

2. Mineral Resources Act Regulations Targeted Engagement with Mining Industry Presentations

Date Range 2022 01 26 to 2022 02 23

12. 2022 01 26 Mineral Rights Review Board 13 pages [to Chamber of Mines]
13. 2022 01 26 Data Standards 23 pages [to Chamber of Mines]
14. 2022 02 18 Review of Royalty Regulations Development of Resources Legislation in the NWT 45 pages [to Producing Mines]
15. 2022 02 18 Benefit Regulations 14 pages [to Producing Mines]
16. 2022 02 23 Mineral Administration and Registries System 13 pages [to Chamber of Mines]
17. 2022 02 23 Prospectors Awareness Course and Prospectors License 10 pages [to Chamber of Mines]
18. 2022 02 23 Legacy Treatment Introduction 10 pages [to Chamber of Mines]
19. 2022 02 18 Benefit Regulations 28 pages [to Producing Mines]
20. 2022 02 18 Mineral Resources Act Implementation 14 pages [to Producing Mines]
21. 2022 02 23 Staking Disputes 15 pages [to Chamber of Mines]

Explanatory Note:

These documents were provided by Dept. of Industry, Tourism and Investment pursuant to ATIPP request ITI-22-23-G-129.

Presentation materials (PowerPoint presentation slides and any handout documents) on the development of the Mineral Resources Act regulations as given by the Department of Industry, Tourism and Investment to the NWT and Nunavut Chamber of Mines and other mining industry organizations (including individual companies) for meetings held between January 1, 2021 and December 13, 2022.

Documents previously made public have been removed and the meeting dates and recipients of the presentations have been identified as best as possible using [Tabled Document \(TD 817-192\)](#) Mineral Resources Act Implementation Engagement Tracking Log, November 25, 2022.



Mineral Rights Review Board

January 26, 2022

Government of
Northwest Territories

Introduction

- **Today will:**
 1. Explain the Mineral Rights Review Board
 2. Introduce what is in the MRA
 3. Set the stage for regulations to come



What is the MRRB?

- Replaces section 84 Ministerial Review
- Arms-length
- De-politicized
- Multi-person
- Merit-based



What can the MRRB decide on?

- Yes:
 - Decisions made or actions taken or omitted to be taken under the MRA and its regulations
- No:
 - Benefit agreements
 - Decisions under Ministerial discretion
 - Enforcement
 - Regulations making



Who can request a review?

- Applications for review can be filed by any person with a legal or beneficial interest in the subject matter of the decision made or action taken or omitted to be taken under the MRA and its regulations



MRRB is not the only resolution mechanism

- While the MRRB and Benefit Agreements Dispute Resolution body will be the only tribunal-like bodies under the MRA, other mechanisms for feedback loop, resolution and compliance are intended



Who is on the MRRB?

- Must not be an employee of ITI
- Must have specialized, expert or technical knowledge in one or more of
 - Mineral resources
 - Royalties administration
 - Law
 - Mineral rights and issuance of interests in minerals under the MRA



How does it work?

- Minister appoints least 4 members:
 - 1 chairperson: designated by Minister
 - List of members to sit on Panels
- Chairperson appoints 3 members to a Panel when request for review is filed



Terms

- Members:
 - 3 year term which can be renewed
 - 9 year consecutive max unless Minister determines it is in the public interest
- Chairperson:
 - 3 consecutive year max



Powers

- Procedural powers for hearing purposes
- Refer questions to the Supreme Court for an opinion
- **Make decisions by majority**



Regulations

- Will have to set out any further details of the Board or Panels
- Preliminary stages
- IGCS Protocol
- Ordering: can be developed but not finalized until the other regulations decisions are complete



Questions? Thoughts?

Thank you for listening today!





REVIEW OF ROYALTY REGULATIONS: DEVELOPMENT OF RESOURCES LEGISLATION IN THE NWT

January 2022

Government of
Northwest Territories

Intergovernmental Council

The promise of Devolution included a commitment to work collaboratively, as Northwest Territories governments, on the management of lands and resources in the NWT.

