

Critical and Strategic Minerals: Understanding Brazil's New Regulatory Framework

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In brief

Law 15.506/2026 establishes Brazil's National Policy for Critical and Strategic Minerals (PNMCE) and expands government oversight of the sector: changes of control (including those occurring entirely outside Brazil), foreign investments, supply agreements, access to strategic geological data, and transfers of mining rights become subject to CIMCE approval. The Law also imposes revenue-based R&D&I and FGAM contributions and an absolute ten-year cap on the exploration stage. In return, it offers a credit guarantee fund, the PFMCE tax credit, expanded incentive debentures, infrastructure benefits, and registration of streaming and royalty agreements with the ANM, although the list of covered minerals and many of the rules still depend on future regulation.

Law 15.506/2026 introduces a new framework for critical and strategic minerals, combining expanded government oversight with financing, tax, and infrastructure incentives. Key aspects of the framework, however, remain subject to future regulation.

At a glance: 5 takeaways for international investors in Brazil's mining sector

1. **Expanded Government Oversight & Transaction Review:** Law 15.506/2026 establishes the National Policy for Critical and Strategic Minerals (PNMCE) and introduces a dedicated multi-ministerial council, the **CIMCE**. Key transactions, including foreign direct investments, cross-border corporate M&A (capturing direct or indirect changes of control occurring outside Brazil), mining-right transfers, international supply/offtake agreements, and sharing of strategic geological data, are now subject to government review and approval.
2. **Substantial Incentives Focused on In-Country Processing:** To promote domestic value addition, Brazil has introduced targeted financial and tax incentives. These include the **PFMCE tax credit** of up to 20% on qualifying processing and transformation expenditures through 2034, access to BNDES Climate Fund financing, REIDI tax benefits for infrastructure buildout, and credit guarantees via the BRL 2 billion FGAM fund. However, tax incentives are subject to a **five-year sunset period**, requiring investors to stress-test financial models against potential expiration.

3. **Enhanced Legal Security for Alternative Financing Structures:**
Streaming and royalty agreements can now be officially **registered with the National Mining Agency (ANM)**. Once registered, these agreements become fully enforceable against third parties and can be pledged as collateral with authorized lenders without transferring underlying title ownership. Additionally, access to **Incentive Debentures**, carrying tax benefits for investors, has been expanded across exploration and development, specifically targeting emerging and mid-sized miners with annual revenues up to BRL 5 billion.
4. **New Mandatory R&D Contributions & Supply Chain Traceability:**
Foreign operators face new compliance and expenditure requirements, including allocating **0.3% of net gross operating revenue to R&D&I** for the first 6 years (increasing to 0.5% in year 7), plus **0.2% to capitalize the FGAM**. At least half of the required R&D funds must be invested in partnerships with junior mining companies or accredited research institutions. Furthermore, projects must be enrolled in the **National Register (CNPME)** to access policy incentives and comply with a new **mineral origin traceability system**.
5. **Strict 10-Year Exploration Cap & Fast-Track Permitting:** The new law imposes an absolute **10-year limit on the exploration stage**, with title forfeiture as the penalty if a Final Exploration Report is not submitted in time. The deadline cannot be suspended or extended, with the sole exception of delays caused by environmental licensing procedures (delays in land access negotiations are not sheltered). To mitigate timeline risks, priority projects can seek accelerated permitting under the **Special Environmental License (LAE)** regime and interagency coordination via the **Investment Partnerships Program (PPI)**.

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Introduction

On 16 September 2026, Brazil enacted Law 15.506/2026, establishing the National Policy for Critical and Strategic Minerals (PNMCE – *Política Nacional de Minerais Críticos e Estratégicos*) and creating a dedicated regulatory framework for the sector.

The new Law significantly expands government oversight of critical and strategic minerals. Subject to future regulation, corporate transactions, foreign investments, international supply agreements, and transfers of geological information may become subject to government review, while mining-right transfers will face an additional layer of oversight. The Law also introduces production-chain traceability requirements, revenue-based funding obligations, and time limits on the exploration phase.

At the same time, Law 15.506 introduces significant incentives designed to encourage investment and domestic mineral processing, including financing mechanisms, tax incentives, infrastructure-related benefits, and enhanced protection for streaming and royalty arrangements.

The Law is expected to affect mining-rights holders, investors, purchasers, lenders, and service providers throughout the value chain. However, many of

its most significant provisions still depend on future regulation, including the list of covered minerals, transaction-review criteria, and several of the incentive mechanisms. As a result, companies considering investments or transactions in the sector will need to navigate a period of considerable regulatory uncertainty.

This briefing highlights the provisions that, in our view, warrant immediate attention.

1. What are critical and strategic minerals?

Like a number of other jurisdictions, Brazil has adopted separate categories for critical and strategic minerals.

