

Moonshot 4 Mining, Minerals and Manufacturing (M4M³) Program Financial Guide

Key Information on NGen Project Finances

MOONSHOT FOR MINING, MINERAL PROCESSING AND MANUFACTURING

Next Generation Manufacturing Canada (NGen) is an industry-focused, not-for-profit corporation dedicated to building world-leading advanced manufacturing capabilities in Canada.

NGen aims to connect and strengthen collaboration among manufacturers and technology companies to accelerate the development and scale-up of transformative capabilities in Canadian manufacturing.

The M4M³ program will support the development of novel In-Situ Resource Utilization (ISRU) solutions for mining, mineral processing, and advanced manufacturing for both the lunar and on earth environments. The solutions must have dual-use applications that will strengthen Canada's technological leadership in space and help revitalize the long-term competitiveness of our most important industrial sectors. It will lead to next-generation innovations leveraging Canadian strengths in fields like AI, robotics, quantum sensing, and advanced manufacturing that can be applied on both the moon and earth and that will have immediate and lasting impacts on environmental sustainability, productivity, talent and job creation in Canada's mining, mineral processing, and advanced manufacturing sectors.

NGen's M4M³ program is undertaken with the financial support of the CSA, following an announcement of opportunity and through funding from the Government of Canada Global Innovation Clusters program of ISED (Industry, Science and Economic Development).

At the center of the new era of space activity is the development of in-situ resource utilization (ISRU): the practice of advanced manufacturing products with local materials, rather than relying on materials from Earth.

ISRU is intrinsically driven by sustainable, clean technologies for natural resource management, energy generation, and energy storage. It in-turn gives rise to transformative technologies with the potential to help reach global climate goals and clean energy transition within the next 10 years.

The innovations being developed for ISRU underlie some of Canada's most important industrial sectors: Natural resources prospecting, extraction and processing; advanced manufacturing and construction; aerospace; and energy production.

Use this guide in conjunction with the Financial Workbook (FWB).

GUIDANCE

This finance guide supports the Moonshot 4 Mining, Minerals and Manufacturing Program (M4M³) project guide and will identify those expenses that are eligible for funding through the program.

Project participants will be required to prepare a financial plan for their projects by completing a Financial Workbook (FWB) section in the NGen Portal. The FWB will be available to complete in the NGen Portal once the project passes the intake and screening stages. To access them:

- Log into the NGen Portal;
- Select “Project” menu item;
- Select your project;
- Select “Financials”;
- Under “Project Finance Workbooks” select preestablished FWB for partner and;
- Under Cost Category, select “New” to begin filling in the cost.

M4M³ projects will be reimbursed 50% of eligible project expenses incurred by industry partners.

No individual project participant will be able to receive more than 80% of the reimbursed funds.

Projects may receive complementary funding from other government agencies. M4M³ funds cannot be used to reimburse costs already covered by funding from other government sources. The total amount of government funding cannot exceed 100% of eligible project costs.

Eligible project costs must be reasonable, and directly relate to project execution and achievement of the project objectives. Eligible costs excluding labour must be new to the business and incurred post award.

If in doubt about the eligibility of a cost, please contact NGen in advance for clarification.

Only costs that are incurred and paid for in cash are eligible for reimbursement.

In-kind costs are non-cash paid costs in the form of goods and services, which are **not** eligible for reimbursement.

All amounts submitted for reimbursement must be net of any applicable refundable HST/GST/PST/QST/VAT.

WHO IS ELIGIBLE FOR FUNDING?

Recipients of NGen funding must be incorporated in Canada with a value-added presence beyond a sales office and be either:

- for-profit organizations, or
- not-for-profit organizations that facilitate and fund research and development, and whose funding is received primarily from private-sector organizations, or
- indigenous organizations, or
- non-federal Crown corporations whose funding is derived from commercial activities, or

Ineligible organizations include:

- other not-for-profit organizations
- post-secondary institutions
- federal Crown corporations
- government departments or agencies
- international organizations

COSTS THAT ARE ELIGIBLE FOR NGEN FUNDING

Projects will incur two categories of costs:

1. Eligible Funded Costs are project expenses that are eligible for reimbursement from NGen M4M³ funding.
2. Eligible Industry Matching Costs are project expenses listed as not eligible for reimbursement under the NGen M4M³ program but qualify for the Industry Matching requirement.

Both Eligible Funded and Eligible Industry Matching Costs must be incurred in Canada.

ELIGIBLE FUNDED COSTS:

SALARIES & WAGES

Eligible costs are those incurred as the portion of gross wages or salaries for personnel who are based in Canada and working directly on the project.

This includes CPP, EI and EHT but must exclude any discretionary benefits (i.e. health & dental, retirement) or bonuses. You must provide support for your costs incurred.

All salaries & wages are considered paid in cash and are not in-kind costs. Time sheets or evidence of time tracking will be required to support direct labour costs charged to the project. Payroll registers are required to substantiate costs.

