18 June 2026

Decision to exclude mineral exploration in carve-outs to Capital Gains Tax another kick in the guts for critical minerals industry

Today's announcement of concessions to Capital Gains Tax (CGT) changes from the 2026-27 Federal Budget, by Prime Minister Anthony Albanese and Treasurer Jim Chalmers, is an extremely disappointing result for mineral exploration in Australia, and will fundamentally reduce the chances of finding Australia's critical minerals.

Exploration for critical minerals has already reduced by more than 30 per cent over the last year, and this decision, will no doubt further reduce funding for that effort.

The Association of Mining and Exploration Companies (AMEC) stands by its view that explorers should have been included in the carve-outs, sharing many parallels with start-ups.

AMEC Chief Executive Officer, Mr Warren Pearce noted, "The International Energy Agency says the world needs around 50 new lithium mines, 60 new nickel mines and 17 new cobalt mines to meet carbon emissions goals by 2030.

"Excluding an industry that finds the mines of the future from carve-outs will hurt future discoveries and reduce productivity for Australia's most important economic driver.

"This is a kick in the guts for the entire mineral exploration industry and those who invest in it.

"To include start-ups in the carve-outs but ignore exploration is quite frankly ridiculous, given we are Australia's original start-up and develop projects in the exact same way.

"And it's hard to understand why the advantage will be given to wealthy Venture Capitalists and Angel Investors in Tech, but not Mum and Dad retail investors in mineral exploration.

"This is an own goal of epic proportions for the Australian Government, given its ambitious critical minerals agenda."

The announcement included:

- Increase to existing small business 50 per cent active asset CGT concession from $2 million to $10 million

- New innovative business tax concessions for start-ups with a consultation paper to be released later today

- Exempting discretionary trusts from the minimum tax, in cases where they are established for genuine testamentary purposes.

With no concession granted to mineral exploration, investors in junior exploration companies will be subject to the removal of the current 50 per cent CGT discount with an inflation-adjusted indexation and 30 per cent minimum tax rate on capital gains from 1 July 2027.

This unfairly and disproportionately impacts junior explorers searching for the next critical minerals discovery.

AMEC has been at pains to explain this to the Federal Government, Federal Opposition, along with State Premiers and Ministers.

It appears that consultation has fallen on deaf ears for now. But AMEC will persist in finding other means to assist our industry.

“Clearly, mineral exploration is collateral damage from the proposed changes to the CGT. This will result in fewer discoveries, fewer mines, and will impact Australia’s critical minerals agenda, green energy transition and sovereign capability.

“AMEC urges the Government to consider the unintended consequences the CGT changes will have on mineral exploration.”

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