Under Law 15.506, **critical minerals** are those considered essential to key sectors of the economy and whose supply may be vulnerable for geological, political, or technological reasons. Their scarcity must be capable of affecting areas such as the energy transition, food and nutrition security, or Brazil's national security and sovereignty.

Strategic minerals are defined by their importance to Brazil's development. The category includes minerals for which Brazil holds significant reserves and that are considered essential to the country's trade balance or to technological and regional development.

The practical significance of these definitions is not yet entirely clear. The Law provides only the basic definitions and requires additional economic, social, environmental, and climate-related criteria to be established through regulation. As a result, the new framework may extend to minerals not normally associated with the critical-minerals sector. Iron ore, for example, could potentially be classified as a strategic mineral because of its importance to Brazil's trade balance, and preliminary discussions with government officials suggest that this is being considered.

Responsibility for determining which substances fall within each category rests with the National Council for the Industrialization of Critical and Strategic Minerals (CIMCE), based on proposals submitted by the Ministry of Mines and Energy (MME – *Ministério de Minas e Energia*). The list will be reviewed every four years in alignment with Brazil's federal Multi-Year Plan (*Plano Plurianual*), although the Law also permits revisions at any time. Companies operating in the sector will therefore need to monitor the list on an ongoing basis, even after it is first published. The initial list is expected to be discussed at the Council's first meeting, for which no date has yet been announced.

2. Principles and policy objectives

Law 15.506 states that the National Policy for Critical and Strategic Minerals is to be implemented in a manner that promotes regulatory stability, legal certainty, and predictability. The emphasis is noteworthy. While the Law introduces significant new obligations and oversight mechanisms, it also signals that the transition to the new framework should give the sector time

to adapt, and preserve conditions that support foreign investment.

The Policy pursues three broad objectives: expanding domestic processing and value addition, promoting socially and environmentally sustainable development, and protecting Brazil's national interests in critical and strategic mineral supply chains.

To support those objectives, the PNMCE combines a range of public-policy tools, including tax, financing, credit, and regulatory incentives, guarantee mechanisms to support project financing, and auction-based allocation of mineral rights.

Access to these measures may depend on a project's performance in three areas. The first is domestic value creation and local development, including procurement from domestic suppliers and affected communities. The second is community engagement, with an emphasis on ongoing dialogue and respect for free, prior, and informed consultation. The third is the management of operational, social, and environmental risks through the adoption of recognized safety and environmental practices.

Although the Law presents these factors as criteria for prioritizing projects, they may ultimately become conditions for access to certain PNMCE incentives and support mechanisms. Exactly how these requirements will be applied remains subject to future regulation.

3. Key regulatory features of the new framework

3.1 Government review of transactions

One of the most significant changes introduced by Law 15.506 is the expansion of government oversight over transactions involving critical and strategic minerals. The Law makes a broad range of transactions, including corporate acquisitions, foreign investments, supply arrangements, and transfers of mining rights, subject to approval by the National Council for the Industrialization of Critical and Strategic Minerals (CIMCE), regardless of whether the transaction is commercial in nature.

Many aspects of the approval process remain subject to future regulation, including when approval must be obtained, the applicable review criteria, and any conditions or restrictions that may be imposed. The Law refers to approval (*homologação*) rather than prior consent (*anuência prévia*), which suggests that the review process may occur after a transaction has been entered into, although the point remains uncertain.

Even so, the Law already identifies several categories of transactions that will be subject to approval.

The first is any direct or indirect change of control of a company holding mining rights to critical or strategic minerals. As drafted, the provision would capture transactions taking place entirely outside Brazil.

The second involves access to geological information considered strategically important, as well as significant equity holdings or influence by foreign legal

entities in companies holding such rights. These provisions may affect due diligence processes, investment structures, and transaction offers.

The approval requirement will also apply to supply agreements involving critical or strategic minerals where the terms of the arrangement could affect Brazil's economic or geopolitical interests.

Finally, the sale, assignment, or creation of security interests over mining rights to these minerals will also be subject to approval.

The institutional structure responsible for exercising these powers has already been established by Law 15.506 and Decree 13.118/2026. The CIMCE is divided into three bodies with distinct functions.

The **Plenary Council** is responsible for policy formulation, strategic planning, and rulemaking, including the definition of which substances qualify as critical or strategic minerals. It is composed of 13 Ministers of State, two members representing state and municipal governments, two representatives of the private sector, and a representative of academic institutions. The federal government has already appointed the Council's five external members, which include representatives of the National Confederation of Industry (CNI) and the Brazilian Mining Association (IBRAM) for the private sector, the Association of Mining Municipalities of Brazil (AMIG) for the municipalities, and the State of Bahia for the states.

The **Executive Committee** is responsible for individual cases, including project approvals, project prioritization, and approval of transactions subject to the new framework. The Committee is composed of representatives from seven ministries and is expected to serve as the principal decision-making body for the review of specific transactions. The Decree prohibits the same individual from serving simultaneously on the Plenary Council and the Executive Committee, thus separating policy formulation from decision-making in specific cases.

