assisting project proponents in

bringing their technologies to commercial scale. For instance, the Government of Canada, alongside Saskatchewan, has supported the Saskatchewan Research Council's vertically integrated rare earth processing facility with a \$21-million investment.

Canada needs more mines and processing facilities to come online to support domestic industries and to help our allies diversify sources of supply for dual-use applications. To this end, the government passed the Building Canada Act in June 2025 and created the major projects office in August.

[Translation]

Canada is also working with allied countries to foster the development of secure and non-concentrated critical mineral supply chains.

[English]

At the G7 Leaders' Summit in June, under Canada's presidency, leaders announced the G7 critical minerals action plan and welcomed a new critical minerals production alliance to urgently address supply chain vulnerabilities and promote international co-operation among like-minded countries, as well as leverage Canada's resources to become a reliable and leading supplier.

Canada has what the world needs, and our minerals are no longer just economic drivers. They are strategic capabilities and key components of our national and economic security.

[Translation]

Thank you again for your invitation. My colleagues and I will be pleased to answer your questions.

[English]

The Chair: That's five minutes right on the dot.

Thank you, Ms. Chan.

Colleagues, now we go over to you for questions. We're going to start with Mr. Martel for six minutes.

• (1110)

[Translation]

Richard Martel (Chicoutimi—Le Fjord, CPC): Thank you very much, Mr. Chair.

I'd like to thank the witnesses for being here today.

Canada is very rich in critical minerals. However, we hear that mining projects are having trouble getting off the ground, that it's always complicated, that the delays are endless and that there's a lot of red tape. All of this discourages investors. Projects often don't succeed. We have a lot of resources, but we're not able to get to the end of the projects. We regularly hear that red tape and regulations are cumbersome.

What can you tell me about that?

Isabella Chan: Thank you for your question.

[English]

I acknowledge that to bring a mine online, a number of steps need to be undertaken. Through the critical minerals strategy that Canada launched in 2022, we are taking steps to support mining projects to come online faster.

First of all, as I noted, there is a critical minerals infrastructure fund to support the infrastructure needed to bring our mineral resources to market. Second, I noted earlier in my remarks the G7 critical minerals production alliance. One of the challenges our mining projects face is not just the regulatory steps in seeking approval but also the fact that it is very challenging these days to raise the capital necessary to bring the projects online.

Hence, under Canada's presidency, we are launching the critical minerals production alliance to bring the supply side as well as the demand side together and match them up in order to support our projects that come online.

[Translation]

Richard Martel: What you've put in place is interesting, but it doesn't guarantee that, when projects arrive here, they will take less time.

I'd like to know how many mining projects in Canada have been launched and completed in the last 10 years, from drilling to obtaining a product.

[English]

Isabella Chan: The exact number for over the last 10 years, Mr. Chair, I could provide to the committee in writing.

I do note that currently we have 46 critical minerals projects that are active and 31 midstream processing sites that are online. They would have been part of the last 10 years in projects that we supported to come online.

[Translation]

Richard Martel: On average, how many years did it take to get these projects up and running?

I would like to have those answers if you can answer me, of course.

[English]

Isabella Chan: A number of factors affect how long it takes for a mine to come online. There are numbers reported out there of around 20 years, but I would note too that a number of mines can come online in a time frame much less than that. That's precisely why, too, the major projects office was established—to help support and fast-track especially those projects that are important to our na-

tional interests. The average number reported out there is 20 years, but I do note that there is a range. Some actually do come online much faster than the 20 years noted.

[Translation]

Richard Martel: Can you acknowledge that excessive federal regulation can discourage investment and undermine economic competitiveness in Canada? Many investors don't choose Canada, even though we have extraordinary resources. They go elsewhere to make sure that their projects are carried out. Are you aware of how burdensome the regulations are?

[English]

Isabella Chan: I would note that there are regulations that are not just at the federal level. Resource development is also under provincial and territorial jurisdiction. The certainty that our regulatory regime provides when bringing on mining projects is actually a positive, because it provides certainty for the investment sector.

Through Natural Resources Canada, we have established a centre of excellence that provides navigation support to our mining projects to navigate not only the provincial and territorial regulatory regime but also the federal regime, to support the navigation of regulatory—

• (1115)

[Translation]

Richard Martel: I'm sorry to interrupt, Ms. Chan.

We're talking about environmental assessment. Quebec has one and the federal government has one as well. What is the added value of the federal environmental assessment?

[English]

Isabella Chan: I'm going to turn to my colleague, Kimberly Lavoie, for that question.

[Translation]

Kimberly Lavoie: Thank you very much for your question.

As you said, there's a provincial system, and there's also a federal system, the Impact Assessment Agency of Canada.

[English]

It is working very closely with all provincial jurisdictions to look at how we can coordinate our efforts. We have a substitution agreement with B.C. That is the only jurisdiction at the moment, but we would welcome substitution agreements with all provinces. I understand that conversations are under way with Quebec.

[Translation]

Richard Martel: Was there an exercise—

[English]

The Chair: Thank you, Mr. Martel. We can come back to you a little later, so save that question.

We have Mr. McKinnon.

Ron McKinnon (Coquitlam—Port Coquitlam, Lib.): Thank you, Chair.

The concept of critical minerals is a bit blurry to me. As we're getting started on this study, I wonder if we could expand on what we mean by critical minerals. What does it take to be a critical mineral?

Isabella Chan: There are currently 34 critical minerals listed on the Canadian critical minerals list. There are two specific criteria that need to be met in order to be on the list under the Canadian definition. Number one is the risk to our supply chain, and number two is that there is a reasonable chance of Canada producing it. There are also three additional criteria, one of which is whether it supports the green transition, and another is whether it is a critical mineral that we could produce to support our allies' needs.

The critical minerals list was first created in 2021. We updated it in 2024. We made a commitment to look at the list at least every three years to ensure it is up to date and reflects the current demands in the market.

Ron McKinnon: Okay, so it's not a case of, well, this is iron or this is steel, therefore it's critical. It's a matter of how it impacts our economy and our defence strategy and so forth. Is that correct?

Isabella Chan: That is correct. In terms of the development of the list, we also consult with our provincial and territorial partners, with industry, as well as with indigenous groups, so there is also a reflection of the market demands and what we are able to produce here domestically but also looking at our allies' needs. There is a full, robust consultation that supports the creation of the list.

Ron McKinnon: I'd like to build on Mr. Martel's questions a little bit. I'm very interested in the relationship between the provincial and federal regulatory environment and how we can streamline that and improve it.

Kimberly Lavoie: As I was saying, we're a federation and we have different systems. Mining is, by and large, provincially regulated. It's only federally regulated once it gets to a certain threshold. I started talking about an opportunity to have co-operation agreements or even substitution agreements where the province does one process for both the provincial government and the federal government, and that will lead to much earlier decisions.

We're having conversations around what those arrangements could look like, how we can work together not only in the environmental assessment process but also on the permitting side. Oftentimes, we require similar information for different permits that are federal or provincial, so we're looking at co-operation for permitting as well as co-operation on the environmental assessment. The goal is to get those assessments down to under two years for all projects.

Ron McKinnon: You mentioned you have an arrangement with British Columbia, which is my province, so I'm glad to hear that. Could you tell us more about that?

Kimberly Lavoie: The British Columbia Environmental Assessment Office conducts assessments that are for both Canada and B.C. at the same time. Canada relies 100% on the information that B.C. provides in order to be able to make its decision.

Ron McKinnon: Thank you.

As you know, reconciliation day is coming up. How can the development of critical minerals in Canada present benefits for in-

igenous people? Are there any projects that are going to facilitate indigenous-led operations and indigenous equity?

• (1120)

Kimberly Lavoie: The short answer is that there are lots of opportunities for indigenous people and all Canadians. I would say that, in the natural resource sector, about 70% of all natural resource projects are within 100 kilometres of an indigenous community. For many of these communities, it is the only source or the major source of income.