The costs of routine administration and operations are ineligible. Labor costs relating to production, selling, marketing, or advertising are also ineligible.

Examples of the distinction:

- That portion of salary costs of staff that can be shown to be in direct support of carrying out the Project (i.e. project managers, project accountants) can be considered Eligible Funded Project Costs.
- Senior leadership from participating organizations who provide oversight – **Ineligible**.
- A general concept of reasonableness shall apply to salaries claimed. Per hour labour costs should be commensurate with the project activities being performed.

ELIGIBLE FUNDED COSTS CONTINUED:

SUB-CONTRACT & CONSULTANCY FEES

Sub-contract costs are eligible for any work essential to the success of the project and where the expertise does not exist among the partners.

These costs must be accounted for at Fair Market Value and must be reasonable and in line with industry norms and practices.

The total amount of sub-contracted or consulting costs cannot exceed 40% of the value of total project costs, and the work must be performed in Canada¹.

A project partner cannot be a subcontractor for labour services or a consultant within the project.

CAPITAL, NON-CAPITAL EQUIPMENT & FACILITIES

NGen M4M³ funding covers the purchase of new equipment, rental, direct operation, and maintenance costs.

To be eligible for reimbursement under the NGen M4M³ program, equipment expenditures must be:

- Linked to the objectives of the project
- Vital for the success of research & development or demonstration of projects
- Not otherwise available as a shared resource

Up to 100% of the acquisition cost of new equipment (Capital & Non-Capital) may be claimed and cannot exceed 30% of the value of total project costs. Small adjustments to this limit may be considered on a case-by-case basis and would require preapproval by NGen.

Capital expenditure on a single asset exceeding \$1 million CAD must be pre-approved by NGen.

1. See exceptions noted in section on Foreign Costs below.

ELIGIBLE FUNDED COSTS CONTINUED:

EXISTING EQUIPMENT

The use of existing equipment is **not** reimbursable. Only direct costs incurred in the operation of the equipment may be eligible for reimbursement.

Examples of eligible direct costs include:

- Labour costs to run the equipment
- Materials consumed by the equipment
- Separately metered utility costs

Direct costs claimed must be additional and cannot be an allocation of overhead costs.

Documentation must be provided to substantiate direct costs incurred in the use of existing equipment.

MATERIALS & SUPPLIES

Materials consumed by the project are eligible.

Materials supplied by subsidiaries or associated companies should exclude the profit element of the value placed on that material (i.e. these are to be valued at cost).

If waste or scrap material has a significant residual/resale value, the figures should reflect this.

TRAVEL COSTS

All travel expenses must be in accordance with the [National Joint Council Travel Directive](#) to be eligible for reimbursement.

Only reasonable costs incurred exclusively for advancing the project will be accepted as an eligible expense.

ELIGIBLE FUNDED COSTS CONTINUED:

OTHER ELIGIBLE DIRECT COSTS

Other direct costs which can be specifically identified and measured as being incurred on behalf of project activities are eligible (e.g. licenses, software subscriptions etc.)

USER FEES

Service fees and software subscription/license fees directly related to the project are eligible expenses. If the user fees are being charged by a partner, please reach out to NGen Project Finance for clarification.

Project administration fees charged to the projects by NGen are ineligible.

A project partner cannot also be a subcontractor for labour or consultancy.

ROOM OR FACILITY RENTALS

The additional cost of rented factory or lab space for the project may be eligible.

Overheads or costs incurred by the project in respect of the routine administration and operation of the organization, such as rent on existing facilities, utilities, etc. are **ineligible**

CONFERENCE COSTS

Costs related to renting facilities to support conferences and related telecommunication expenses are eligible but must have a specific and direct link to project activities.

Travel to an advanced manufacturing conference or an industry association conference would be considered an ineligible expense.

DISSEMINATION COSTS

Publication costs of project results are eligible but must not include any dissemination costs relating to production or commercialization, such as selling, marketing, or advertising costs.

HONORARIA

Honoraria costs only in so much as it supports indigenous participation in the project or initiative.

ELIGIBLE FUNDED COSTS CONTINUED:

INTELLECTUAL PROPERTY (IP) COSTS

Reasonable costs relating to the patent protection of foreground intellectual property (IP currently foreseen to be developed during the project) are eligible:

For example:

- patent drafting, filing, prosecution costs
- patent office fees
- prior art searching

IP costs will be eligible for reimbursement under the NGen M4M³ program, provided:

- only SME's will be able to claim IP costs
- cannot exceed \$200,000 eligible IP cost per SME

FOREIGN COSTS

NGen M4M³ funding is intended to support initiatives incurring inside Canada. Labour costs incurred outside Canada may be eligible, only on an exceptional basis, with advance approval by NGen. Please discuss with your NGen representative during the project development phase to pursue pre-approval.