Administrative and technical support is provided by the **Executive Secretariat**, which is housed within the Ministry of Development, Industry, Trade and Services.

Decree 13.118/2026 establishes an **Advisory Group on Critical and Strategic Minerals**, composed of up to six specialists. The Group will provide analyses, studies, and recommendations directly to the President when requested, creating an additional channel for technical input into the implementation of the Policy.

Law 15.506 explicitly preserves the National Mining Agency's (ANM) existing regulatory, supervisory, and licensing powers. The creation of the CIMCE therefore adds a new layer of oversight for critical and strategic minerals rather than replacing the ANM as Brazil's mining regulator.

3.2 Mandatory R&D&I funding and contributions to the FGAM

Companies involved in the exploration, mining, processing, or transformation of critical and strategic minerals will be required to allocate a portion of the revenue generated from those activities to research, development, and innovation (R&D&I) initiatives and to the FGAM (*Fundo de Garantia da*

Atividade Mineral), a credit guarantee fund intended to support financing for projects involving critical and strategic minerals.

For the first six years following implementation of the new framework, companies must devote at least 0.3% of gross operating revenue, net of applicable taxes, to R&D&I activities related to the critical and strategic minerals value chain. In addition, they must allocate at least 0.2% of the same revenue base to capitalize the FGAM through the acquisition of fund units.

Investment in R&D&I may be made directly by the company, through a dedicated private fund, or through contributions to the FGAM. Beginning in the seventh year, the minimum R&D&I expenditure increases to 0.5%, while the FGAM contribution remains unchanged.

The range of eligible R&D&I activities is broad. It includes geological mapping, geophysical studies, mineral exploration, extraction, processing, and downstream transformation, as well as decarbonization initiatives, climate adaptation, land rehabilitation, circular-economy projects, the recovery and use of tailings and waste rock, and logistics infrastructure.

The Law also prescribes how R&D&I resources are to be deployed. Half of the required expenditure may be invested directly by the company. The remaining half must be directed to projects developed in partnership with junior mining companies, institutions accredited by the new National Network for Research, Technological Development and Professional Training in Critical and Strategic Minerals (RNMCE) created by Law 15.506, or other institutions authorized by the CIMCE. Projects will be subject to approval by the ANM.

Taken together, these requirements represent a significant increase in mandatory expenditures for companies operating in the production chain of minerals covered by the PNMCE.

3.3 Maximum exploration period

One of the most significant regulatory changes introduced by Law 15.506 is the imposition of a ten-year limit for completion of the exploration stage in areas containing critical or strategic minerals. The period begins when the exploration permit becomes effective, and failure to submit the Final Exploration Report within 10 years may result in forfeiture of the mining title.

The Law treats the deadline as absolute, allowing neither extension nor suspension. The only exception is the time demonstrably spent obtaining the environmental authorizations required for the project to commence operations.

That exception is somewhat difficult to reconcile with existing practice. In many Brazilian states, mineral exploration activities are not subject to environmental licensing unless they involve higher-impact operations, such as pilot-scale extraction or operations in protected areas.

The rigidity of the rule is particularly noteworthy because various aspects of its application remain unclear. Although the provision appears in the section of the Law dealing with auctions for allocation of mining rights, it refers in broad terms to areas containing critical or strategic minerals, without defining that concept. As a result, it remains uncertain which exploration

rights will ultimately be subject to the ten-year limit and whether any transition rules will apply to existing rights.

The Law also provides little guidance on how the licensing-related exception will operate in practice. It does not specify how the exempted period will be calculated, which milestones will be used to measure it, or whether exploration rights holders will be required to demonstrate that they acted diligently in pursuing the necessary approvals.

Perhaps the most important practical concern is that the Law does not account for delays in securing access to the land. When agreement cannot be reached with the landowner, an exploration rights holder may have to apply to the ANM for a determination on compensation and access rights, file court proceedings once the ANM has issued its decision, and wait to be granted access to the area covered by the exploration rights. In practice, that process alone can consume much of the ten-year exploration period.

Without a mechanism to suspend the deadline in such circumstances, exploration rights could be forfeited for reasons unrelated to the diligence of the holder. The rule may also strengthen the negotiating position of landowners, who could use the legal deadline to leverage their demands for compensation. For both reasons, the treatment of the ten-year period will merit close attention during the regulatory process.

3.4 Promotion of Domestic Processing and Value Addition

Law 15.506 gives the CIMCE broad authority to adopt regulatory and administrative measures aimed at expanding downstream activities and increasing the amount of value captured within Brazil. The Law provides only general guidance on how those powers should be exercised, leaving the Council considerable discretion. At the same time, it offers some indication of the direction future regulations may take, citing measures such as value-addition commitments linked to exports and reporting obligations relating to mineral supply chains. Companies whose projects are focused on products with limited domestic processing should therefore monitor future regulations closely. Depending on how the CIMCE uses its powers, businesses may need to reconsider their operating models and evaluate whether additional processing or other higher-value activities should be carried out in Brazil.