In the critical minerals space, there are a number of projects where we are working really closely with indigenous partners and where indigenous folks not only get benefits from an impact and benefit agreement with the company but also have opportunities through programming in the federal government like the indigenous natural resource partnerships program. They also have opportunities for an equity stake in a project, and the indigenous loan guarantee program is designed to enable indigenous equity and a long-term revenue stream coming out of those investments.

Ron McKinnon: Thank you.

A lot of our projects are in the southern part of Canada, but I think that the Northwest Territories and Nunavut represent a huge opportunity that is relatively undeveloped. Do you have any idea what kind of opportunity exists up there in the Far North?

Isabella Chan: The mining projects that are available are on Natural Resources Canada's website. There's a map where you can find the various projects. It may be of interest to you to know that, with the critical minerals infrastructure fund, we supported a number of infrastructure projects in the north to support the projects that come online but also the communities as well.

The Chair: Thank you.

Before we go to Monsieur Simard, colleagues, I think you know that we are being televised. I believe my mother is watching, so I'm going to be on my best behaviour. I know Canadians are very interested in this topic that is of great interest to all of us around the table.

Monsieur Simard, go ahead for six minutes.

[*Translation*]

Mario Simard (Jonquière, BQ): I wonder why you would say that before I have the floor, Mr. Chair, but I won't make it personal.

Voices: Oh, oh!

Mario Simard: Good morning. First of all, I have a request for you.

Would it be possible for you to table with the committee all the financial support measures offered by Natural Resources Canada? That might help us. You just talked about an equity program for indigenous communities. I would like to have some information on that. If you could do that, I would appreciate it.

Now, when it comes to the critical minerals list, our researchers have done an excellent job of telling us how many critical minerals are on the list. The list was reopened in 2024 and, that same year, phosphate was added to it.

The major problem is that there doesn't seem to be any coordination between you and the Department of Finance. I say that because some critical minerals still don't have the same tax advantages as others. When I talk to the people at the Department of Finance, I ask them what the point of being on the critical minerals list is if there is no tax benefit associated with it.

Have you had any discussions about that?

[*English*]

Isabella Chan: I would say, first of all, that tax-related questions fall under the mandate of the Department of Finance and, therefore, I cannot expand further on tax-related questions. That being said, I do want to note that there are a number of other programs within Natural Resources Canada that could support the projects under the 34 critical minerals on our list, up to and including phosphorus.

We have conversations with our mining project proponents on an ongoing basis, and currently the second call for proposals under the critical minerals infrastructure fund is still under way and is open for applications.

[*Translation*]

Mario Simard: Thank you very much.

It's true that the regulatory aspect is problematic, but there's also the fact that the department may not be nimble enough. That's what I've heard from people in the mining sector. For an early-stage mining project, the challenge is to get to the feasibility study. Some people call it crossing the valley of death. To do that, you already have to have a financial structure that allows it, and since this is often done in such a way that you can't use the money for the feasibility study, there's a barrier.

I know that companies that mine minerals considered critical receive a significant boost, particularly because of the tax benefits associated with them. However, I think it would be entirely in your interest to have discussions with the Department of Finance to make it simpler, since a number of people thought that including them on the critical minerals list meant that they would have tax benefits afterwards. If you have any information on that, I would appreciate it if you could table it with the committee.

On the other hand, in your opening remarks, you talked about the rare earth reserve in Canada. A little later, we'll be hearing from people who have a rare earths consortium project that would enable them to pool risks and thus facilitate the development of this sector, which is quite complex.

What kind of funding does Natural Resources Canada provide for research and development projects aimed at reducing risks prior to market entry?

• (1125)

Isabella Chan: Thank you very much.

You've raised a number of issues, so I'll try to address them all.

Before I answer your question about rare earths, I would like to note that we can give you a list of the programs that support projects related to critical minerals.

[*English*]

I would also note that my colleague here, Mr. Ghattas, runs the critical minerals centre of excellence, which supports our mining projects in navigating the regulatory processes. NRCan is not a regulator of mining projects. That is actually under Fisheries and Oceans, Environment Canada and our impact assessment agency. However, we do provide support to navigate the regulatory process. I would also note that through the services that we provide, we also discuss the programming that's available.

To your other question regarding rare earth elements and what kind of support we provide, first of all, I would note that there is the critical minerals research, development and demonstration program. Under that program, we have already funded Cyclic Materials for their demonstration plant. We've also supported Ucore in the commercialization of their technology. Another important one that I mentioned during my opening remarks was the Saskatchewan Research Council. It has a facility that's doing rare earth metals.

Then on the recycling side, too, let's not forget that we often think about critical minerals as mining projects, but actually, the whole value chain includes recycling as well as processing. Many of our critical minerals are actually by-products of processing that we do. We have also funded Geomega Resources for their recycling and production of rare earth oxides.

From a mining perspective—rare earth elements—we also have supported Torngat Metals and Commerce Resources as well as Defense Metals for their infrastructure projects. Much of this is available on our website, and I'm happy to provide it to the committee.

Thank you.

The Chair: Thank you, Ms. Chan.

We're now going to go to Monsieur Malette for five minutes.

Gaétan Malette (Kapuskaing—Timmins—Mushkegowuk, CPC): Thank you.

You've talked about programs that are in place to help the industry. I look at the rare earth mineral lithium. In 2023, there were 520 tonnes produced, but Canada has identified reserves of 930,000 tonnes of lithium. Australia produced 74,000 tonnes of lithium. Chile produced 38,000 tonnes and China produced 22,000 tonnes.

How do we compete with these large producers, and how do the programs that you have talked about help us? Now we produced 520 tonnes in 2023. We're in 2025. Would you be able to tell us how we've progressed with those programs in the last two years?

Isabella Chan: I would address that question first by noting that we have a number of advanced projects with the ability to produce lithium that we're tracking, monitoring and supporting. I'm happy to provide the list of those projects to the committee here for your study.

There are a couple of things that we're doing. Number one, as I noted, is that the centre of excellence is providing support in navigating the regulatory process, as well as our programming. Number two is that some of these projects are in remote areas where infrastructure is needed to bring the minerals online. Therefore, through our critical minerals infrastructure fund, we are supporting those projects.

Number three is that lithium can be mined. There is also technology being developed domestically to actually extract lithium from brine. Through our critical minerals research, development and demonstration program, we are funding technology related to that.

• (1130)

Gaétan Malette: Thank you.

How long do you think it will take us to catch up to the largest producer of lithium—Australia—with our programs?

I know you will give us information, but we have a lot of work to do.

Isabella Chan: In addressing this question, I would note that through our presidency under the G7, we did announce the critical minerals production alliance, where we are trying to bring together the demands from our G7 allies and bring forth our production here, domestically, to showcase what Canada has to offer. That work is under way in order for us to address not only our ability to bring our mining projects online faster, but also the demands that our allies need.

I think there is definitely more work that needs to be done, especially because of this market where many of our projects are facing price volatility. It is not just a matter of going through the regulatory process; it's also the challenge of raising the capital needed to bring our projects online. As such, initiatives like the critical minerals production alliance, as well as our programming, including the indigenous loan guarantee program, are important for supporting some of these projects, especially when it comes to the capital market and the ability to raise that capital.

Gaétan Malette: Thank you.

You have mentioned infrastructure. Sixty-six per cent of industry representatives flagged the lack of infrastructure as a major barrier to investment. I know you talked about the infrastructure fund.

How do companies reach out to that fund?

Isabella Chan: I'm going to address it by first saying that the critical minerals infrastructure fund was launched last year and we already have announced over 30 projects that are now going to be funded under that fund.

On the importance of infrastructure, we do know there is a need. As such, the critical minerals infrastructure fund set aside \$1.5 billion to support infrastructure.

Since last year, we closed the first call for proposals. We're in the midst of now looking at the second call for proposals. We are working with our provincial and territorial partners to identify priority projects and to fast-track the assessment, too. We do know the infrastructure needs are there and we are trying to address that as quickly as possible.

The Chair: Thank you, Monsieur Malette.

We'll now go to Mr. Hogan.

