

Modernizing Ontario's Mining Act - Update



Ministry of Northern Development and Mines

**Porcupine Prospector's Association
Mineral Tenure Workshop
Timmins, January 12th, 2012**

Mining Act Modernization

What will we discuss tonight.

Overview:

1. Review of MAM Phase 1 Roll-out.
2. Tentative Roll-out of MAM Phase 2 - Summer 2012.
3. What's in Phase 3?

Workshop:

Ground Proofing and Map Staking

Assessment work

Phase 1 Rollout

January, April and June
2011

Regulatory Items for Phase 1

Phase 1a-January 1, 2011:

- Applications for withdrawal of mining rights on private surface rights in Northern Ontario.
- Authority to Waive Mining Lands Tax.
- Exemption from Mining Lands Tax where lands patented for mining purposes but not being used for mining purposes.

Phase 1b-April 4th, 2011:

- Map Staking in Southern Ontario (Regulation in effect).
- Confirmation of Staking to surface rights owners.
- Other General Provisions.

Phase 1b-June 3rd, 2011

- Map Staking in Southern Ontario (land open).

Regulatory Items for Phase 1

Other General Provisions Effective April 4th, 2011:

- Section 17 (1) (M.A.): outlining that any document received in the Provincial Recording Office after 4:30 p.m. local time will be deemed to be received the next day that the office is open.
- O. Reg 45/11: Any document filed by electronic means after 4:30 p.m. on a business day is deemed to be filed at 8:30 a.m. the next business day.
- If fees are required to be submitted, a document is deemed filed once both the document is submitted and the fees are received.
- Section 44 (1) of the Act: An application to record a ground staked claim must be made no later than **30 days** after staking (previously 31 days).
- Section 83: exchange of leases provides more flexibility to the client when wanting to exchange a lease.
- General Reg: rate of interest for overdue rents on Lease and L.O.'s set on same basis as Ministry of Finance and other ministries.

Phase 2 Rollout

Tentative Roll-out; Summer of 2012

Regulatory Items for Phase 2

Items under consideration for Phase 2:

- Changes to Assessment Regulation, which include the introduction of Cash in Lieu and the eligibility of Aboriginal Consultation and Ground Proofing as eligible expense for assessment credit.
- The requirement to take the Mining Act Awareness Program in order to obtain or renew a prospector's licence.
- The requirement to have five units of assessment work applied to a mining claim in order to apply for lease.
- Modernizing of language in Sections 29, 30, and the repeal of Section 32, all regarding lands that are open for staking, or require consent of the Minister.
- Changes to the withdrawal provisions, and the rights of a licensee to use the surface rights on a mining claim.

Note: This talk does not include the introduction of plans and permits.

Ground Proofing

- Ground proofing is the process of georeferencing the location of claim posts on a recorded mining claim, using a global positioning system (GPS) to a standard set out by the Ministry.
- A recorded holder will be able to submit a report of work and receive assessment credit if the data is accepted by the Ministry.

Clive Stephenson will discuss this in more detail in his talk on Ground Proofing and Map staking

Cash In Lieu

- Cash in Lieu (C.I.L.) is the ability to pay a cash payment in lieu of filing assessment work on a mining claim.
- Most jurisdictions in Canada have some form of Cash in Lieu provision.
- The Ministry will consider restrictions on the use of C.I.L., such as:
 - Can't use it to satisfy your first unit of assessment work.
 - Can't use it two years in a row.
 - Can only apply it to the current year's assessment work.
 - Can't use the assessment credit to bring a claim to lease.

Aboriginal Consultation Expenses:

- Aboriginal consultation expenses are expenses related to consultation activities associated with the engagement of a First Nation's community prior to or during an exploration program.
- Aboriginal consultation expenses are common costs associated with exploration programs carried out in the Province.
- The Ministry needs to specifically define what is considered a consultation expense.
- The Ministry needs to determine how much is eligible for submission (100% or capped).

Mining Act Awareness Program

- Prior to obtaining a new or renewing an existing prospector's licence, the applicant must have completed the Prospector's Awareness Program (Mining Act Awareness Program).
- It will be an online Internet based application.
- No pass or fail, just confirmation of completion of the program
- Will need to complete when:
 - ✓ Obtaining a prospector's licence.
 - ✓ Renewing a prospector's licence.
 - ✓ Once for all lifetime prospectors (two year window).
 - ✓ Will have to have been taken by someone on an exploration worksite.
- There will be a two year window for permanent licensees and those who's license does not need to be renewed for more than two years.
- **The Minister has the ability to waive the requirement to take the program.**

Lease Provisions

- Along with the other provisions outlined in Section 81 of the Mining Act, **five units** of assessment work must be applied to a mining claim before an application for lease can be made.
- The lease renewal policy will be reviewed and updated to ensure the policy consistently reflects the legislative requirements.
- Updating the regulation for Lease terminations to provide more flexibility to the Ministry to terminate a lease after it has gone into forfeiture (administrative in nature).

Lands Open for Staking

(Sections 29, 30, 32)

- Does not require any Regulatory Development; proclaiming the Legislation only.
- Section 29 and 30 have more current wording.
- It now provides the Minister the ability to grant consent and to include a small area of land in a claim after the staking has occurred.
- Adds provisions for a land use plan under the Far North Act.
- Also repeals Section 32, which was extremely outdated and problematic.
- Values not included in these sections would be considered for protection under the terms and conditions of an exploration permit.