3.5 National Register of Critical and Strategic Mineral Projects (CNPMP)

Registration in the National Register of Critical and Strategic Mineral Projects (CNPMP) will serve as the gateway to the National Policy for Critical and Strategic Minerals: projects that are not registered will not have access to the incentives and other support mechanisms available under the Policy. The registration requirement applies to: (i) projects involving critical or strategic minerals for which a Final Exploration Report has been filed; and (ii) projects involving the development of those minerals in strategic areas designated by the government. As with many other aspects of Law 15.506, the details of the registration process remain subject to future regulation.

3.6 Traceability System

Law 15.506 establishes a traceability system designed to ensure the lawful

origin of critical and strategic minerals, verify compliance with environmental, social, tax, and regulatory requirements, and preserve the integrity of information throughout the value chain. The Law establishes several guiding principles for the system, including the recording of transactions and participants, segregation of functions as a safeguard against fraud, and interoperability with international standards.

The initiative reflects growing demands from purchasers and export markets for greater transparency regarding the origin and compliance of mineral products. As these expectations continue to evolve, producers that can demonstrate reliable and transparent supply chains are likely to be at a competitive advantage. Although the details remain subject to future regulation, companies should expect implementation costs, including investments in internal controls, reporting processes, and compliance systems. Depending on how the framework is designed, businesses may also bear part of the cost of developing and operating the traceability system itself.

3.7 Sunset Provision for Tax Incentives

A central feature of Law 15.506 is the use of tax and financing incentives to encourage investment in the critical and strategic minerals sector. However, the Law subjects tax incentives to a five-year sunset period, with the result that any provision granting, expanding, or renewing a tax benefit will cease to have effect after five years unless extended by future legislation.

The Law does not specify which incentives are subject to this limitation. On its face, however, the restriction appears broad enough to encompass a number of the Policy's principal tax measures, including exemptions from corporate income taxes (IRPJ and CSLL) for the FGAM, eligibility for tax benefits under the Special Incentive Regime for Infrastructure Development (REIDI), the tax credit available under the Federal Program for the Processing and Transformation of Critical and Strategic Minerals (PFMCE), and expanded access to incentive debenture financing.

The Law also does not specify when the five-year period begins. Because Law 15.506 entered into force upon publication, the most straightforward reading is that the sunset period began to run in September 2026. This creates uncertainty for incentives whose intended duration appears to extend well beyond that date. A notable example is the PFMCE, which provides a tax credit of up to 20% of qualifying expenditures on mineral processing, mineral transformation, and urban mining incurred in Brazil through 31 December 2034. The apparent tension between that timeline and the five-year sunset period will likely require clarification.

The issue is particularly significant in the mining sector, where projects often require more than a decade to progress from exploration to commercial production. Many projects may therefore reach the stage at which these incentives would be most valuable only after they have expired. Because any extension of the five-year period will depend on future legislative action, the continued availability of these benefits will ultimately be subject to the political and fiscal circumstances prevailing at the time. Project sponsors should therefore test the economics of their projects under scenarios in which some or all of the incentives are not renewed.

4. Opportunities under the PNMCE: incentives and financing instruments

4.1 FGAM: A New Credit-Support Mechanism for Critical and Strategic Mineral Projects

The FGAM is a credit guarantee fund designed to improve access to financing for projects involving critical and strategic minerals. By providing guarantees and other forms of credit support, the fund is intended to reduce the risks borne by lenders and investors, particularly during the early stages of a project, when developers may not yet have sufficient revenues or assets to offer as collateral.

Law 15.506 authorizes the federal government to establish the fund and contribute up to BRL 2 billion to its capitalization. Access will be limited to projects designated as priorities under criteria to be established by future government measures and applied by the CIMCE. Those criteria are expected to focus on commitments relating to domestic value addition and local development, community engagement, and risk and impact management. Eligibility will also depend on a minimum financial commitment by the project sponsor, in an amount to be defined by the CIMCE.

Although the fund's detailed operating rules will be established in its bylaws, the Law already outlines the FGAM's principal features. In addition to the federal government, states, municipalities, and private parties may contribute capital to the fund, and mining rights may also be used to capitalize the FGAM under certain circumstances.

The Law contemplates a broad range of credit-support and risk-mitigation tools for the FGAM. Along with traditional financing guarantees, the FGAM will be able to support credit enhancement and other risk-mitigation mechanisms, including protection against price, liquidity, and contractual-performance risks.