Corey Hogan (Calgary Confederation, Lib.): Thank you, Mr. Chair, and thank you all for being here today. As a former public servant, I greatly value your contributions. I have a deep appreciation for the knowledge and expertise that you bring. I am so glad we get to direct some of that toward this study.

Some of the items that we're looking at, as my colleague, Mr. Malette, was mentioning, include infrastructure solutions. Like Mr. Simard was mentioning, we're looking at barriers. We're broadly looking at ways that government can support domestic production and processing.

Natural resources, of course, are in the provincial jurisdiction. That is hard fought in some cases, as it was in my home province of Alberta. I am sure nobody on this committee wants to step on that, but there is, of course, a federal role with tax policy, trade measures, environment, industrial policy, the effects on demand that those policies create, strategic purchases, indigenous relations and more. It's a lot and it would be easy to lose focus, given that sort of broad touching of the area.

I'm hoping you can expand on your views of the federal role and tell this committee the most important thing that we can do to direct our efforts toward supporting domestic production and processing.

• (1135)

Isabella Chan: I would note that collaboration with our provincial and territorial partners is essential to natural resources development, because natural resources development falls within provincial and territorial jurisdiction. There is good collaboration under way at the officials level. There is the intergovernmental working group, where my colleagues from the provincial and territorial governments get together on a regular basis to go over our priorities. As I noted, too, under the critical minerals infrastructure fund, we solicit input directly from the provincial and territorial governments to identify which infrastructure projects would be most beneficial and would support priority projects within each jurisdiction.

Finally, in July, we had our energy and mines ministerial conference, at which Minister Hodgson, along with other ministers, talked about various important priorities that we can advance together collectively.

Corey Hogan: Where do you think we could put our focus? What would provide the most benefit if we focused on it?

Isabella Chan: Number one is that the challenge many of our project proponents face is raising capital. You would have noted that Natural Resources Canada, working with our provincial partners, has co-invested in projects, one of which is the B.C. highway project. Another one is the transmission line of the B.C.-Yukon grid. That falls under the critical minerals infrastructure fund, which is very much looking at collaboration and maximizing every dollar that we spend to ensure they are spent in the right areas and on the right projects.

Another focus is looking at every part of the value chain. As I noted before, let's look at the rare earth elements value chain. It is not just a matter of getting ores out of the ground; it is also supporting the technology necessary to do the separation all the way to permanent magnets. How we can support many of these nascent industries here domestically to bring them into the commercial scale would be another area of focus.

Coming back to the question, looking at every part of the value chain would be important.

Corey Hogan: Thank you. That was very helpful. I appreciated your comments about coordination with the provinces and territories. We would all agree that is totally essential.

You noted in your opening remarks, Ms. Chan, that 15 departments or agencies coordinate activity in this space. In a practical sense, how do you keep them coordinated? Maybe I'll illustrate with a story from a stakeholder I met yesterday, who said that EC-CC and DFO provided different lists of indigenous groups that they wanted consultation with. I have worked in government. I know it can be tricky, and I know NRCan is not at fault here, but if you could speak to the internal coordination role that government needs to play and your view of how it's working, I'd appreciate it.

Isabella Chan: Number one is that, in terms of funding various projects, we have an internal governance structure that brings together the 15 different departments, along with, for instance, the Canada Infrastructure Bank, the Canada Growth Fund and our export development agency in order to look at projects. That way, when we fund a project, we are coordinated.

To your point about our regulatory work, through our critical minerals centre of excellence, we provide that navigation service to support, and we do note that there is work also under way to look at how we can streamline the provincial, territorial and federal impact assessments. I don't know if my colleagues have anything they want to—

The Chair: Our time, unfortunately, has run down, but you can wrap that into another answer to a future question.

Monsieur Simard, please go ahead for two and a half minutes.

[Translation]

Mario Simard: Thank you. I'm going to ask a fairly quick question, because I want to be able to speak to a motion afterwards.

I wasn't aware of the centre of excellence. How many projects have you supported in recent years?

[English]

Andrew Ghattas (Senior Director, Critical Minerals Centre of Excellence, Department of Natural Resources): The concierge

service acts as a single window for industry. They reach out to us and then we help direct them to the available supports that a particular firm may need, subject to where they are in advancing their project. We help them interface with the appropriate program where their project may qualify. Off the top of my head, I don't have the specific number of firms that we have supported, but it's close to 100-plus.

• (1140)

[Translation]

Mario Simard: Thank you.

I think it might be interesting for the committee if you submitted the list of projects that were supported.

There you go. Thank you.

I'm sorry. I'm going to have to move on to the motion that I tabled.

Mr. Chair, Mr. Guay, Mr. Martel and I have done a good job as a team. I don't think we're going to have a long discussion on this.

I don't know if everyone has had a chance to look at the motion. I'll be quick. The motion reads as follows:

That, as part of the study on critical minerals, the committee undertake a parliamentary mission in the week of October 14, 2025, to review the Northern Corridor project and phosphate mining projects, and to visit the Port Saguenay facilities, the Bagotville military base, and the surrounding rail infrastructure. That the committee, during this visit, meets with the Conférence régionale des préfets, the Promotion Saguenay organization, and any other witnesses the committee deems relevant.

That the committee travel to Sudbury that same week to discuss mining projects in Northern Ontario and their transportation needs, and that it meets with any witnesses it deems relevant.

That the committee chair instructs the clerk to prepare the draft mission, including the draft budget, and that the observations made during this mission be added to the report of this study.

As I mentioned, Mr. Chair, I had a discussion beforehand with my colleagues Mr. Guay and Mr. Martel. I think everyone agrees that we need to develop the infrastructure necessary to transport critical minerals. Saguenay—Lac-Saint-Jean has an opportunity to establish a rail line in the northern corridor that would run all the way to Saguenay. It could be very interesting and relevant for the committee to travel there.

I don't think there's going to be a debate on this. I would like us to adopt this motion quickly so that the clerk can do the rest of the work, including proposing a budget. The deadlines are quite tight, since we are aiming for October 14. There you go.

[English]

The Chair: Thank you, Mr. Simard.

The floor is open for debate.

Some hon. members: Agreed.

Madam Clerk, I understand that this goes to the Liaison Committee from here. There's a whole process involved, but we will be transmitting that it had unanimous consent from the committee.

[*Translation*]

Mario Simard: What a fine consensus!

[*English*]

The Chair: Yes. It has unanimous consent.

[*Translation*]

Mario Simard: The Standing Committee on Natural Resources has always worked this way.

Do I have a little time left, Mr. Chair?

[*English*]

The Chair: No, you do not have any time left..

[*Translation*]

Mario Simard: Okay.

Thank you, Mr. Chair.

[*English*]

The Chair: We are now on to Mr. Rowe.

Welcome to the committee, Mr. Rowe.

Jonathan Rowe (Terra Nova—The Peninsulas, CPC): Thank you, Mr. Chair.

My first question today is about the mining sector and our GDP. I'm wondering if you could elaborate on the real change in GDP for Q2 of 2025.

Isabella Chan: The mining sector contributed to 6% of Canada's GDP in 2023, but with respect to the specific quarter you mention, we'll coordinate with Statistics Canada and bring our answer back to the committee.

Jonathan Rowe: That's perfect.

In comparing the mining sector GDP and the GDP of the overall country and the overall economy, do you know how it compares and if it's on par with or below what the economy is doing as a whole?

Isabella Chan: The mining sector as a whole is definitely a key contributor to Canada's GDP. I would also note that the mining sector includes those mining projects that are beyond critical minerals. I'm thinking of gold and diamonds, which are also part of the mining sector.

I'm happy to work with our Statistics Canada colleagues to provide the information you're seeking.

Jonathan Rowe: I'm being told that the mining sector is actually...that the GDP is reducing by six times greater than what our economy is doing right now. Whether it's entirely true that it's six times, there's still a major concern that the mining sector GDP is decreasing at a higher rate than our economy's is, which is concerning. I'm being told that it's a long time—18 years—to get a mine up and running. I'm wondering how many projects are still stuck in regulations here in Canada.