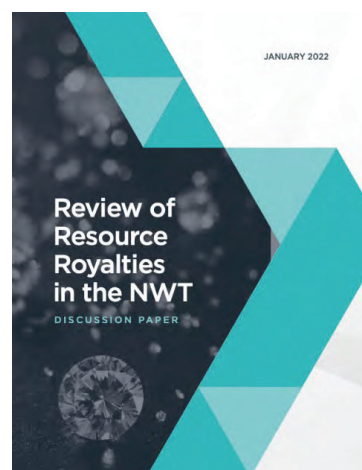
This commitment was formalized in December 2020 in a Legislative Development Protocol developed and adopted by the Intergovernmental Council.

The protocol is the first agreement of its kind in Canada.

Consistent with the Northwest Territories Intergovernmental Agreement on Lands and Resources Management, it respects the jurisdictions and authorities of Indigenous governments and the GNWT while also providing a mechanism for collaboration and consensus-building.

More importantly, as the IGC develops the regulatory framework for the Northwest Territory's first stand-alone Mineral Resources Act, the protocol is now being put into practice.

The work to review the NWT's resource royalty regime is one part of this historic work.

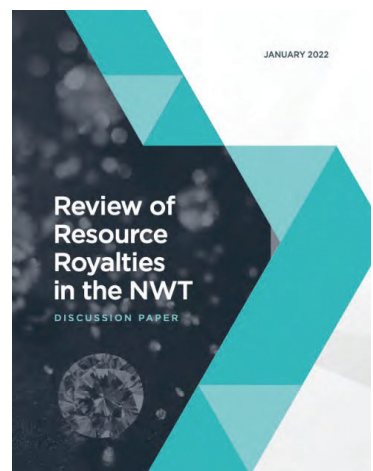


Intergovernmental Council

A discussion paper was completed at the Intergovernmental Council. It represents the beginning of to gather information to be used to inform discussion as we start to review the NWT royalty regime.

MEMBERS OF THE INTERGOVERNMENTAL COUNCIL INCLUDE:

- Government of the Northwest Territories(GNWT)
- Inuvialuit Regional Corporation
- Gwich'in Tribal Council
- Sahtu Secretariat Incorporated
- Northwest Territory Metis Nation
- Tłı̄cho Government
- Acho Dene Koe First Nation and the Fort Liard Metis Local #67
- Salt River First Nation
- Deninu Kye First Nation
- Kat'odeeche First Nation

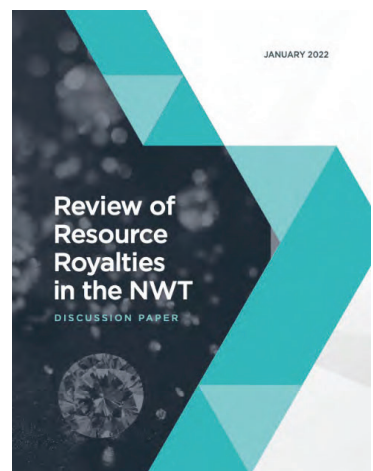


Discussion Paper Purpose

A discussion paper was completed at the Intergovernmental Council. It represents the beginning of to gather information to be used to inform discussion as we start to review the NWT royalty regime.

Six aspects of the NWT Royalties were examined:

1. What is a Royalty?
2. How do Royalty Regimes Work?
3. How do Royalties Work in the NWT?
4. Royalties and Other Revenues
5. The Business of Mining
6. Possible Concepts and Changes



Discussion Paper Questions

A. Are NWT royalty regulations providing a fair share of the profit?

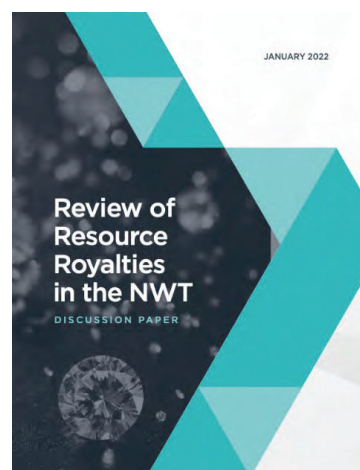
What is a fair share? Should the overall revenue and benefit of resource development to the NWT be a consideration? This could include long term capital assets like infrastructure and training that will outlast the mining project itself.