4.2 PFMCE: Tax Incentives for Processing and Value Addition

The Federal Program for the Processing and Transformation of Critical and Strategic Minerals (PFMCE – *Programa Federal de Beneficiamento e Transformação de Minerais Críticos e Estratégicos*) is one of the principal incentives created by Law 15.506. Its main benefit is a tax credit of up to **20% of eligible expenditures incurred in Brazil** on mineral processing, downstream transformation activities, and urban mining through **31 December 2034**.

The program is open to companies incorporated under Brazilian law and headquartered and managed in Brazil, regardless of the origin of their capital. As a result, Brazilian subsidiaries of foreign groups are, in principle, eligible. The incentive may also be available to purchasers that enter into supply agreements with qualified producers for at least five years, creating potential opportunities for long-term offtake and streaming arrangements.

Access to the tax credit will not be automatic. The program is structured as a competitive process and will be limited to priority projects previously approved by the CIMCE (see topic 2). Eligibility will depend not only on the

nature of the project, but also on the products it generates. The Law identifies a range of qualifying products, including concentrates, battery-grade materials, inputs for permanent magnets, fertilizers, and energy-storage systems, while allowing the CIMCE to expand the list in the future.

Importantly, the program is designed to reward higher levels of processing and value addition. The percentage tax credit available to each approved project is expected to increase with the degree of value added within Brazil, with future regulations establishing minimum processing thresholds for different levels of support. As a result, projects focused solely on producing concentrates are likely to receive less favorable treatment than projects that include more technologically intensive downstream activities (see topic 3.4).

Future regulations may also impose additional conditions, including minimum levels of domestic procurement, minimum expenditures on capital equipment and operating activities, commitments to supply part of production to the domestic market, and other requirements aligned with the objectives of the Policy.

The program will have an annual budget allocation of **BRL 1 billion** for each year between **2030 and 2034**, with unused amounts carried forward to subsequent years, subject to budget availability. The credit will take the form of a **corporate tax (CSLL) credit**, which can be offset against other federal taxes or refunded in cash.

4.3 Incentive debentures

Incentive debentures are debt securities that benefit from favorable tax treatment and are intended to channel private capital into projects designated as priorities by the federal government. Individual investors are exempt from Brazilian income tax on income earned from these securities, while corporate investors benefit from a reduced tax rate of 15%.

The critical and strategic minerals sector already had limited access to incentive debentures. In late 2025, the Ministry of Mines and Energy authorized the use of incentive debentures for certain mineral-transformation projects and, to a limited extent, for mining-stage expenditures. The benefit, however, was restricted to projects involving cobalt, copper, lithium, nickel, and rare earth elements, significantly limiting its practical application across the sector.

Law 15.506 substantially expands that framework. Subject to future regulations, priority projects may issue incentive debentures not only for processing and transformation activities, but also for prospecting, exploration, and mine-development activities, provided they are linked to projects involving the processing, transformation, or urban mining of critical and strategic minerals.

The Law already identifies several categories of priority projects, including those involving concentrates, battery-grade materials, materials suitable for the production of permanent magnets, and phosphate-, potash-, and nitrogen-based fertilizers. As with the PFMCE tax credit, although projects involving concentrates are eligible, projects involving more advanced processing and transformation are likely to receive more favorable treatment. The amount that may be raised through an incentive debenture issuance is limited to the project's capital expenditures.

The expansion is particularly relevant for junior and mid-sized mining companies. Law 15.506 amends Law 14.801/2024 to limit access to incentive debentures to companies with annual revenues of up to BRL 5 billion, a restriction that did not previously exist. In practice, the measure directs the instrument toward emerging and growing companies rather than the sector's largest producers.

4.4 Streaming and royalty agreements

Streaming and royalty agreements are widely used in mining jurisdictions such as Canada and Australia as an alternative source of project financing. In a streaming arrangement, an investor provides upfront funding in exchange for the right to purchase a portion of future production at a discounted price. In a royalty arrangement, the investor receives a share of the project's future revenue or production. Both structures allow mining companies to raise capital without diluting ownership or relying on traditional bank financing, which is often unavailable during the early stages of project development.

Despite their growing importance internationally, their use in Brazil has historically been constrained by uncertainty regarding the extent to which investors' rights would be enforceable against third parties. Because those rights were generally contractual in nature, investors faced additional risks if the mining right was transferred or if the mining company entered insolvency proceedings. To address those concerns, investors frequently sought additional protection through security interests over the underlying mining right, an approach that often introduced its own legal and practical complexities.

Law 15.506 seeks to address this issue by allowing streaming and mining royalty agreements to be registered with the National Mining Agency (ANM), provided they relate to valid mining rights granted by the ANM. The agreements must specify the amount of the initial investment and the terms under which the investor will be compensated through future production or revenue. Commercial terms will remain confidential, while ownership of the mining rights will remain with the mining company.

Once registered, these agreements become enforceable against third parties, and investors are entitled to compel performance of contractual obligations in the event of default. Moreover, the agreements themselves can also be used as collateral in financing transactions with authorized financial institutions.