• (1145)

Isabella Chan: That information would be available from our Impact Assessment Agency of Canada.

We can submit that, Chair, to the committee's study.

Jonathan Rowe: As I just mentioned, I'm being told that it takes close to 18 years to get a mine from start to finish here in Canada. I believe some of you have worked with supply chains and global markets.

When things happen in global markets like we've seen in Ukraine with big talk about what's happening about uranium and these big shifts, what are some things that we can put in place to really get our country to compete and adapt to global markets faster than 18 years?

Isabella Chan: As I noted earlier, I think one of the initiatives that has already been undertaken is addressing the regulatory permitting. As my colleague Kimberly Lavoie noted, one project for review or substitution is under way with the Province of British Columbia.

I would like to come back to the point that I made earlier that sometimes the challenges in terms of the timeline are not just when it comes to regulatory permitting; they are challenges in raising the necessary capital. As you can imagine, mining projects are very capital intensive, and the price volatility of lithium and rare earth elements is one of the biggest hurdles many of our projects have to face.

Jonathan Rowe: I'm glad you talked about one of the difficulties being raising capital. I worked in the mining industry, and oftentimes mines will close because interest rates go up, taxes go up and there are a lot of barriers.

When the mines do close, it seems to be a common practice—or it's rumoured in the mining industry—that other countries will end up purchasing these mining sites just so that they remain closed and that they purchase rights to those areas to open just long enough and then close them again. Is there anything that the Liberal government is working on right now to prevent that from happening to make sure we don't have foreign interference in our mining industries stunting our growth?

Isabella Chan: There is already legislation in place in the Investment Canada Act that allows our colleagues at ISED, formerly Industry Canada, to look at some of these transactions to ensure that they are for the net benefit of our country as well as from the perspective of national security.

Jonathan Rowe: With these programs you say are helping capital, is there an emphasis on allowing Canadians and Canadian companies to participate in the mining industry? Perhaps there are better tax breaks or less capital gains tax for Canadians who want to invest in the mining industry to help raise capital for that.

The Chair: You have 30 seconds, Ms. Chan.

Isabella Chan: That question I would allow my colleagues at the Department of Finance to answer. Tax policy falls under their jurisdiction.

Jonathan Rowe: Thank you very much.

The Chair: Mr. Danko, you have five minutes.

John-Paul Danko (Hamilton West—Ancaster—Dundas, Lib.): Thank you, Mr. Chair.

I really appreciate this discussion this morning. It's very important information for our committee and for Canada as a whole. Thank you for being here.

My first question is a bit of an expansion on an earlier discussion on regulations and the regulatory process. You mentioned that mining is provincially regulated, but there are also national labour and environmental standards. Of course, Canadian industry, whether it's mining or refining, is probably some of the most environmentally friendly in the world and also has probably some of the highest worker protections in the world.

When we think about critical minerals, we often think about horrific working conditions and really low wages overseas. The regulatory process in Canada is often criticized as a barrier to development. I want to turn that around and ask you the question. How is the Canadian regulatory process that protects workers and protects the environment a competitive advantage for us and our allies around the world who are looking to make sure that they are investing in environmentally friendly and good working conditions?

Isabella Chan: In fact, many of our G7 allies are very seized with labour standards as well ESG standards. In fact, out of the G7 leaders' summit, there was the announcement of the critical minerals action plan. Their first pillar is creating a standards-based market to recognize that, in the Western world as well as among our G7 allies, our supply chain values the need to adhere to labour standards as well as ESG standards. That work is under way, and we are looking forward to working with the French presidency next year to continue to work in recognizing not only our regulatory standards but also labour practices as well.

• (1150)

John-Paul Danko: Thank you.

My second question goes back to some of your earlier comments on critical minerals being a really important part of our national security as a country. You also spoke about the opportunity for allies, G7 countries and allies around the world, to lean on Canada as they diversify their critical minerals supply chains.

I wanted to give you an opportunity to expand on that national defence aspect of developing critical minerals, and specifically, if there are any individual areas where we need to focus.

Isabella Chan: A number of critical minerals are dual use: They have a defence application—and I think of graphite—as well an application to green transition or battery storage. I also think about rare earth elements, whereby just under two pounds goes into an EV. A certain amount also goes into the production of F-35s. While the amount may seem insignificant compared to the whole production of an EV, it is essentially crucial to the production of that supply chain.

Rare earth elements have a highly concentrated supply chain. There are also export measures that have already been imposed. We are actively working with our project proponents as well as our allies to build the resiliency needed when it comes to the supply chain related to not only the defence application, but also green transition.

John-Paul Danko: Thank you.

As global technology is rapidly evolving and the needs of industry around the world are also evolving, in, for example, the EV market, battery technology and that kind of thing, and it takes a certain amount of time from research and development to scaling production, how do we as a country scale what is needed in the market versus production?

How do we keep track of that and how do we make those investments based on what's actually needed in the global supply chain?

Isabella Chan: I think this is precisely why we developed the critical minerals list to look at what the world needs, what we are capable of producing and focusing our energy and resources in order to invest in the right types of projects, the right types of minerals, and to be that trusted supplier for the world.

The Chair: Colleagues, that brings our time to an end.

I know I've learned a lot in this hour.

[*Translation*]

Mario Simard: Excuse me, Mr. Chair—

[*English*]

Ron McKinnon: Can I have a quick point of order?

The Chair: Sure.

Ron McKinnon: I just want to mention that Mr. Rowe asked a question to the officials regarding what the Liberal government might be up to in some respect.

The Chair: Yes.

Ron McKinnon: I would like to remind all members that officials are here in a strictly non-partisan manner, and they don't represent the Liberal government in any way.

The Chair: That's debate.

I will—

[*Translation*]

Mario Simard: Mr. Chair, that's not a point of order.

I would like to submit written questions to the officials to facilitate the work of our analysts.

[*English*]

The Chair: Yes.

[*Translation*]

Mario Simard: They will be forwarded quickly.

Thank you.

[*English*]

The Chair: I will now suspend, and we will welcome the next panel.

Thank you.

• (1150) _____ (Pause) _____

• (1200)

The Chair: Welcome back, colleagues.

Pursuant to Standing Order 108(2) and the motion adopted on Thursday, September 18, the committee is commencing the study of development of critical minerals in Canada.

I'd like to make a few comments for the benefit of our witnesses. First of all, welcome to the Standing Committee on Natural Resources. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. We have one witness today who will be joining us virtually. I remind you that all comments should be addressed through the chair.

I would now like to welcome our witnesses on the second panel. From Commerce Resources Corp., we have Cindy Valence, vice-president, sustainability and government affairs. From Corem we have Francis Fournier, president and CEO. From Vital Metals, we have Lisa Riley, CEO and managing director. From James Bay Joint Action Mining Committee, we have Régis Simard, general manager.

You will each have five minutes for your opening remarks.

Ms. Riley, we start with you. You have the floor.

[*Translation*]

Lisa Riley (CEO and Managing Director, Vital Metals): Dear committee members, thank you for the opportunity to be here with you today.

[*English*]

My name is Lisa Riley, and I'm the CEO of Vital Metals, owner of the upper zone of the Nechalacho project in the Northwest Territories. Nechalacho is one of the largest rare earth projects in Canada, with the potential for many decades of production. We're still doing further exploration to define even more resources.

The idea of an industry-led rare earth consortium came about because we realized we needed to work collaboratively, as industry partners, to bring creativity, innovation and expediency to shorten timelines for pilot and demonstration facilities and to expedite the commercial production of rare earths in Canada. Rare earths are some of the most complex elements to extract, process and separate, so we decided we would benefit from working together to come up with the most efficient green way to build a Canadian rare earth supply chain, from mines to permanent magnets for wind turbines, as one example. We're currently four industry partners: Vital Metals in the Northwest Territories, Commerce Resources in northern Quebec, Defense Metals in northern British Columbia, and Appia resources in northern Ontario and Saskatchewan. We have Corem, from Quebec, as a technology and process innovation partner, and March Consulting for engineering consulting, out of Saskatchewan. We have also engaged with many universities across the country to participate with us. We've engaged extensively and have support from provincial and territorial governments.