B. Are NWT royalty regulations contributing to a stable and competitive investment environment in the NWT?

Investors and proponents of major projects require clarity and certainty. Is the NWT regulatory system attractive to investors when compared to other Canadian and international jurisdictions?

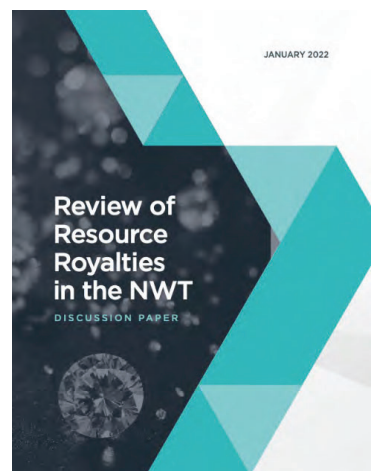
C. Is the utility of NWT royalty regulations being maximized?

Are there other ways to realize benefits for the NWT using royalties? For example, could we leverage their value to increase employment, procurement or investments in infrastructure and environmental sustainability?



Discussion Paper Priorities

- Effective management and development of the NWT's land and natural resources are seen as central to developing the NWT's economy.
- Resource development will be an important part of the future economy and economic growth is important for improving social conditions in NWT communities.
- The re-imagining of the NWT's fiscal framework around royalties is one that deserves a comprehensive, collaborative, and deliberate approach.



History of NWT Mineral Royalty Regime

- Royalties are paid by the owner of a mine to compensate for natural resources that are extracted.
- The existing royalty regulations were mirrored from the federal regulations as part of the 2014 Devolution Agreement.
- Royalty revenue is directly correlated with profitability of producers.
- Under the resource revenue sharing arrangements, royalty revenue is shared with Government of Canada and Indigenous governments in the NWT.



History of NWT Mineral Royalty Regime

- DIAND revision of the CMR royalty provisions was completed in 1995
- It included the following options:
 1. Project-Specific Royalty through contract (similar to that for the Argyle Diamond Mine in Australia)
 2. Commodity-Specific Royalty (similar to Saskatchewan and Western Australia)
 3. Retaining the single mining royalty structure for all minerals.
- Options 1 and 2 were rejected.



History of NWT Mineral Royalty Regime

Major proposed revisions included:

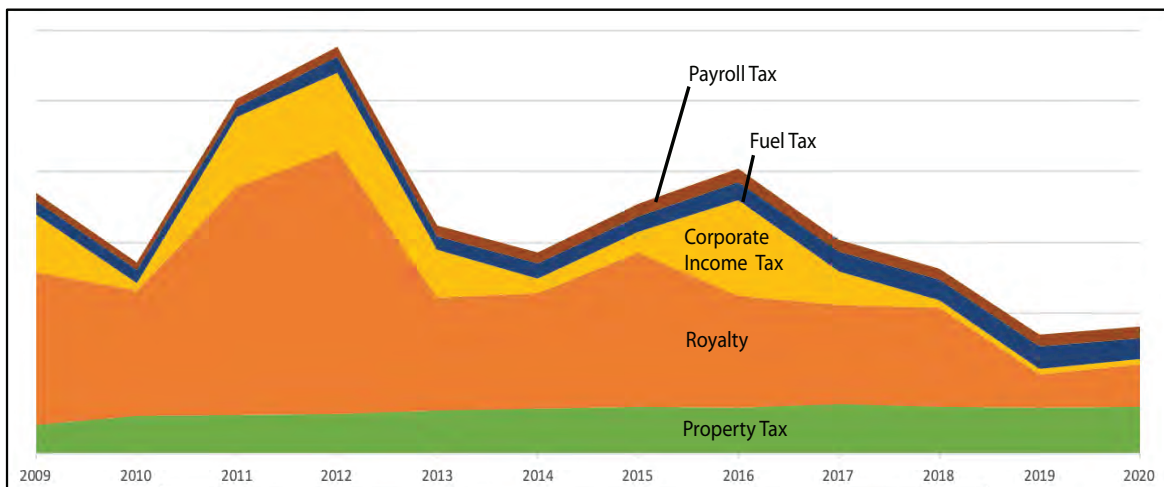
1. The rates were increased with the maximum rate increased to 14% (from 12%), and the rate for the \$10,000 to \$5 million in the annual value of mining output was increased from 3% to 5%.
2. Elimination of the then-available three-year royalty-free period.
3. Introduction of accelerated depreciation (100%) was used to recognize the high-risk nature of mining. The annual maximum allowances for depreciation and preproduction costs were increased from 15% to 100% of the original cost of the assets.
4. Expansion of asset base for depreciation allowance to include all buildings, plant, machinery and equipment used in the operation of the mine. This made capital expenditures on the camps and dedicated town sites that are necessary for the operation of mines in remote areas eligible for the depreciation allowance.
5. **Narrowing the asset base for the processing allowance to those assets used directly in processing.**
6. Deductible mining reclamation trust contributions in order to recognize the cost of providing this form of security for reclamation obligations under federal legislation in the N.W.T.
7. Diamond valuation using the valuation of diamond production by a federal government-appointed valuer prior to sale or export from Canada.

Workings and Tax Context of Regime

The equation used is $A + B - C + D + E + F + G + H - I + J$

- A = Sales/Revenue
- B = Closing balance of Inventory on hand at Year-end
- C = Opening balance of Inventory on hand
- D = Funds received that offset Deductions
- E = Asset Disposals
- F = Funds withdrawn for Reclamation and Restoration Provisions
- G = Funds received from insurance claims
- H = Forgiven Government Grants
- I = Deductions and Allowances
- J = Funds paid to other facilities for the sorting and processing of goods

Workings and Tax Context of Regime



Benchmarking the NWT Mining Fiscal Regime

As Governance and Financial concepts change through time and it is good practice to establish a benchmark for a Royalty system every ten years. The last benchmark was completed 2007/8.

PricewaterhouseCoopers was contracted to complete the first post-Devolution Review.

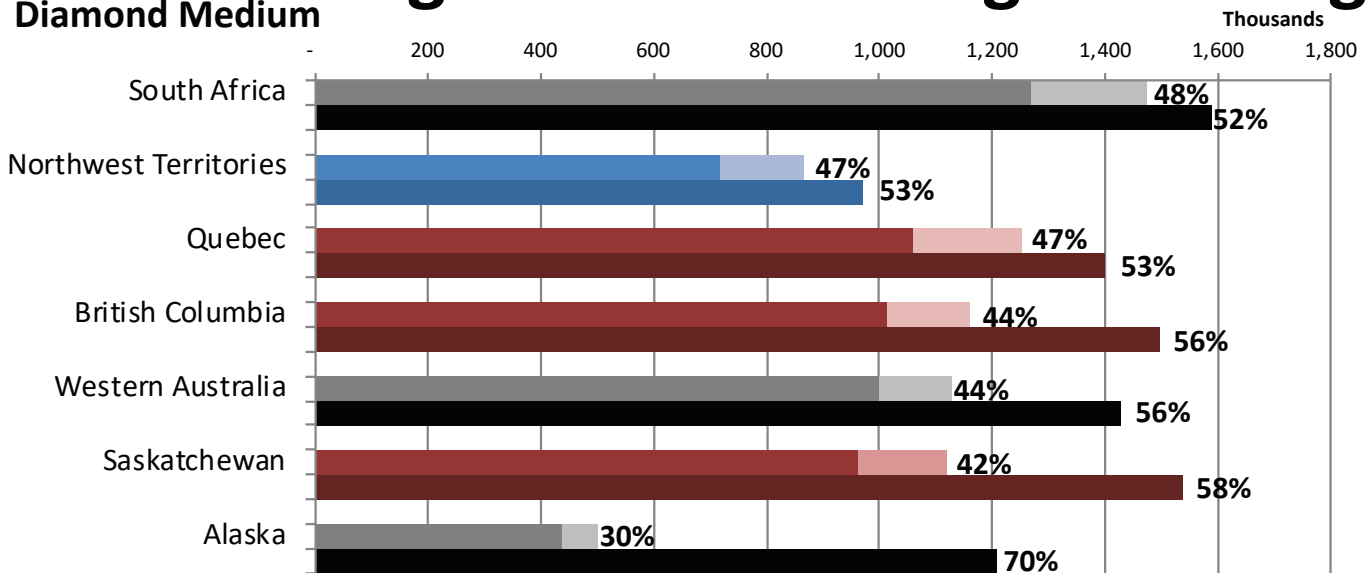
The assessment was conducted in phases to address four questions:

- Phase 1: Compare the direct taxes (corporate income tax and royalties) of the NWT to 21 other jurisdictions, while holding revenue and costs constant.
- Phase 2: Indirect taxes (payroll, property, fuel and carbon taxes) are added to Phase 1.
- Phase 3: Six of the comparison jurisdictions are further studied by using regional costs.
- Fair Return: Is the NWT receiving a fair return on its non-renewable mineral resources?



Benchmarking the NWT Mining Fiscal Regime

Diamond Medium



Ideal Royalty Regime

Proposed Ideal Rent Royalty (Chen and Mintz)	NWT Royalty Regime
Rents should be measured as the difference between sales revenue and current and capital expenditures (with no deduction for interest expense and depreciation). A presumptive deduction should be given for overhead costs based on a percentage of costs.	The NWT system is a profit-based system that is determined in a similar fashion. There is a depreciation allowance that can be deducted 100% at the operator's discretion.
The elimination of any super allowances or special tax credits for exploration, in favour of allowing the expensing of both successful and unsuccessful exploration costs.	There are currently no super allowances or special tax credits for exploration.
The elimination of processing allowances in favour of allowing the expensing of all depreciable assets, including processing asset expenditures, undermining taxes.	There is a processing allowance. However, it is not delivering on original policy objectives of encouraging value-added processing in the NWT and could be replaced.
Allowing the carry forward of all unused deductions (losses) at an appropriate uplift factor reflecting the government's share of risk (while no longer allowing excessive uplift factors or investment allowances to carry forward unused deductions).	This is not currently part of the regime in the NWT, although development and depreciation pools can be carried forward indefinitely.
Protecting the revenue base by levying a minimum tax on net sales (i.e. the selling price net of transportation and distribution costs), which should be creditable against the rent-based tax (no holidays from the mining tax would need to be provided).	There is no minimum tax in the NWT, although the existing property tax provides a similar function but is not deductible against the profit-based royalty.
The provincial mining tax would be assessed on mining at a rate compatible with provincial policy maker's judgement of their fiscal conditions and other policy concerns, such as competitiveness.	Studies have shown that the regime is competitive, as reconfirmed by the PwC Report (2020). There may be potential to make amendments to better reflect policy objectives.

Types of Royalty Regimes

The main royalty types suitable for the NWT have different pros and cons:

- a) Production Royalties (based on volume or weight)
- b) *Ad valorem* royalties based on the gross value of production
- c) Profit-based Royalties (NWT)
- d) Resource Rent-based Royalties (Ideal Royalty)
- e) Hybrid regimes (Minimum royalty as combined *Ad Valorem* or production with Profit-based royalty)



Production Royalties

- This approach is typically used for materials of low value that don't need much processing, such as sand, gravel, stone.
- As long as materials are mined, the government receives money.
- Does not work for metals or other minerals that need lot of work or treatment before they can be sold.
- This royalty is not used in Canada except for quarrying purposes.