Advance approval is not required for:

- equipment, materials, or supplies purchased from suppliers outside of Canada and shipped to Canada.
- costs related to obtaining IP rights in foreign countries subject to the patent cost rules outlined in the prior section.

CYBERSECURITY COSTS

Incremental costs related to cybersecurity that are necessary and directly related to participation in Recipient-Funded Activities may be eligible.

PAYMENTS TO FEDERAL ENTITIES

Payments to federal entities may be eligible for reimbursement subject to the Treasury Board [Guide to Departmental Collaboration with Recipients and Contributions](#)

UNFUNDED INDUSTRY MATCHING COSTS

The following costs are counted towards the value of the project but are ineligible for reimbursement from NGen M4M³ funding (“Unfunded Eligible”):

- Payments to federal entities, such as the National Research Council (NRC).
 - NGen will encourage the participation of the NRC in projects. The funding framework on which we deliver our innovation program means that the mechanism for the NRC to participate in a project would be through a subcontract to an industry partner.
- Infrastructure costs (such as designing, acquiring, constructing, improving, or expanding the infrastructure serving the Project, and the improved and unimproved real property, buildings, and structural components of buildings and personal property. This includes any labour, travel, equipment, and sub-contract costs related to infrastructure development)
- Costs related to construction, purchase of a building or land.
 - Advance approval by NGen is required where leasehold improvements which remain with the building and are typically made by the owner and include modifications to interior spaces to the operating needs of the tenant—for example, changes made to ceilings, flooring, and inner walls.
 - Alterations to the exterior of a building or modifications that benefit other tenants in the building are not considered leasehold improvements. Examples of non-leasehold improvements include elevator upgrades, roof construction, and the paving of walkways. This includes any labour, travel, equipment, and subcontract costs related to leasehold improvement.

Any eligible costs incurred before the approval of the project by NGen – projects will be notified when they are in the eligible funding window.

In-kind contributions are non-cash paid goods and services that are provided/donated to the project at no cost and are not eligible for reimbursement by NGen.

OTHER CONDITIONS:

Complementary Other Government Funding on projects:

- Projects may receive complementary funding from other government agencies.
- NGen M4M³ funds cannot be used to reimburse costs already covered by funding from other government sources.
- NGen limits complementary other government funding stacking at 100% of eligible project costs
 - Projects must abide by the lowest stacking limit of the complementary other government funding sources
 - Other government funding sources may fund project costs that are considered as ineligible for funding by NGen. These will not count towards the NGen stacking limit.
- Projects must report other funding agency and the amount funded for the project duration.

INELIGIBLE COSTS:

- Retroactive costs (i.e. those costs incurred prior to the project start date as specified in the funding confirmation letter)
- Capital, infrastructure, or equipment costs unrelated to project objectives.
- Expenses relating to the construction, purchase of a building or land (except as set out in the section on Unfunded Industry Matching Costs).
- Fines and penalties.
- Provisions for contingencies.
- Losses on investments, other projects, contracts, bad debts, or expenses for the collection charges.
- Federal and provincial income taxes, excess profit taxes or surtaxes and/or special expenses in connection with those taxes.
- Refundable harmonized sales tax (HST), goods and services taxes (GST), provincial sales taxes (PST/QST), foreign value added taxes (VAT),
- Customs and duties.
- Expenses and depreciation of buildings or rooms that are not in use during the project.
- Amortization of unrealized appreciation of assets.
- Depreciation of assets paid for by NGen.
- Gifts, donations, entertainment expenses, and alcoholic beverages.
- Dues and other memberships other than regular trade and professional associations.
- Extraordinary or abnormal fees for professional advice unless NGen's approval is obtained prior to incurring the cost.
- Premiums for life insurance where proceeds accrue to the recipient.
- Discretionary severance and separation packages.
- Costs related to the routine administration and operation of recipients, except salary costs specifically related to the eligible project and except other direct or incremental project costs.
- Costs related to overhead incurred by recipients.
- Costs for which the recipient is eligible for a rebate from federal, provincial, territorial, or municipal government sources.
- Salaries of the Members of the Board of Directors.
- Legal, accounting and consulting fees in connection with litigation or financial reorganization.
- Activities where benefits accrue to a single firm or organization.
- Projects where, in the opinion of the Minister, there is no buy-in from Members and no collaborative aspect.

POST AWARD:

Claims will be made on a reimbursement basis following submission of a claim form, copies of invoices >\$500 and other documentation as required to support the amounts claimed.

Claims are to be submitted to NGen every three months.

Once the claim and the supporting documentation has been received by NGen, it will normally be paid within 45 days

On the final claim, companies will have 30 days post Project End Date to submit invoices for goods received or services incurred during the project term.

NGen will apply a 15% holdback of the funding until it has received and approved all outstanding claims, as well as the project reporting and monitoring obligations as set out in the Master Project Agreement have been met.

NGen M4M³ funding is subject to availability of funds being approved annually by Parliament.

The project financial plan will be included in the Master Project Agreement