We're honoured to present our exciting initiative to you today. We hope we can follow through on our plans to build a pan-Canadian rare earth consortium.

• (1205)

The Chair: Thank you.

Now we go to Ms. Valence. You have five minutes.

[*Translation*]

Cindy Valence (Vice President, Sustainability and Government Affairs, Commerce Resources Corp.): Good afternoon, committee members.

My name is Cindy Valence, and I am the vice-president of sustainability and government affairs at Commerce Resources.

Commerce Resources has a rare earth and fluoride project called Ashram, as well as a niobium project called Eldor.

Over the past several years, if not decades, we've conducted several exploration projects on the property that have allowed us to confirm, at the very least, a resource of more than 200 million tonnes with a grade of just under 2%. The conclusion was that, given this strong potential, we could now move from exploration to development in order to produce a rare earth concentrate and, eventually, if the market allows, produce rare earth carbonate.

You are probably wondering where this project is located. It's in northern Quebec, more specifically at the 55th parallel, in Nunavik. As we know, this territory is vast and sometimes hostile with its extreme cold, but it is also known for its mineral wealth, which is directly linked to the Canadian Critical Minerals Strategy.

However, we also know that infrastructure in northern Quebec poses a challenge. This means that we must innovate together to find access routes, whether roads, deepwater ports or rail connections. We must also find ways to minimize greenhouse gas emissions by identifying sources of energy supply.

We thank the federal government for its support through a \$2.6-million conditional grant for studies related to access roads under the critical minerals infrastructure fund. As for next steps, Commerce Resources will continue to develop the best possible plan for access roads for its project. Of course, this work is being done in collaboration with indigenous communities, including the Inuit and the Naskapi community of Kawawachikamach. It is important to note that we have signed a letter of intent to work with Makivik Corporation and the Nunavik Landholding Corporations Association. My colleague Ms. Riley spoke about the consortium initiative, and "consortium" means collaboration.

However, at a time when the geopolitical context is pushing us to position ourselves as Quebeckers and as Canadians, the ACER consortium, a pan-Canadian industry-led initiative, will make it possible to develop a coordinated technical plan to accelerate the development of technology to reduce costs and risks, thereby strengthening our strategic position in the global market for critical minerals.

[*English*]

The Chair: Thank you.

We're very efficient this morning. We're under time. Thank you so much.

We're now on to Monsieur Fournier.

[*Translation*]

Francis Fournier (President and CEO, Corem): Dear committee members, I am pleased to be here to talk to you not only about Corem, but also about our partnership in the development of a rare earth elements consortium.

I'm the president and CEO of Corem, a non-profit organization. It's an expertise and innovation centre dedicated to mineral processing. Our mission is to develop and deploy innovations for the Canadian mining industry, whether to improve competitiveness, metallurgical performance or environmental performance. We work very closely with private industry. Commerce Resources and Vital Metals are two of our partners. Essentially, what distinguishes us is our proximity to the industry.

We have a research program—

[*English*]

Am I speaking too fast?

The Chair: No, but that is a good point. It would make it a little easier for our translation personnel.

Actually, we're having trouble with a technical issue. It's the audio.

We'll suspend for just a moment.

We've stopped your time, Monsieur Fournier.

• (1205) _____ (Pause) _____

• (1210)

The Chair: It seems that we have our technical problems sorted out.

Monsieur Fournier, you have about three minutes and 45 seconds. I think the interpreters can handle it, but please speak in a measured way.

Francis Fournier: Thank you.

• (1215)

[*Translation*]

One of our distinctive features is our proximity to the mining industry, with which we work very closely. This collaboration is done through our pre-competitive research program with our members, who are primarily large mining companies. It's also done as part of the consortium, in which we play a key role in bringing together

various industrial partners around the table, so as to prevent each company from developing its project in parallel. This collaborative approach allows us to reduce risks, and share costs and benefits.

One particular aspect of mining project implementation is worth mentioning: the scaling up and industrialization component, which is essential to technological development. We often tend to view technological development as linear, that is to say from basic research to commercialization, but what we do is actually much more complex when we develop processes. This is where the need for scaling up becomes extremely important, and this is what the consortium is aiming for. It certainly works at the pilot scale to be able to reduce project risks, but it also goes as far as the demonstration scale to be able to further reduce risks before the commercialization stage.

Unlike other minerals like iron or gold, for which the processes are better known, there are significant risks for rare earth elements. The consortium's goal is to take the knowledge of the deposits—including everything from extraction, concentration, hydrometallurgy, so separation and purification—to produce permanent magnets. That is really what the consortium project is about.

[*English*]

The Chair: Thank you, Mr. Fournier.

We'll go to our final speaker.

Mr. Simard, you have five minutes.

[*Translation*]

Régis Simard (General Manager, James Bay Joint Action Mining Committee): Good afternoon, everyone.

Thank you for this invitation. I would have preferred to be with you. I'm speaking to you today from the town of Chibougamau in northern Quebec.

I graduated from the Université du Québec à Chicoutimi in geological engineering, and I've been a member of the Ordre des ingénieurs du Québec since 1986. I have 16 years of diversified experience in the mining industry in Abitibi-Témiscamingue and northern Quebec.

Since 2001, I have been the general manager of the James Bay Joint Action Mining Committee—

[*English*]

The Chair: Mr. Simard, could you move your microphone just up towards your upper lip so that the interpreters can hear you?

Thank you very much.

[*Translation*]

Régis Simard: Since 2001, I have been the general manager of the James Bay Joint Action Mining Committee, where, through forecasting studies and economic, objective and critical arguments, we actively contribute to the decision-making process—

[English]

The Chair: Mr. Simard, with apologies, you have to take your hand off the microphone; it's preventing the sound from getting through. Sorry about that, we're having a few technical issues today.

Please continue.

[Translation]

Régis Simard: We therefore actively contribute to the decision-making process for planning the structuring development of northern Quebec. The James Bay Joint Action Mining Committee is the James Bay Regional Authority's point of contact for mining issues.

For several years now, the James Bay Joint Action Mining Committee has been mandated to conduct studies to demonstrate, in a measurable and quantifiable way, the relevance of secondary processing of critical minerals near the resource in James Bay. These studies were conducted for the James Bay Regional Authority, the Northern Planning Corporation, the Cree Nation Government and the Department of Natural Resources and Forestry.

We clearly demonstrated that the savings in transportation costs and greenhouse gas emissions could reach as much as \$1 billion in less than 10 years for advanced lithium projects in the James Bay territory. These savings would make it possible to depreciate the cost of building a secondary processing plant near the resource, contrary to the current vision of the Government of Quebec, which prioritizes Bécancour. Our studies have also shown that, without secondary processing, very few critical mineral projects have positive economic potential.

This is a historic time in terms of global demand for critical minerals. Canada has the opportunity to respond to this demand in a significant way. Our development strategies are not currently competitive, and our environmental analysis processes are too cumbersome and too unpredictable. This situation is not conducive to attracting major companies with the expertise and scale needed to develop Canadian deposits and do secondary processing.

In addition, metallurgical processing of critical minerals, such as lithium, requires a significant contribution of natural gas. Therefore, in a context where national security and economic security are important issues, the creation of a national northern transportation corridor that includes a pipeline is essential. It would allow for globally competitive industrial development and facilitate our exports overseas.

Let's not forget that Quebec's resource regions have reached a new level of development with world-class secondary processing plants. This is the case, for example, in Abitibi-Témiscamingue with the Horne Foundry, in Saguenay—Lac-Saint-Jean with its aluminum smelters and on the Côte Nord with its aluminum smelters and iron mills. Outside Quebec, we could add Sudbury with its smelter.

This is an opportunity to develop the full potential of our northern territory and become a global producer of major critical minerals.

Thank you.

• (1220)

The Chair: Thank you, Mr. Simard.

[English]

We're now going to go to questions.

We're going to start with you, Monsieur Martel.

