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## Mining industry optimistic in face of Trump tariff threat

**ECONOMY** | But politicians appear divided on response

BY COLIN MCCLELLAND

Canada is on edge, but the mining industry appears quietly confident it will emerge largely unscathed from U.S. President Donald Trump's threat to put 25% tariffs on all goods from its northern neighbour.

More than half of Canada's mineral exports — valued at more than \$80 billion — went to the U.S. in 2022. And just two years earlier Trump in his first term set up the Joint Action Plan on Critical Minerals Collaboration. But Trump seemed ready to tear everything up with comments as this paper went to press:

"We have a tremendous [trade] deficit with Canada," the president said. "We don't need them to make our cars, and they make a lot of them. We don't need their lumber, because we have our own forests, etc, etc. We don't need their oil and gas. We have more than anybody."

As most Canadian industry leaders have pointed out, the U.S. depends on Canada for a host of minerals and supplies. It gets germanium, aluminum and nickel far easier than from China, whose stranglehold on critical minerals

Washington is trying to loosen.

"We produce a certain refined product of nickel that is suited for the U.S. industries," Pierre Gratton, president and CEO of the Mining Association of Canada, said in a phone interview. "When China imposed a ban on the export of germanium to the United States, we could supply them with germanium, and this underpinned how important our trade relationship is to one another."

### Decision

Gratton said it's difficult to believe that Trump will actually follow through on the tariff threat against a major supplier to the American economy, but equally as difficult to determine Trump's final decision.

"It sure sounds like that's what he wants to do, just put a shock to the system and make Canada buckle, and that's very scary, scary for all of North America," Gratton said. "But will he in the end get advice that cautions him against that kind of an approach, and will Canada be able to negotiate its way out of this? I don't know. I don't know because the story changes daily."

Pierre Lassonde, a founder of **Franco-Nevada** (TSX: FNV; NYSE: FNV) and a former presi-



President Donald Trump has signed a slew of executive orders including ones to speed critical mineral projects in the name of national security.  
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**"It wouldn't be good for the United States or Canada to start raising costs for mineral products."**

**STEPHEN ROMAN, CEO**  
GLOBAL ATOMIC

dent of **Newmont** (NYSE: NEM, TSX: NGT), said Trump is unlikely to impose tariffs.

"All mine output is raw material for the U.S. industrial complex," Lassonde told *The Northern Miner* by email. "[The higher costs associated with] any tariffs automatically go to the consumers as all commodities are traded worldwide for the same price.

"As well, if the USA wants our critical metals, why would they put a tariff to get them? My sense is that

Trump will mostly refrain from tariffs on all raw materials including carbon products, i.e. oil and gas."

### Early days

Stephen Roman, the founder and co-chairman of **Gold Eagle Mines**, which was acquired by **Goldcorp** for US\$1.5 billion in 2008, said it was early to determine the final outcome but suggested Trump is unlikely to levy tariffs on Canada.

"He had to come out with some fairly strong statements to wake up Canadians that were under a Trudeau government that's very lackadaisical on many issues and it seems to have had the right effect," Roman, who now heads **Global Atomic** (TSX: GLO; US-OTC: GLATF) and its uranium project in Niger, said by phone.

"At the end of the day, it wouldn't be good for the United States or Canada to start raising costs for mineral products, whether they be oil and gas or metals. We just have to assess it when the final [tariff] determination is made."

**Trump 40 >**

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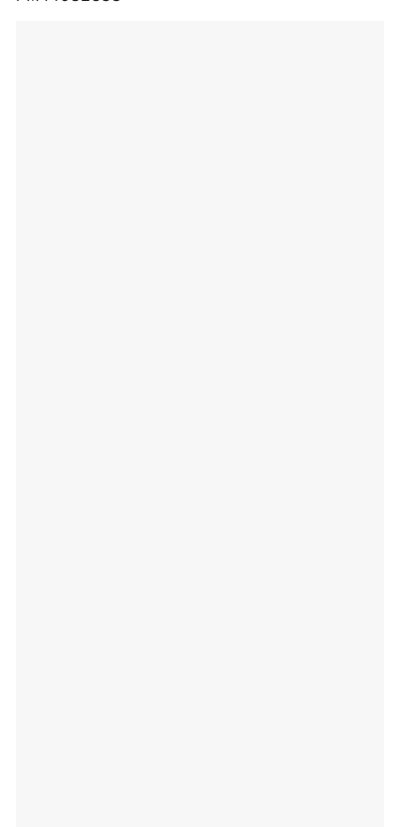
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### > Copper from P30

self, but you don't need to worry about that," he said.

"The Glencores will be there, the Tecks will be there (Teck Resources (TSX: TECK.A, TECK.B; NYSE: TECK)), the Rios will be there and the BHPs will be there. The Zijin's will be there and they'll be there like white on the rice."

