

CRITICAL REFORMS: MINING IN MANITOBA

MANITOBA'S MINING ROYALTY REGIME

What is a Mining Royalty?

Mining royalties are the payments governments collect from companies that extract natural minerals — like nickel, copper, lithium, and gold—from public land. Under Canada's Constitution, provincial governments have legal control over non-renewable mineral resources and can collect royalties in different ways. In Manitoba, the provincial government collects mining royalties through a profit-based tax system under The Mining Tax Act.

PROFIT-BASED NEUTRALITY VS. GROSS-VALUE SYSTEM

Governments generally choose between two ways to tax mining companies:

- **Gross-Value System:** Taxes companies on the total value of minerals extracted, regardless of production costs.
 - **How it works:** If a company digs up \$100 million worth of metal, the government takes a fixed percentage (for example, 2%) off the top.
 - **The drawback:** It treats struggling mines the same as highly profitable ones. During market downturns or when mining low-grade ore, this upfront fee can push a mine into operating at a loss, forcing it to close early and leave valuable minerals in the ground.
- **Profit-Based Neutrality (Manitoba's Model):** Taxes companies only on the net profits remaining after operating expenses, equipment costs, and exploration spending are deducted.
 - **How it works:** If metal prices drop or costs spike and the mine makes no profit, it pays no mining tax. When profits soar, tax rates automatically step up.
 - **The advantage:** It is "economically neutral"—it does not force mines to shut down prematurely during tough economic times, extending mine lifespans and protecting local jobs.

For information on possible regulatory changes that could be made to Manitoba's mining royalty system see our Memo on [Manitoba's Mining Royalty Regime](#).

MANITOBA'S TAX STRUCTURE AND HOW TAXABLE MINING PROFIT IS CALCULATED

Manitoba uses a **graduated profit-tax system** with rates ranging from 0% to 17%.

Calculating Taxable Mining Profit

Companies do not pay tax on total sales. Instead, taxable profit is calculated using this formula:

$$\text{Taxable Profit} = \text{Gross Revenue} - \text{Operating Costs} - \text{Depreciation} - \text{Exploration Expenses} - \text{Processing Allowance}$$

- **Gross Revenue:** Money earned from selling the mined minerals.
- **Operating Costs:** Daily expenses such as workforce wages, fuel, energy, and equipment/site maintenance.
- **Depreciation:** Write-offs for equipment, machinery, and building wear-and-tear.
- **Exploration Expenses:** 100% deduction for money spent searching for new mineral deposits, plus a 150% super-deduction for incremental exploration spending.
- **Processing Allowance:** A deduction of up to 8% of the cost of processing facilities built inside Manitoba to encourage companies to refine minerals locally.

OCTOBER 2026



THE UNIVERSITY OF
WINNIPEG



Environmental
Law Centre



This work would not be possible without funding contributions provided by the Social Sciences Humanities Research Council of Canada (SSHRCC) Award 892-2026-0051, and the Manitoba Law Foundation.

MANITOBA'S MINING ROYALTY REGIME

THE 5-TIER TAX RATE STRUCTURE

Once the taxable profit is calculated, Manitoba applies a tiered rate scale:

ANNUAL NET PROFIT TIER	TAX RATE
Tier 1: \$0 to \$50M	10%
Tier 2: \$50M to \$55M	10%+
Tier 3: \$55M to \$100M	15%
Tier 4: \$100M to \$105M	15%+
Tier 5: Over \$105,000,000	17%

Key Incentive: Manitoba provides a **New Mine Tax Holiday**. New mines pay 0% provincial mining tax until they fully recover their initial capital investment outlays.

Who Benefits from Mining Royalties?

Tax revenues and economic benefits generated by mining activities in Manitoba are shared across four key stakeholder groups:

- **The Public Sector (Provincial Treasury):** Revenues from corporate income taxes (12% provincial) and mining taxes help fund public services like healthcare, roads, and schools.
- **Mining Operators & Investors:** Capital recovery protections, exploration deductions, and flow-through tax credits reduce financial risks for mining companies, making Manitoba an attractive destination for private investment.
- **Indigenous Communities & First Nations:** Strategic provincial funds like the Manitoba Mineral Development Fund (MMDF), funded through the collection of mining taxes, provide grants for First Nations business partnerships. Bilateral Impact Benefit Agreements (IBAs) with mining companies secure direct training, employment, and business opportunities.
- **Northern & Local Municipalities:** Mines serve as major economic anchors for communities like Flin Flon, Snow Lake, and Thompson. Mining projects can create employment opportunities, boost local commercial activity, and contribute property taxes to support local municipal services.

WANT TO LEARN MORE?

For more info, use this QR code to visit the [Project page](#) on the Manitoba Eco-Network website.



OCTOBER 2026

This work would not be possible without funding contributions provided by the Social Sciences Humanities Research Council of Canada (SSHRCC) Award 892-2026-0051, and the Manitoba Law Foundation.