

## International Trade Issues in Mining

*Brenda C. Swick*

April 28, 2026

### Venezuela Mining Sanctions Update

The U.S. has relaxed sanctions on Venezuela's mining sector through new authorizations issued by the US Treasury's Office of Foreign Assets Control (OFAC). The relaxation is significant for mining investors, including those investing in or alongside Canadian mining, streaming, or royalty companies with US exposure (e.g., US subsidiaries, US-dollar financing, US investors, or US trading and processing arrangements). Canada has not relaxed its sanctions, creating a material divergence that investors should factor into diligence and valuation.

OFAC recently issued General Licenses [GL 51A](#), [GL 54](#) and [GL 55](#) expanding permitted activity in Venezuela's minerals sector. [GL 51A](#) allows US entities to trade all Venezuelan-origin minerals; [GL 54](#) permits US persons to supply goods, equipment, technology, and services for mining and production; and [GL 55](#) allows negotiation of contingent investment, streaming, or royalty agreements, subject to OFAC approval. OFAC has also clarified in [FAQ 1247](#) that non-US investors relying on these licenses generally do not face US secondary sanctions if the stipulated conditions are met. However, Canadian sanctions remain fully in force, meaning activity permitted under US law may still be prohibited for Canadian companies—making cross-border sanctions risk, deal structure, and snapback exposure critical considerations for mining investors.

### Beyond Asset Freezes: Canada's Sanctions Now Reach Earnings

The recently enacted [Budget Implementation Act, 2025, No.1](#) amends the [Special Economic Measures Act](#) to authorize the Minister of Finance to order federally regulated financial institutions to remit to the Receiver General of Canada any profits generated from property held for sanctioned persons or states. The amendment is designed to target "windfall profits" from sanctioned assets and redirecting them for public policy purposes. The amendments also allow regulations requiring financial institutions to disclose information about sanctioned property and related profits, though no such regulations have yet been issued.

These changes move Canadian sanctions beyond asset freezes to allow the claw back of profits from sanctioned property. For investors, this heightens legal, valuation, and counterparty risk, as returns may be subject to seizure, disclosure obligations, or future regulatory action—reinforcing the need for robust sanctions diligence and deal structuring.

## Canadian Court Ruling: Sanctions Prohibitions Can Override JV and Payment Contracts

A recent Alberta Court of King's Bench decision has materially increased sanctions-related risk for Canadian companies. In [RN Cardium Oil Inc. v. Loyal Energy \(Canada\) Operating Ltd.](#), the Court confirmed that Canadian sanctions obligations can override contractual payment rights, even where the counterparty is not expressly listed under Canada's sanctions regime. The Court dismissed a multi-million-dollar claim after finding that payment would have violated Canadian sanctions because the recipient was indirectly controlled by a sanctioned entity.

While the case arose outside the mining sector, its implications are directly relevant to mining companies that operate through joint ventures or minority ownership structures, rely on royalty, streaming, or offtake arrangements, use project-level financing structures, or have investors or counterparties with state links or complex offshore ownership. The Court adopted a broad, purposive interpretation of the deemed ownership rules in Canadian sanctions legislation, looking beyond formal shareholdings to voting power, governance rights, and board influence. Critically, it held that counterparties may be legally required to suspend payments where Canadian sanctions apply.

In practical terms, joint venture, royalty, and offtake payment obligations may become unenforceable due to sanctions, even in the absence of contractual default. Incorporation in Canada does not insulate counterparties from sanctions exposure, and existing projects may face payment interruptions or disputes notwithstanding otherwise valid contractual arrangements. As a result, sanctions risk now directly affects cash flow, project economics, and deal certainty. Mining companies with international ownership structures or exposure to sanctioned jurisdictions should carefully assess whether their existing sanctions diligence and counterparty reviews remain sufficient in light of this decision. [Further information can be found here.](#)

---

*This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.*