For project developers and investors, this may prove to be one of the most significant financing innovations introduced by Law 15.506. Registration strengthens the legal protection available to investors without requiring the transfer of ownership of the mining right. At the same time, the ability to use streaming and royalty interests as collateral allows investors to leverage their positions with lenders, potentially increasing the amount of capital available to the sector.

Some important aspects nevertheless remain subject to further guidance from the ANM, particularly with respect to the treatment of registrations and the safeguards available to the parties. It will also be important to monitor how registered streaming and royalty agreements are treated in insolvency proceedings, where many of the protections introduced by the Law will be put to the test.

4.5 Infrastructure: REIDI e PPI

Critical and strategic mineral projects typically require substantial investment long before they generate revenue. Access roads, transmission lines, processing facilities, dams, and rail connections often have to be built years before production begins, making infrastructure costs a significant component of project development.

To help reduce those costs, Law 15.506 extends eligibility for the **Special Incentive Regime for Infrastructure Development (REIDI)** to mining, processing, mineral transformation, and urban-mining projects involving critical and strategic minerals. In practical terms, REIDI reduces the tax burden for qualifying infrastructure projects by suspending the federal PIS and COFINS gross receipts taxes on goods and services incorporated into project infrastructure and fixed assets. For companies that have not yet begun generating revenue, it can also help avoid the accumulation of tax credits that may take years to recover.

Access to REIDI is not automatic. Projects must receive approval from the relevant ministry, register with the Federal Revenue Service, and be covered by the annual budget law. Like the other tax incentives created by the PNMCE, the benefit is also subject to the five-year sunset period discussed in topic 3.7.

REIDI will continue to benefit the critical and strategic minerals segment following Brazil's consumption tax reform. In fact, as PIS and COFINS are phased out by the new federal Goods and Services Contribution (CBS), and the new Goods and Services Tax (IBS) replaces the current state and municipal taxes, REIDI's impact may even increase, since it will extend to state and municipal taxes that apply to equipment purchases and engineering services. At the same time, the transition period through 2033 will require careful planning, since the tax treatment of project expenditures may vary depending on when goods and services are acquired.

If REIDI is designed to reduce development costs, inclusion in the **Investment Partnerships Program (PPI)** is intended to accelerate project execution. Under Law 15.506, critical and strategic mineral projects, together with associated infrastructure, may now qualify as projects of strategic national importance under the program.

In practical terms, PPI designation helps coordinate the work of the various agencies involved in project development and permitting. It also gives projects direct support from the PPI Secretariat in coordinating interactions with the National Mining Agency (ANM), environmental authorities, FUNAI, IPHAN, and other government bodies whose approvals may be required.

For mining projects, where development timelines are often affected by overlapping requirements imposed by multiple authorities, that coordination can significantly improve predictability. The benefits may become even more significant when combined with the accelerated review procedures and special environmental licensing mechanisms discussed in topic 4.9.

PPI designation may also facilitate partnerships with public entities for the development of associated logistics and energy infrastructure, including railways, ports, and transmission lines, which are often critical to a project's economic viability.

4.6 BNDES financing through the Climate Fund

The **National Climate Change Fund** (Climate Fund) is one of Brazil's principal sources of climate-related financing. Through the Brazilian Development Bank (BNDES), the fund supports projects that contribute to climate-change mitigation and adaptation, often on more favorable terms than those available from commercial lenders, including lower borrowing costs and longer repayment periods. In recent years, the Fund has received a significant increase in available resources, including proceeds from Brazil's sovereign sustainable bond issuances.

Law 15.506 expressly authorizes BNDES to use Climate Fund resources to finance projects involving the processing, transformation, and urban mining of critical and strategic minerals where those activities contribute to climate-change mitigation or adaptation.

The significance of the measure lies not only in the financing it makes available, but also in its explicit recognition of critical and strategic minerals as part of Brazil's energy-transition agenda. By making these activities eligible for Climate Fund financing, the Law opens access to a source of long-term, potentially lower-cost capital for the processing and downstream activities that the PNMCE seeks to attract to Brazil. This is particularly significant because these stages of the value chain generally require substantial capital investment and tend to generate returns over a longer time horizon than mining activities themselves.

Access to Climate Fund financing is also likely to be accompanied by environmental-performance and emissions-reporting requirements, bringing it closer to the climate-transition mechanism discussed in the following topic.

Future regulations will define the eligibility criteria, financing terms, and other conditions applicable to Climate Fund financing for critical and strategic mineral projects.

4.7 Low-Carbon Minerals Certificate (CMBC)

Law 15.506 creates the **Low-Carbon Minerals Certificate (CMBC)**, a voluntary certification that will measure the greenhouse-gas emissions intensity of minerals produced in Brazil based on a life-cycle assessment. The certificate will be available to companies engaged in exploration, mining, processing, transformation, and urban-mining activities involving critical and strategic minerals.

