

# Net cost of investment of \$1,000 in flow-through shares and profit threshold, for specified critical minerals

Investment per block of \$1,000 in flow-through shares allocated to surface exploration for specified critical minerals in Québec <sup>1</sup> (on January 31, 2025)									
Taxable income <sup>2</sup> (\$)	Marginal tax rate <sup>3</sup> (%)			Tax savings (\$)				Net cost of Investment for 1,000 \$ - (A+B+C) (\$)	After-tax Profit threshold <sup>8</sup> (\$)
	Federal <sup>4</sup>	Québec	Total	Federal Deduction <sup>5</sup> (A)	Federal tax credit <sup>6</sup> (B)	Québec Deduction <sup>7</sup> (C)	Total (A+B+C)		
First 53,255	12.525	14.000	26.525	87.68	300.00	168.00	555.68	444.33	474.01
Over 53,255 and up to 57,375	12.525	19.000	31.525	87.68	300.00	228.00	615.68	384.33	410.00
Over 57,375 and up to 106,495	17.118	19.000	36.118	119.82	300.00	228.00	647.82	352.18	385.14
Over 106,495 and up to 114,750	17.118	24.000	41.118	119.82	300.00	288.00	707.82	292.18	319.52
Over 114,750 and up to 129,590	21.710	24.000	45.710	151.97	300.00	288.00	739.97	260.03	291.69
Over 129,590 and up to 177,882	21.710	25.750	47.460	151.97	300.00	309.00	760.97	239.03	268.14
Over 177,882 and up to 253,414	24.479	25.750	50.229	171.35	300.00	309.00	780.35	219.65	250.28
Over 253,414	27.555	25.750	53.305	192.89	300.00	309.00	801.89	198.12	229.77

- 1 The overall cost of the investment was renounced by the issuing company. For the exploration of specified critical minerals identified under the 2022 Federal Budget Speech: copper, nickel, lithium, cobalt, graphite, rare earth elements, scandium, titanium, gallium, vanadium, tellurium, magnesium, zinc, platinum group metals and uranium.
- 2 Taxable income brackets used correspond to those in the Income Tax Act (federal) and in the Taxation Act (Québec).
- 3 Marginal rates in 2025 for \$1,000 of additional income. However, “real” marginal rates may be higher if an increase in tax income results in a reduction of socio-fiscal benefits paid by governments, or in a reduction of certain tax credits, which decrease as tax income increases. (Source: CQFF. Valid as of January 21, 2025.)

- 4 Federal tax rates take into account the 16.5% abatement of basic federal tax for all Québec residents.
- 5 It is assumed that the administrative rules in place for the 30% Critical Mineral Exploration Tax Credit (CMETC) are the same as those for the 15% Mineral Exploration Tax Credit (METC). Thus, in order to include the taxation of the CMETC, it is assumed that the investor claims a 70% deduction of exploration costs per block of \$1, 000.
- 6 For the expenditures renounced under eligible flow-through share agreements entered into after April 7, 2022, and at the latest on March 31, 2027, require certification, by a qualified person, that the expenditures renounced are incurred as part of an exploration project that targets the specified minerals (note 1).
- 7 The maximum deduction is 120% of the cost of flow-through shares issued.
- 8 The profit threshold represents the sale price necessary to recover the net cost of the share after taxes. This threshold is determined in accordance with provisions concerning capital gains (Federal: 50% rate and Québec: exemption of the deemed capital gain).

The table reflects fiscal provisions applicable to an individual residing in Québec who is not subject to minimum replacement tax. Issue costs on flow-through shares are not considered.