

March 16, 2020

The Honourable Doug Ford  
Premier of Ontario  
Queens Park  
Toronto, Ontario

**Re: Critical Minerals Supply Chains – Seizing the Opportunity for Ontario**

Dear Premier Ford,

On behalf of the Canadian Rare Earth Elements Network (CREEN), I would like to offer our support for your government's current initiative on establishing a new Act for critical minerals supply chains in Ontario, being supported by Ministers Rickford and Sarkaria. One of CREEN's founding members, Avalon Advanced Materials has informed us of the great momentum underway, a positive sign that we welcome. The recent agreement between Canada and the U.S. underscores the importance of establishing a comprehensive North American strategy. Furthermore, recent developments in China are reinforcing the view that new supply chains for defense, industrial, clean technology (e.g. automotive, energy storage, sensor and information processing/display applications) and pharmaceutical applications need to be built in North America, to reduce reliance on China as a sole source of supply. With its vast undeveloped mineral resource wealth in the north, Ontario is very well positioned to establish these supply chains and attract important downstream manufacturing to the province.

CREEN has given much thought on how to help Canada lead this economic transformation opportunity based on its members' extensive experience in rare earths project development, related process technology, and market development over the past dozen years. We have made formal recommendations to Federal Minister Bill Morneau, as part of the upcoming federal budget and see Ontario as a key provincial partner to help realize their aspirations on establishing new supply chains. Several of our members have mentioned that some regulatory barriers under provincial mining legislation need to be removed before these resources can be developed which would fit well into your government's agenda on "cutting the red tape".

While much has been made of the important geopolitical aspects that are driving Australia, the EU, and our U.S. colleagues to take action, we believe that a Canadian strategy well-structured and informed by important stakeholders, can attract new investment and inspire an economic revival, particularly in northern Ontario to the benefit of Indigenous communities now looking for new economic development opportunities. Since many of these minerals are vital for new renewable energy and electric vehicle technology, this will also demonstrate that your government is taking action on climate change through development of critical minerals supply chains in northern Ontario.

Furthermore, in consultation with colleagues and leaders of the Canadian business community, we are confident that more strategic action on critical minerals supply chains supports a broader Canadian *economic growth plan*.

More specifically we recommend the following actions:

- Appoint an industry taskforce that can help inform your thinking and help with important technical aspects. It will be vital to clearly articulate the economic, innovation and clean technology message.
- Announce Ontario's intent to be a North American leader in developing clean technologies that support climate change objectives and drive the development of critical minerals supply chains in Canada with North American and global partners, as done by other nations.
- Introduce new legislation in Ontario that cuts the red tape and recognizes critical minerals as a new industry very different from traditional mining, that enables the sector to get started and grow quickly. This would be jurisdiction-leading and innovative policy that sends a powerful signal to the financial markets.
- Increase outreach to electric vehicle makers like Tesla, and their suppliers and sub-suppliers, who typically prefer to locate facilities close to sources of supply as well as downstream markets and in politically stable jurisdictions where the policy and regulatory regimes are clear.
- Encourage major downstream automotive parts manufacturers (e.g. Magna, Linamar, Honda, Toyota) to expand production capacity in Ontario to supply the new EV market and support new upstream supply sources of critical materials to emerge in Ontario.
- Invest in new infrastructure development in northern Ontario, such as the new access road into the Ring-of-Fire area that you announced at PDAC. There are many more critical minerals opportunities in that region that can be developed if road access is there.
- Introduce a form of 'super flow-through' shares to facilitate access to risk capital by entrepreneurial junior companies, by making the necessary process development and product marketing work, flow-through eligible expenditures.

This opportunity and our recommended approach are completely aligned with your promise to make Ontario open for business again. We believe that investment as described above can make Ontario a leading global clean technology hub and demonstrate that this government is committed to innovative solutions on climate change that also create jobs.

We hope this letter inspires your government to provide leadership for all of Canada in establishing these new critical minerals supply chains and reviving the manufacturing economy in Ontario and the rest of Canada.

Respectfully submitted,



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Honourable Rod Phillips, Minister of Finance



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