The CMBC is likely to gain commercial relevance as purchasers increasingly seek information about the carbon footprint of their supply chains. This is particularly true for exports to jurisdictions that have adopted carbon-pricing mechanisms or other climate-related requirements.

By creating a mechanism to certify emissions intensity, the Law seeks to position Brazilian producers to respond to those evolving market expectations. At the same time, implementing the CMBC is likely to take some time, given the technical complexity of life-cycle assessments and certifications.

4.8 Time limits for reallocating mining rights

Law 15.506 gives priority to areas prospective for critical and strategic minerals in the ANM's auction process, although the applicable requirements and bid-evaluation criteria remain subject to future regulation.

The more significant change concerns timing. When mining rights in a given tract of land lapse or are otherwise extinguished, the ANM will have up to two years to reallocate the rights through an auction process. Once that period expires, the rights will again become available under Brazil's priority-based system for acquiring mining rights.

The measure is intended to address a longstanding issue in the sector: tracts that remain unavailable for long periods after the underlying mining rights have ceased to exist. By establishing a deadline for reallocation, the Law may create new opportunities for companies actively monitoring the market for prospective locations.

The provision appears to apply only to certain areas containing critical and strategic minerals, however, and its practical impact will depend on future regulations defining the scope of the auction requirement.

4.9 Priority review and the Special Environmental License

Environmental permitting is often one of the main factors affecting the timeline of mining projects. To address this issue for projects considered strategic, Brazil's environmental licensing framework introduced the **Special Environmental License (LAE)**, a permitting pathway that provides priority review and streamlined procedures for projects designated as strategic by the federal government.

Under Law 15.506, projects designated as priorities by the CIMCE may be referred for inclusion in the LAE regime, opening the door to a potentially faster environmental permitting process. While projects must still satisfy the requirements applicable to the special licensing regime, designation by the CIMCE is likely to become an important step toward accelerated environmental review and reducing the time between discovery and commercial operation.

Law 15.506 also seeks to accelerate project development more broadly. The Ministry of Mines and Energy (MME), the National Mining Agency (ANM), and other federal, state, district, and municipal authorities are required to prioritize the review of critical and strategic mineral projects. The Decree reinforces this requirement at the federal level by directing ministries and public entities to give priority to matters submitted by the CIMCE.

5. Next steps

Although much of the new framework still depends on future regulations, companies do not need to wait for the final rules before taking action.

A good starting point is to review existing mining rights, projects, and commercial arrangements that could fall within the scope of Brazil's new Policy on Critical and Strategic Minerals. That review should include suspended or inactive projects involving minerals that may ultimately appear

on the official list of critical and strategic minerals. Publication of that list is likely to be one of the earliest steps in implementing the PNMCE.

Exploration-stage projects deserve particular attention. The new ten-year deadline for completion of the exploration phase, combined with the practical difficulties of securing access to the land where the mining rights are located, may force companies to engage with landowners earlier than they otherwise would. As the deadline approaches, miners may lose bargaining power in those negotiations.

Companies should also examine ongoing transactions and financing arrangements to determine whether they could trigger CIMCE approval requirements. Potentially affected transactions include acquisitions, financings secured by mining rights, offtake agreements, and arrangements involving international parties.

Geological data also warrants careful handling. Until the government clarifies what constitutes "geological information of strategic interest," companies should take a cautious approach when giving international investors access to geological information through data rooms and similar processes.

The new framework also requires companies to revisit their financial assumptions. Economic models should incorporate the mandatory contributions to R&D&I and the FGAM and treat the new tax incentives with caution given their five-year sunset period. Projects focused on products with limited value addition in Brazil should assess whether they could remain competitive if future regulations place greater emphasis on domestic processing and downstream activities.

At the same time, companies that expect to benefit from the new incentives should begin preparing now. As the regulatory framework takes shape, early attention to project registration and qualification may prove important. Priority-project status is likely to become the gateway to several of the Law's most important benefits, including access to the FGAM, the PFMCE, incentive debentures, and the Special Environmental License regime. Companies should also revisit existing financing structures in light of the new rules governing streaming and royalty agreements.

Finally, companies should monitor the regulatory process closely and participate in public consultations where appropriate.

Our team continues to monitor the implementation of the PNMCE and can assist in evaluating how the new framework may affect specific assets, transactions, and investment plans. BMA Advogados is one of Brazil's leading full-service law firms, recognized for advising companies and investors on the most significant and sophisticated transactions in the market.

Key points

What is Brazil's National Policy for Critical and Strategic Minerals (PNMCE)?

On 16 September 2026, Brazil enacted Law 15.506/2026, establishing the National Policy for Critical and Strategic Minerals (PNMCE – *Política Nacional*

de Minerais Críticos e Estratégicos) and creating a dedicated regulatory framework for the sector.