Asked about how to weed out too-risky copper explorers and developers when looking to invest in the sector, Ivan Bebek, a gold mining M&A specialist and now CEO of Coppertino Metals (TSX: COPR; US-OTC: CPPMF) ticker), zoned in on capital.

"It's expensive to drill, it's expensive to socially impact the [surrounding] communities. Everything about copper is expensive," said Bebek, whose company is advancing a large-scale copper project in Peru.

"You can also look at share structure and how many outstanding shares and thirdly how much have management bought of their own stock in the last year. That's critical. If they're not buying shares of their company at cheap prices, why should you?"

#### Experience

Another factor to take into account when assessing the risks of investing in a copper exploration com-

pany is experience, Rule said.

Beyond just exploration knowledge, investors should seek companies that know copper and, specifically, have porphyry rock experience. Companies also need the heft to fund or arrange the \$5 billion to \$10 billion it might take to develop a mine, he said.

"Size really matters in the copper business," he said. "So if you hear the bootstrap story, like 'we're going to start with a small high-grade deposit, and we're going to use the free cash flow to build BHP over 20 years with no dilution...'"

"From an entrepreneur's point of view, that's a seductive story, right? But it's a lie." TNM



Goldmining CEO Alastair Still, right, makes a point beside Fiore Group CEO Frank Giustra. HENRY LAZENBY

### > Geopolitics from P30

try, part of U.S. defence spending includes billions for critical minerals projects including some in Canada.

MacGregor's warnings come amid a recent rise in geopolitical tensions coinciding with attempts by several Western nations to challenge China's role as the world's leading refiner of critical minerals — a vital component in the production of cutting-edge aerospace and defence technologies.

#### Domestic resources

While U.S. President Donald Trump, who was sworn in for a second term Jan. 20, has not publicly commented on the Pentagon's support for mining projects, his administration's policies reflect a concerted effort to reduce reliance on foreign sources for critical minerals, particularly from China. This approach aligns with the broader goal of strengthening national security and ensuring economic stability through the development of domestic resources.

Trump has often complained that the country is paying more than its fair share to the North Atlantic Treaty Organization. Last summer, he campaigned on a pledge to keep

U.S. forces "out of wars" — though he vowed in Monday's inaugural speech to take back control of the Panama Canal.

"If you're smart right now, you cut your losses everywhere in the world," MacGregor said. "If you're an American, you get out. You get out of all of these places, you come home."

Even massive U.S. aid to Ukraine hasn't been enough to prevent Russia from steadily making territorial gains, MacGregor stressed. Claims that the Russians are losing the war are "nonsense, just total nonsense," he said.

Failure to retrench and cut U.S. military spending would put Trump "in a lot of trouble very quickly," MacGregor said. "The world doesn't want us in their backyard, contrary to popular belief."

#### Regional disputes

To hear MacGregor tell it, U.S. forces need to "step out" of regional disputes, which are increasing and bring their own entrenched leaders to conflict.

"For almost 1,000 years, the leading powers in the Middle East were Persia and the Turks," he said. "We don't belong there. We've got to get out of this business. When we

go into places, we disrupt the natural dynamic. We create inequalities between powers."

Slowing this shift is a misguided belief among some in the U.S. that the country still dominates the world order, MacGregor said.

"In Washington in particular, there is a failure to understand the world, and that's because we have been the centre of it, at least in our imagination, since the end of the Second World War," he said.

Countries with millennia-old cultures — such as China, India or Iran — "are roaring back into the world," he added.

"We're not very comfortable with that, and we have a bad habit of denigrating it and ultimately grossly underestimating them, and we've seen that with Russia. So the world itself is changing, and we are not really changing at all. Our view of the world is that we are the centre of it. It's a huge problem."

On top of that, MacGregor argues, the U.S. has lost its monopoly on cutting-edge military technologies.

"Most of the technologies that people are expressing concern about, particularly in terms of military applications, those were ours 30 years ago," he said. "They are now proliferating everywhere." TNM

### > Trump from P1

Originally, Trump declared the tariffs would be slapped on Canada and Mexico (and 10% on China) within hours of his inauguration. Then there was talk of studying the process and some pundits said Trump would have to assemble a trade negotiation team. Trump changed his levy date to Feb. 1, then floated it could be April 1. It was widely reported that no American officials had in fact informed their Canadian counterparts to expect tariffs.

Experts suggested this was a way to keep Canada and Mexico off balance, a negotiating tactic to reopen the North American free trade agreement within months, a year earlier than the deal allows.

"Part of the strategy for him is to create uncertainty in the hopes of creating a better transactional bargain," Clifford Sosnow, head of law firm Fasken's international trade and investment group, said by phone. "Maybe he wants to use tariffs to get an energy new deal. It's really not clear at this stage of the game."