[Translation]

Richard Martel: Thank you very much, Mr. Chair.

Mr. Simard, what you said in your presentation was interesting. You mentioned natural gas.

With regard to secondary processing and the idea that it should be done near the sites where the minerals are collected, a number of people have told me that it is virtually impossible. Yes, it requires transportation, but there is no infrastructure.

Can you give me more details on that?

Régis Simard: The economic and environmental benefits of secondary processing close to the resource are immense. The studies we've done have shown that. This is also a historic opportunity to develop our north.

In the eyes of the world, our identity is our northern territory and our natural resources. However, in Canada, our infrastructure is not designed to develop and promote these resources and our land. So it is important for Canada to position itself in this regard.

Canada was built from coast to coast with a rail line near the U.S. border. There is no denying that the current context is not conducive to northern development, the development of our natural resources and the development of our export capacities. There is now an opportunity to occupy our territory and develop it. The Scandinavian countries, for example, developed their northern territory because they had no choice. It's important to inhabit the territory and develop it. Today, in Canada, we are facing the same reality. We need to seize this opportunity.

Richard Martel: Mr. Simard, we often hear that projects take too long, the delays are endless and costs never end. It discourages our investors. Basically, Canada is competing with the rest of the world. Critical minerals can be found almost everywhere. Investors will choose the place where they can be extracted most quickly.

Why does it take so long here? I know there are regulations and sometimes redundancy.

What can you say about that?

We're having trouble carrying out these projects.

Régis Simard: As far as mining co-operation is concerned, I can confirm that we hear about this issue very often. It definitely affects our competitiveness. We have to stand out. I'll use lithium as an example. There are still six projects in the James Bay area that are advanced and promising, but we are competing with the entire world. For example, there are the brine projects in South America. Exxon-Mobil is developing a technology to extract brines from oil wells. We have to be aware of the kind of risk we're on right now and the competition we're facing. There are significant challenges when it comes to environmental reviews.

I would add that the quality of corporate actors is also important. Our ability to attract major players and major companies counts for a lot. Right now, we have gaps in that area.

Richard Martel: Mr. Simard, do you think something could be done regarding regulations and obtaining permits?

When someone requests infrastructure such as railways and ports, they also need permits. It's endless. The railway has to pass through a certain location, and so on. Is there anything that can be done in terms of regulations?

That's the issue every time. Sometimes it takes up to 18 or 20 years. We're not moving forward. There are opportunities that must be taken. How can we seize them with these endless delays?

• (1225)

Régis Simard: Mr. Martel, I would say that, in a context where economic security and national security are at stake, I think we have no choice but to be smarter in our validation processes. We have to look for quality trading partners. We have to be more competitive to attract these players.

Richard Martel: Thank you.

How much time do I have, Mr. Chair?

[English]

The Chair: You have one minute and 45 seconds left.

[Translation]

Richard Martel: Mr. Simard, what you're saying is very interesting.

I'm curious because you talked about natural gas. You know that we had a project in Saguenay.

How important would it have been to get that liquefied natural gas project built?

Régis Simard: When it comes to these liquefied natural gas or gas pipeline projects, the focus is always on exports. However, it is also important to recognize that they offer an opportunity for industrial development in northern regions. During the discussions we had with GNL Québec, we held talks to ensure that a portion of the natural gas passing through that pipeline would be used for industrial development in northern territories. We were talking about a significant portion. That has to be part of the equation. It's not just about exports; it's also a major development opportunity.

Richard Martel: Thank you very much.

The Chair: Thank you.

Mr. Guay, you have the floor.

Claude Guay (LaSalle—Émard—Verdun, Lib.): Thank you, Mr. Chair.

Thank you to all the witnesses for being here today and for responding to our invitation in such a short time, disrupting their business programs.

Ms. Riley and Ms. Valence, my question is mainly for you. You have real projects in the territories. All the committee members want to know about the obstacles you face. We want to know how the committee and the government can help you. I'd like each of you to tell us about the obstacles you face.

How could we help you?

Lisa Riley: Thank you for your question.

I think the first challenge is infrastructure. My project is in the Northwest Territories. We had a rail service that reached as far as Hay River at Great Slave Lake, but it was damaged by the 2023 fires. The problem is that Canadian National Railway doesn't want to fix the line. That makes it impossible for us to transport our materials across the lake on our barges and put them directly on the rails. It's an important piece of infrastructure. The cost isn't even that high. I think it's \$15 million.

The second challenge has to do with our government contacts. They're very open to talking to us and helping us find solutions, but I think the big concern is that they're trying to fit problems into boxes. It has to correspond to a box, or it doesn't work. That's one of the issues we're having.

[English]

You go into the critical minerals infrastructure fund. If you're not in the critical minerals infrastructure fund, then you go into the strategic innovation fund. If you don't go into the strategic innovation fund, well too bad for you, good luck.

[Translation]

That's more or less it.

[English]

I think that there are lots of complexities that come into the funding requirements. From our point of view, in terms of the rare earths in particular, we have some very key issues that need to be addressed in terms of the processing, in terms of collaboration, which is exactly why we came up with this consortium.

The thing is that rare earths are an essential opportunity for Canada to have a seat at the global table, where we would produce a lot more than we would use. We need to take this opportunity. The market is just starting to turn now. This is an opportunity. We don't want to miss the boat, as Mr. Martel said, in the lithium space. There's a time and a place for everything, and rare earths are today.

I pass it to Madam Valence.

• (1230)

[*Translation*]

Cindy Valence: Thank you, Ms. Riley.

Infrastructure is indeed an important issue. If we draw a parallel with the Commerce Resources Corp. project in Nunavik, everyone can agree that we're somewhat limited in terms of infrastructure at the 55th parallel.

I think that co-operation is really where things get complicated. A project such as the one undertaken by Commerce Resources Corp. can't single-handedly support all the infrastructure needed to develop northern Quebec. Everyone agrees that, whatever infrastructure is developed, it will benefit everyone.

Earlier, Mr. Simard brought up lithium projects in James Bay. I was involved in one of those projects a few years ago. Some projects benefit particularly from the North Road, which Mr. Simard is very familiar with. It's easy to get on the North Road, follow it down then find another route to go south. In contrast, other projects are further away. Every project lead is individually knocking on every single door of every level of government to ask for the same thing. We're asking the provincial and federal governments how we could find ways to build infrastructure that would benefit all parties and accelerate the integration of the project itself into the supply chain.

Then nothing happens. No one is really taking the lead to bring all the businesses together, to bring them to the same table. We have a territory that needs to be developed to meet critical mineral needs, and we know that this will create community vitality and develop the region's economy. No one is asking how we can bring everyone together to define this region together.

Everyone may well go and see the various levels of government, but we don't necessarily get an answer. There are often various programs, such as Ms. Riley's, but we as mineral developers do our in-depth studies to understand what the best scenario is for us. We still don't know the scenarios of others and who can take the ball and run with it.

[*English*]

The Chair: Mr. Fournier, we have time for a really quick response from you.

[*Translation*]

Francis Fournier: The challenge with project development is largely related to the technological aspect.

For certain minerals like iron or gold, where the processes are better known, we have to get to the pilot stage, but not necessarily the demonstration stage.

When it comes to rare earths, the technologies are largely controlled or developed by China. There's also development going on in Germany and Europe, so we have to work on that quickly.

[*English*]

The Chair: Monsieur Simard, you have six minutes.

[*Translation*]

Mario Simard: Thank you, Mr. Chair.

Thank you, ladies, and thank you, Mr. Fournier.

I note that the committee has had some discussions in the past. I won't belabour the infrastructure issue, but since time is limited, I still invite you to table a document with the committee to enlighten the analysts. I won't sell you my corridor idea either; I'll do that later.

I think the idea of a consortium is very interesting. I'm not an expert, but our discussions have given me a better understanding of how the deployment of rare earths involves a complex and risky industrial process. Not everyone is willing to commit to that.