How does Law 15.506/2026 define critical minerals and strategic minerals?

Under Law 15.506, critical minerals are those considered essential to key sectors of the economy and whose supply may be vulnerable for geological, political, or technological reasons. Their scarcity must be capable of affecting areas such as the energy transition, food and nutrition security, or Brazil's national security and sovereignty. Strategic minerals are defined by their importance to Brazil's development. The category includes minerals for which Brazil holds significant reserves and that are considered essential to the country's trade balance or to technological and regional development.

Could iron ore be classified as a strategic mineral under Law 15.506/2026?

Iron ore, for example, could potentially be classified as a strategic mineral because of its importance to Brazil's trade balance, and preliminary discussions with government officials suggest that this is being considered.

Which transactions require CIMCE approval under Brazil's critical minerals law?

The Law makes a broad range of transactions, including corporate acquisitions, foreign investments, supply arrangements, and transfers of mining rights, subject to approval by the National Council for the Industrialization of Critical and Strategic Minerals (CIMCE), regardless of whether the transaction is commercial in nature.

When must CIMCE approval be obtained, and does it apply to deals closed entirely outside Brazil?

The Law refers to approval (*homologação*) rather than prior consent (*anuência prévia*), which suggests that the review process may occur after a transaction has been entered into, although the point remains uncertain. Even so, the Law already identifies several categories of transactions that will be subject to approval. The first is any direct or indirect change of control of a company holding mining rights to critical or strategic minerals. As drafted, the provision would capture transactions taking place entirely outside Brazil.

What R&D&I and FGAM contributions does Law 15.506/2026 require from mining companies?

For the first six years following implementation of the new framework, companies must devote at least 0.3% of gross operating revenue, net of applicable taxes, to R&D&I activities related to the critical and strategic minerals value chain. In addition, they must allocate at least 0.2% of the same revenue base to capitalize the FGAM through the acquisition of fund units. Beginning in the seventh year, the minimum R&D&I expenditure increases to 0.5%, while the FGAM contribution remains unchanged.

What is the maximum exploration period for critical and strategic minerals in Brazil?

One of the most significant regulatory changes introduced by Law 15.506 is

the imposition of a ten-year limit for completion of the exploration stage in areas containing critical or strategic minerals. The period begins when the exploration permit becomes effective, and failure to submit the Final Exploration Report within 10 years may result in forfeiture of the mining title. The Law treats the deadline as absolute, allowing neither extension nor suspension. The only exception is the time demonstrably spent obtaining the environmental authorizations required for the project to commence operations.

How long will the tax incentives under Law 15.506/2026 remain in effect?

A central feature of Law 15.506 is the use of tax and financing incentives to encourage investment in the critical and strategic minerals sector. However, the Law subjects tax incentives to a five-year sunset period, with the result that any provision granting, expanding, or renewing a tax benefit will cease to have effect after five years unless extended by future legislation. The issue is particularly significant in the mining sector, where projects often require more than a decade to progress from exploration to commercial production.

Can Brazilian subsidiaries of foreign groups access the PFMCE tax credit?

The Federal Program for the Processing and Transformation of Critical and Strategic Minerals (PFMCE – *Programa Federal de Beneficiamento e Transformação de Minerais Críticos e Estratégicos*) is one of the principal incentives created by Law 15.506. Its main benefit is a tax credit of up to 20% of eligible expenditures incurred in Brazil on mineral processing, downstream transformation activities, and urban mining through 31 December 2034. The program is open to companies incorporated under Brazilian law and headquartered and managed in Brazil, regardless of the origin of their capital. As a result, Brazilian subsidiaries of foreign groups are, in principle, eligible.

Which companies can issue incentive debentures for critical and strategic mineral projects?

Subject to future regulations, priority projects may issue incentive debentures not only for processing and transformation activities, but also for prospecting, exploration, and mine-development activities, provided they are linked to projects involving the processing, transformation, or urban mining of critical and strategic minerals. Law 15.506 amends Law 14.801/2024 to limit access to incentive debentures to companies with annual revenues of up to BRL 5 billion, a restriction that did not previously exist. In practice, the measure directs the instrument toward emerging and growing companies rather than the sector's largest producers.

What is the effect of registering streaming and royalty agreements with the ANM?

Once registered, these agreements become enforceable against third parties, and investors are entitled to compel performance of contractual obligations in the event of default. Moreover, the agreements themselves can also be used as collateral in financing transactions with authorized financial institutions. Registration strengthens the legal protection available to investors without requiring the transfer of ownership of the mining right.

What should companies do now, before the PNMCE regulations are

issued?

Although much of the new framework still depends on future regulations, companies do not need to wait for the final rules before taking action. A good starting point is to review existing mining rights, projects, and commercial arrangements that could fall within the scope of Brazil's new Policy on Critical and Strategic Minerals.

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