#### Orders

One of the scores of executive orders that Trump signed within hours of occupying the Oval Office was a declaration of emergency regarding energy and critical minerals to thwart China's control over the industry in the name of national security.

The American departments of energy and defence are already sending tens of millions of dollars to critical mineral projects in Canada. Trump wants to make the U.S. the dominant producer and processor of minerals, including critical minerals, but that doesn't mean funding only U.S. mining projects, the trade lawyer said.

"He's clearly trying to say, 'it's time we look to other sources of supply' and so there's openings there for Canada," Sosnow said. "What does that mean in terms of increased investment in the Canadian mining space? That's where negotiations come in."

However, getting a common stance on those negotiations and how to respond to the tariffs threat is creating political in-fighting on both sides of the border. Republicans may not be aware of how tariffs would harm Midwest state economies, especially in the automotive industry.

In Canada, Alberta Premier Danielle Smith and Saskatchewan Premier Scott Moe expressed concern retaliatory tariffs or export bans could slash their billions in revenue from oil and gas, and uranium and potash, respectively. Meantime, Ontario's Doug Ford has called for strong retaliation.

#### Gun fight

"You can't bring a knife to a gun fight," Ford told reporters Jan. 22. "We have to make sure we match these tariffs dollar for dollar. We're

need to target where it's going to impact Americans the most."

Canada's stance is further complicated. Ford has emerged as captain of Team Canada after Justin Trudeau said he intends to resign as prime minister. But the Ontario premier may be distracted by holding an early election this month. Even so, the Conservative Party's Ford and the Liberal Party's Trudeau agree on the country's response if Trump carries through on his threat.

"Canada will have a strong, robust response, because we don't want this, but we will respond if necessary," Trudeau told reporters within hours of Ford's gun quip. "Prices for American consumers on just about everything will go up, and we don't think he wants that."

Federal opposition leader Pierre Poilievre said he would "fight fire with fire," but he has dodged questions in news conferences on whether he's actually more aligned with Smith in Alberta — a core constituency of his — to avoid a strong response to Trump.

Sosnow, the partner at Fasken, questioned the rationale of export bans and strong retaliatory tariffs. Would Ford shut the auto sector or cross-border electricity deals that would ditch billions in revenue?

"It's a bit like radiation treatments," he said. "You want to kill the tumor without killing the patient, right? And some of these retaliations could have devastating impacts on the economy." TNM

### > Bullion from P30

(TSX: NGT; NYSE: NEM). Goldmining owns about 13% of Gold Royalty.

"It seems the world is often shrinking in geopolitically stable jurisdictions where you want to operate in," Still said. "We're seeing challenging environments. Having a solid operation with a solid reserve in a geopolitically stable jurisdiction, those types of resources are becoming increasingly scarce. That's one of the factors driving price here."

#### Price forecast?

None of the panelists shared a specific forecast for gold prices.

As reserves dwindle, rising production costs are putting pressure on large mining operators, Garo-

falo said. As a result, he argues, investors should be focusing on junior miners due to their potential as takeover targets.

"Where you want to be in the industry is in the development-stage assets, the ones that are going to populate the pipelines that these larger scale companies are going to desperately require," Garofalo said. Junior miners "are the ones that do all the heavy lifting and exploration."

Behemoths such as Newmont or Barrick Gold (TSX: ABX; NYSE: GOLD) "have to continually gobble up other companies, play Pac-Man, to replace a sub optimal production and reserve level that's simply not sustainable," he said.

"To sum it up, large scale operators in our universe are doomed. They're facing a squeeze from declining reserves." TNM

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## BC floats 3-pronged response to 'bizarre' U.S. tariffs threat

AME ROUNDUP | Mining anchors province's economic stability, Premier says



Premier David Eby, with AME CEO Keerit Jutla at Roundup. HENRY LAZENBY

BY HENRY LAZENBY

British Columbia Premier David Eby on Jan. 23 outlined a three-part plan to counter proposed United States tariffs on Canadian imports during remarks at a Vancouver conference.

Eby says the province will support federal 'everything's-on-the-table' tariffs. It will work to strengthen B.C.'s economy by providing additional mining support and by diversifying trade away from the U.S. The province's mineral wealth is increasingly being treated as the province's

main bargaining chip and economic strength.

"It's bizarre to see the U.S. Department of Defense investing in Canadian mines one week and then labelling those same resources a threat deserving tariffs the next," Eby said at the Association for Mineral Exploration's Roundup conference.

The 25% tariffs, threatened by newly sworn-in U.S. President Donald Trump, show the fragility of Canada's trade relationship with its largest partner, the premier said.

Mining remains key to B.C.'s

AME Roundup P42 >