That said, what can be done to get the consortium project off the ground? We talked earlier about government programs for indigenous people, in particular. I don't know if that applies to you and your businesses. You can let me know. I don't want to be crude, but what tool does the federal government have that will get a project like this off the ground?

Lisa Riley: As Ms. Valence said, we don't know anyone on the federal side who is picking up the ball to help us get funding to advance our consortium project. Unfortunately, we don't meet the criteria of the existing programs, so we're wondering how we could find a framework adapted to our reality.

Mario Simard: Would a centre of excellence be appropriate for what you do?

• (1235)

Lisa Riley: No.

Mario Simard: That wouldn't work.

Lisa Riley: We were never offered that opportunity. We knocked on every door, but we were never given an offer to do that.

Mario Simard: Let's say that, tomorrow morning, the consortium is in place at two drop-off points: one in Quebec, the other in Alberta, for example. How would that increase the potential for rare earth projects to emerge? Would that enable you to take it to the next level?

Lisa Riley: Yes, absolutely.

If there are two commercial hubs, as you say, all the other projects will fit together. Those companies would just be producing a concentrate; it wouldn't be hydrometallurgy. I'm sorry to get into the details, but hydrometallurgy is a central second step that can be a \$600 million investment for a single company. Centralization would enable businesses to significantly reduce their investment. That way, it would be cheaper for them, and it would go much faster.

We already have the pilot project. We can offer that to any other company that wants to get into rare earth production in Canada. A company could use our pilot project. That would speed things up to the production phase.

Mario Simard: The consortium plays a role as an accelerator, then, in the deployment of rare earths. I know that both of you ladies are involved in this.

Tornat Metals is also interested in taking part in the project. Even though that company isn't here today, I don't think I'm revealing any secrets by saying that. Although I don't have your knowledge, it seems that all the players in the rare earth sector are on board with speeding things up. When it comes to rare earths, it's a known fact that Canada is entirely dependent on China for an easily explained strategic reason.

Lisa Riley: Yes.

Mario Simard: If we don't have that, I assume you'll be operating in silos, each on your own.

Without being able to tell the future, how much time could be saved by creating the consortium? Would it be five, six years?

Lisa Riley: Yes, I believe it would be a minimum of five years.

Mario Simard: I know you've lobbied the federal government. So far, the fact has been that the project doesn't fit into the current natural resources programs for funding and for research and development.

Lisa Riley: No.

Cindy Valence: That's why we acted as representatives and portfolio holders. That's why we got our bindles ready to tour the federal departments. I think we've met with almost all of them. Overall, they found the initiative interesting and redirected us to various programs.

Given the nature of critical minerals, this is a good time to present our project. It can disappear quickly.

That was the case with lithium, for example. About four years ago, that was the flavour of the month. I think everyone would agree with that. Significant investments were made, but a fairly significant drop in prices means that the sector now sort of finds itself on its back, if I may put it that way.

That sparked the idea of a consortium, which would enable us to act together. Of course, that requires a lot of investment. Again, metallurgical studies are under way, particularly at Commerce Resources. We'll be making progress on that front as well. Everyone with rare earth projects will have to conduct studies on processes, so we're all going to be knocking on the same doors again to get the same money from the same envelope.

Our project is innovative. It's based on outside-the-box thinking, which we should all be doing collectively as well. That's why we've approached the various departments to see if there's a way to create a portfolio dedicated to the consortium to encompass all innovation, research and development with the pilot testing.

That would then enable us to get together and be able to move forward.

Mario Simard: I think Mr. Guay is able to do that this afternoon.

[*English*]

The Chair: Thank you for that exchange.

Colleagues, we're going to go on to our second round.

If it is the will of the committee and the members who are in slots four and five, I'm going to suggest the last three speakers, Mr. Simard, Mr. Rowe and Mr. Hogan, have two and a half minutes each. We have an in camera item to deal with, and we need to take a little pause in order to go in camera. I wonder if that would be acceptable to committee members.

● (1240)

[*Translation*]

Mario Simard: I have nothing against that, but I think we also have to give the witnesses a chance to table briefs or comments with the committee, if they'd like to do so, because this is a complex matter.

[*English*]

The Chair: Yes, and all witnesses are invited to submit briefs, even those witnesses we will not be able to hear from.

Thank you very much for that, Mr. Simard.

We're on to Mr. Malette.

Gaétan Malette: Thank you.

[*Translation*]

My question is for Ms. Valence.

Australia and the United States are ahead of us when it comes to developing a project. What needs to be done? You talked about this, but what do we have to do to stay in the game?

Cindy Valence: I said earlier that infrastructure and investment are two separate things.

Earlier, Mr. Simard was talking about the valley of death in a feasibility study, but I'd say that it comes well before that. During the exploration phase, certain programs offer support. We're very familiar with some in Quebec that have come to define, or at least identify, a potential deposit.

However, when it gets to the project phase, which requires much more in-depth studies, that's when exploration programs are a little less available. Indeed, we've just moved on to another stage. In addition, large institutions often wait for companies to have a pre-feasibility study, or even a feasibility study.

This stage depends on the companies that have a project defined in the current context, in terms of critical and strategic minerals, and that have to support those studies themselves by seeking capital from investors.

It's important, then, to see how the government could get involved much further upstream instead of just waiting for the project to be defined by pre-feasibility and feasibility studies, since that's where everything starts. In a preliminary economic study, that's where the draft is supposed to be. Although it isn't necessarily very defined—we know that the level of engineering isn't necessarily as extensive as in a feasibility study—it must, at the very least, be aligned with the current context and the environment in which it is located.

For that, there needs to be studies and financial support, if not a share of responsibility at the very least.

Gaétan Malette: Thank you.

[*English*]

Madame Riley, to continue from what Madame Valence said, what can we remove from federal policies to be able to move faster? Are there certain things that can be removed that are a hindrance and stopping us?

Lisa Riley: Well, I think people bring up the environmental assessment piece a lot. I'm lucky in that my project had already gone through the environmental assessment process before it was bought by us. Only the new elements that we have brought to the party will need to go back through the EA process, which is a much less onerous process than for somebody who's coming with a new project. I'm lucky that I'm able to cut out some of those things.

I think the concept that was mentioned earlier by Isabella Chan about consolidating provincial and federal review processes makes a huge amount of sense. That would very much streamline things across the board for mining projects, definitely. That would be one of the most important pieces, I think, apart from the concept of funding, as Madame Valence pointed out.

Gaétan Malette: Thank you.

I have a more pointed question. Do you find that the federal government's current approval process discourages investment in terms of the time it takes and so on?

Lisa Riley: I don't think it does actively discourage. I think Canada is a fantastic jurisdiction. We have amazing natural resources.

We've come at it with a different approach, one that's very rare in the mining industry, which is working together. In the mining industry generally, it's about how this is mine and I'm going to do it. We're coming at it from a different approach. I don't think there are people who are discouraged from coming to work in Canada. I do think that having a more active situation....

I think there's been a lot of talk about indigenous investment in projects. I think that would be incredibly useful. The indigenous loan guarantee fund gets thrown around a lot. It's not a vehicle that works for mining companies at a certain level. It is for a much lower-risk profile of investment, at least in my experience and in the conversations I've had with indigenous communities on their ac-

cess. I think the concept is one where all the communities—my project sits on the land of four different nations—would like to be investors, and they'd like to use that indigenous loan guarantee, but they can't in the way it's structured right now for an investment in this project.

Gaétan Malette: Thank you.

• (1245)

The Chair: Mr. Danko, you have five minutes.

John-Paul Danko: Thank you, Mr. Chair.

I'd like to dig a little bit into the research and development in processing, because I think there is a real value-add there for Canada.

My question is mainly for you, Monsieur Fournier. Developing procedures to production takes time to scale, especially with evolving technologies. When it comes to research and development, coming from a riding with three post-secondary institutions—very research-heavy—I'd like to know what challenges you see in moving the pilot projects that you're working on to scale within industry.

[*Translation*]

Francis Fournier: Thank you for your question.

In fact, the whole demonstration aspect, the parallel work to improve existing technologies and the work on the development of new technologies will be key elements in providing leadership in technological development.