Lands Open for Staking

(Sections 35 and 51)

- Section 35 allows for the Withdrawal of lands or where there is a site of Aboriginal cultural significance.
- Clarifies some of the uses that section 35 would be used for, such as a public benefit, pipeline, public highway and power transmission.
- Section 51 allows for the restrictions on the use of surface rights on a mining claim where there is a site of Aboriginal cultural significance.
- Where a restriction is to be made, the claim holder can make representations to the Minister.

Phase 3 Rollout

Tentative Roll-out 2013
through 2014

Regulatory Items for Phase 3

Items under consideration for Phase 3:

Map Staking – Clive Stephenson

- Ground Proofing
- Online Web-based staking system.
- Transition to the use of Grid system.
- Online Payment.

Review of Assessment Regulations – Roy Denomme

- Streamlining of current processes.
- Allowing newer technologies for assessment credit.
- Greater flexibility for clients to manage their land.

Turn it over to Clive Stephenson on Map Staking Workshop.

Phase 3 Rollout

Workshop Questions

Assessment Work

Assessment Work Regulations

Why the Review?

The current assessment work regulations have been in place since 1991, we're looking for your input.

- Are the current regulations still valid in 2011;
- Are there Changes needed to bring the regulations more in line with current exploration activities; and
- Can the rules be simplified, regulatory burden removed to help claim holders manage their mining claims more efficiently.

Assessment Work

Annual Assessment work requirements:

Ontario has required \$400.00 per unit as a standard since 1991.

Consider that:

- \$400.00 does not buy you the same amount of work as it did in 1991.
- Ontario's rate is static (does not increase during the life of a mining claim).
- Many Canadian jurisdictions have a graduating rate (less assessment work to begin, and greater amounts once the claim has been on record for a significant time (10 years)).

Ontario wants to ensure it maintains a balance between requirements to hold land for exploration, and ensuring that land not being used is returned for others to stake.

Question:

How should Ontario structure its annual assessment work requirements? Is there need for a change?

Annual Assessment Work Requirements (escalating)		
Province	Initial Requirement	Maximum requirement
Ontario	\$25.00 per ha.	\$25.00 per ha.
Manitoba	\$12.50 per ha. (2-10)	\$25.00 per ha. (11+)
Saskatchewan	\$12.00 per ha. (2-10)	\$25.00 per ha. (11+)
British Columbia	\$5.00 per ha. (1-2)	\$20.00 per ha. (7+)
Newfoundland	\$12.50 per ha.	\$75.00 per ha. (16-20 yrs)

Assessment Work-Assignment

Assignment of assessment credits from one mining claim to other contiguous mining claims:

Like most jurisdictions in Canada, assessment credit banked on a mining claim can be assigned to assessment work requirements for adjacent contiguous claims.

Some jurisdictions limit assignment by distance from the work, others have a maximum that can be assigned.

Currently, Ontario allows \$24,000.00 per unit up to a max of \$96,000.00 for an unpatented mining claim, and \$1,500 per ha. to a maximum of \$96,000.00 for other mining lands.

Question:

Should Ontario make any changes to the amount of assessment credit that can be assigned from one mining claim to another?

Applying Assessment Credits

Applying assessment credit forward on a mining claim.

In Ontario, credit can be assigned to a mining claim to meet the current work requirement plus **five subsequent years** of assessment work requirements.

Some jurisdictions have similar restrictions while others have no restriction on how far forward credit can be applied to a mining claim.

Some jurisdictions also require a claim to be renewed every year and in some cases a fee to renew is applied. This ensures the claim holder is actively holding the land.

Question:

Should the limit regarding the number of years assessment work can be filed be forward on a mining claim be changed?

Assessment Work-Beneficial Interest

Assignment of Credits:

Beneficial interest in land must be VALIDATED before assessment work credit can be assigned from mining claims or mining lands to adjacent contiguous claims.

Mining Claims must be in the same name at the time the work was carried out, at the time the work is filed, and at the time the work is assigned to other claims.

Work can't be assigned to claims added to an existing claim block which has work in the bank.

Claim holders must keep track of all work reports where work is banked and how much was banked from each report, if they want to use the bank.

Ontario is looking at simplifying the requirements around beneficial interest.

Assessment Work-Patents

Ontario is one of few jurisdictions in Canada that allows work on Patents, Leases and LOs to be used for assignment to mining claims.

Currently \$275,000,000.00 in assessment credit from patents and leases is banked, and can be used to keep unpatented claims in good standing.

Ontario is reviewing its allowance of assessment work from Patents, Lease, and LO to be used.

Question:

Should Ontario make any changes to a claim holder's ability to apply assessment credit from Patents, Leases, and LOs to contiguous Unpatented Mining claims?

Assessment Credit Types

Exploration activities and technical surveys have evolved over the last twenty years. Companies may also incur costs for activities not directly related to the gathering of geoscience data. The Ministry has identified some costs that it is considering as eligible assessment credit expenses.

What we have heard so far:

- Archaeological Studies (to determine Aboriginal or other cultural values prior to or in conjunction with exploration)
- Environmental Baseline studies associated with Exploration activity
- Lidar Surveys

Question:

Are there other expenses that Ontario should also consider?

Questions, Suggestions, Comments

Please send them to:

Roy Denomme

Senior Manager, Mining Lands Section

Northern Development and Mines

Roy.denomme@ontario.ca

Phone: 705-670-5840 (Toll Free 1-888-415-9845)

Fax: 705-670-5863 (Toll Free 1-877-670-1555)

Appendix A