Technology scaling is very risky. There are significant associated costs. That's what led to the idea of a consortium as a way to work together, precisely to prevent each mining project from developing its own process in parallel. Instead, it's better to rely on co-operation, which will obviously make it possible to move forward more quickly.

Time is sort of working against us. In fact, we at Corem have been using the co-operative approach model with large mining companies for 25 years. We see the benefits of lowering risks and working together.

It really allows us to maximize the benefits for the mining sector.

John-Paul Danko: Thank you.

[*English*]

You're working on a number of demonstration projects. What specifically is the difference between a demonstration project and when it's at scale in industry?

[*Translation*]

Francis Fournier: In fact, it's all a matter of volume. When we work at the laboratory scale, we're working at the kilogram level, with a few kilos.

At Corem, we specialize in the pilot testing scale. At that point, we're talking about tonnes, or tens or hundreds of tonnes to be able to demonstrate a process's viability. When we get to the demonstration, it's more like thousands of tonnes. We'll work on it 24/7 to refine all the data to reduce the risks at the commercial phase.

[English]

John-Paul Danko: Thank you.

In your opening remarks you talked about competitiveness and evolving technologies. Something that's of big interest for me is in evolving research. We talked a lot today about lithium, for example. Everyone in the world is doing research on how to change battery chemistry so lithium's not required, along with motor technology that doesn't use rare earth magnets and that kind of thing.

In your view, what weaknesses are there in Canada's critical mineral supply chain in particular when it comes to the process in refining in the context of evolving technologies?

Francis Fournier: I will say partnership, not only inside Canada but also outside Canada, and making sure that we don't reinvent the wheel. We identify the most promising technology—and again it can be inside Canada or outside Canada—and work in a real partnership to increase and accelerate the development and the deployment of new technologies and processes.

John-Paul Danko: Thank you.

Critical mineral development impacts various areas of Canada differently. Just changing gears a little, looking across the country, are there specific regions of Canada that you see have a real potential for success when it comes to critical mineral development? Are there different barriers depending on different geographic regions—political as well as just remoteness of places?

• (1250)

Francis Fournier: It's better than it was.

If I can speak for the research and innovation component, Lisa mentioned in our consortium we look forward to working with universities, other research centres and also federal labs, like CanmetMINING and NRC. We have to make sure that we don't duplicate the work, that we work all together.

I see at the Canada level that we have a more and more unique approach instead of having the regions working alone in their sites.

The Chair: Thank you.

Our last three slots—Monsieur Simard, Monsieur Rowe and Monsieur Hogan—are for two and a half minutes or less.

[Translation]

Mario Simard: That's a very short speaking time.

In order to emphasize some things for our analysts, I'm going to summarize what the witnesses have just said.

The sector is facing challenges in terms of infrastructure and ease of access to funding and programs, which don't always meet the sector's requests and needs.

Several of you have pointed out that the Business Development Bank of Canada doesn't support mining projects until the feasibility study is completed, which is true. If you want federal support, you have to have done a feasibility study. I think it's important to highlight this point for our analysts.

I understand that it's difficult for the federal government to find you a source of funding.

When you were talking earlier, I thought of Elysis, a Saguenay—Lac-Saint-Jean company that manufactures carbon-neutral aluminum. That company receives a form of funding through an equitable partnership with the Government of Quebec. The amounts paid by the federal government are quite high. That may be a model worth looking at in your ongoing discussions with the federal government.

There isn't a one-stop shop for critical minerals, and that may be a problem. When you submit an application, you go to Natural Resources Canada, the Department of Finance, or Innovation, Science and Economic Development Canada.

Cindy Valence: We also tabled a brief in the context of the pre-budget consultations on the consortium.

Mario Simard: That's excellent.

Cindy Valence: We've done our homework.

Mario Simard: If you want to table anything else, please feel free to do so. The analysts will take that into consideration, and it would be beneficial for our report.

The Chair: Thank you, Mr. Simard.

[English]

Mr. Rowe, please go ahead.

Jonathan Rowe: Thank you, Mr. Chair.

My first question is for Mr. Simard.

Sixty per cent of industry representatives flagged the lack of infrastructure as a major barrier to investment, and Mr. Simard brought up the pipelines for natural gas. I was in the heartlands in Alberta, and I saw that they were taking ore from all around the world to Alberta because they had cheap natural gas to refine it.

I'm just curious if you'd be able to elaborate on how that plays with the high-grade and low-grade ore and how we can potentially unlock more ore and more production by bringing the energy to the ore, rather than the ore to the energy. Could you explain the correlation of that?

[Translation]

Régis Simard: Are you talking about iron ore?

[English]

Jonathan Rowe: I mean for iron ore or any other critical minerals that would require mass amounts of energy, such as natural gas, to produce.

[Translation]

Régis Simard: As I mentioned earlier, the concept of the national northern transportation corridor includes more than just a rail line. It also includes a pipeline.

Building a national pipeline to export natural gas overseas requires social acceptability. That means it's important to make people understand that such a project would be very beneficial for industrial development, because some of the gas going through the pipeline could be used for the metallurgical processing of lithium or iron, for example. To produce high-quality cast iron, large quantities of natural gas are needed. It's the same with titanium and vanadium.

The opportunity to export natural gas is also an opportunity for industrial development through metallurgical processing close to the resource in northern Canada.

• (1255)

[*English*]

The Chair: You have time for a really quick question, Mr. Rowe.

Jonathan Rowe: Do you think that if Bill C-69 was repealed it would increase mining investment in Canada and be able to increase the production of critical minerals?

[*Translation*]

Régis Simard: Are you talking about Bill 69 on major projects?

Let's hope that will be the case. That said, in the context of that bill, people aren't aware of everything that a pipeline can represent. It isn't just about exporting. It's important to also explain to the public what an opportunity this represents for northern and industrial development.

The Chair: Thank you.

[*English*]

Mr. Hogan is wrapping it up with two and a half minutes or less.

[*Translation*]

Corey Hogan: Thank you, Mr. Chair.

Thank you to our guests for being here.

I had a few questions on competitiveness, but my colleagues Mr. Martel and Mr. Guay have already asked questions about that.

[*English*]

You've identified challenges with current indigenous opportunity grants. What would your recommendations be to strengthen and foster stronger indigenous partnerships while meeting Canada's obligations, both moral and legal?

Lisa Riley: I'm a finance person, so I have thought about this extensively. I really appreciate the question. Thank you very much.

I think that there's a way of structuring a vehicle that would allow for indigenous investment. The risk would be shared by the company that had the equity investment and by the indigenous loan guarantee program. In a way, it would basically be like a preferred share.

This is going to be way too much detail, probably.

Corey Hogan: That's great.

Lisa Riley: Oh, that's perfect.

There would be interest payments, let's call them, in the preferred share stage because a lot of the indigenous communities need to have periodic payments. The company would have to hold three years of rolling payments in escrow. After that, when the company was in a position to be able to pay out that same amount of interest payment, it would convert into a different class of ordinary equity that would pay out dividends first to those communities, equivalent to the interest payment. Then you've turned it into a lower-risk, pipeline-like investment. That, to my mind, is what I have been looking to do for a while.

Corey Hogan: Thank you.

The Chair: Colleagues, let me, on your behalf, thank our amazing witnesses today.

[*Translation*]

Mario Simard: Mr. Chair, I want to point out that most of the witnesses had very busy schedules. They agreed to come at the last minute. I'd like to sincerely thank them for that.

[*English*]

The Chair: Thank you.

That's exactly the sentiment I was going to express on our behalf.

You are our very first witnesses of the new parliamentary session. You've started us off in a good way. Some themes have emerged: the great opportunity, the barriers and the infrastructure needs. This puts us in a very good mindset for the rest of the study that I'm very excited about, and I know my colleagues are.

Let's hear it for our witnesses.

Some hon. members: Hear, hear!

The Chair: Colleagues, we're going to go in camera. We need a few minutes to do that, so I will suspend.

[*Proceedings continue in camera*]

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