Ad Valorem Royalties

- For this approach, the royalty is based on the value of the minerals as they leave the mine site.
- Mining companies pay royalties for as long as they are mining, but the amount can go up and down based on the price of the minerals.
- It is simple to administer.
- It does not consider if the mine is profitable or not, it can cause mines to close when the prices are low.
- It is the most common royalty regime in the world. However, it is not used as a stand-alone royalty in any regime in Canada.

Profit-based Royalties

- The royalties are paid based on the profitability of a mine.
- As the mineral prices change, the revenue for the government also changes.
When prices are really low or in the first few years of operations companies may not pay any royalties.
- This approach is very effective at getting the most benefits and revenue from an operation, as it adjusts to the market conditions.
- The accounting is complex and like income taxes this royalty has a low level of transparency.
- The approach is the most common in Canada and in most developed nations with a strong administrative capability.

Resource-Rent Royalties

- This is an Ideal System according to economists.
- Once the value of the resource is determined, it taxes a portion of income that exceeds a given return on investment thresholds.
- It is considered to be the method of getting the most value from a resource.
- It is used in the Oil and Gas sector successfully.
- Real-world application is problematic for mining.
- It requires complex underlying tax concepts with respect to the notion of rent.
- This method was tried in Australia but was ultimately a failure, raising only a fraction of its projected revenue

Hybrid Royalties

- Hybrid regimes usually combine two or more different types.
- The most common use a combination of Profit-based and *ad valorem* or production royalties.
- The combined royalties create a balanced regime where a minimum royalty is collected, royalties increase when the mine becomes profitable.
- The advantage of this regime is ensuring that the government receives revenue even if a mine never becomes profitable.
- Variations of this regime are used in BC, Saskatchewan and Quebec.

What We Heard

A number of topics of interest regarding NWT royalties were raised in the 2018 *Mineral Resources Act: What We Heard Report* (ITI, 2018):

- Participants commented that the level of taxes and royalties should address the impacts of mining without discouraging investment.
- Opinions were expressed about royalty allocation, especially that not enough money was shared with Indigenous organizations.
- Some respondents indicated a desire to increase the amount of revenue collected by government.
- Comments also included suggestions that the Government of the Northwest Territories (GNWT) was missing opportunities for mineral sector growth or not maximizing benefits from current production.
- Most industry participants commented that the current royalty approach seems to work well. The royalty system should be clear and competitive.
- Members of the public frequently commented that the NWT should receive a fair return for its mineral resources.
- The level of transparency combined with the complexity of the royalty regime were criticized.

Potential Royalty Review Items

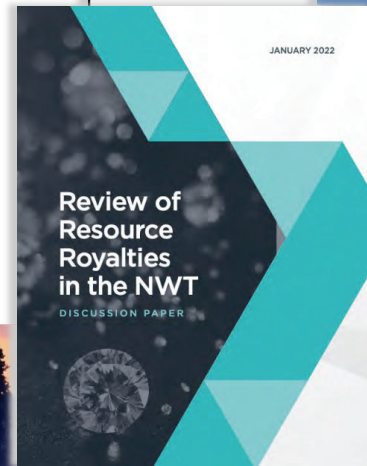
The review of the MR should be guided by the goals to increase in transparency and update the policy language from the perspective of the NWT.

Minimum Tax / Hybrid Regime	Infrastructure Contributions Deduction
Interest Rate Refinement	Processing Allowance Restructuring
Progressive Reclamation Deduction	Enhanced Mine Property Exploration Incentive
Reclamation Trust Revision	Off-Property Exploration Incentive
Northern Head Office Incentive	Northern Procurement Deduction



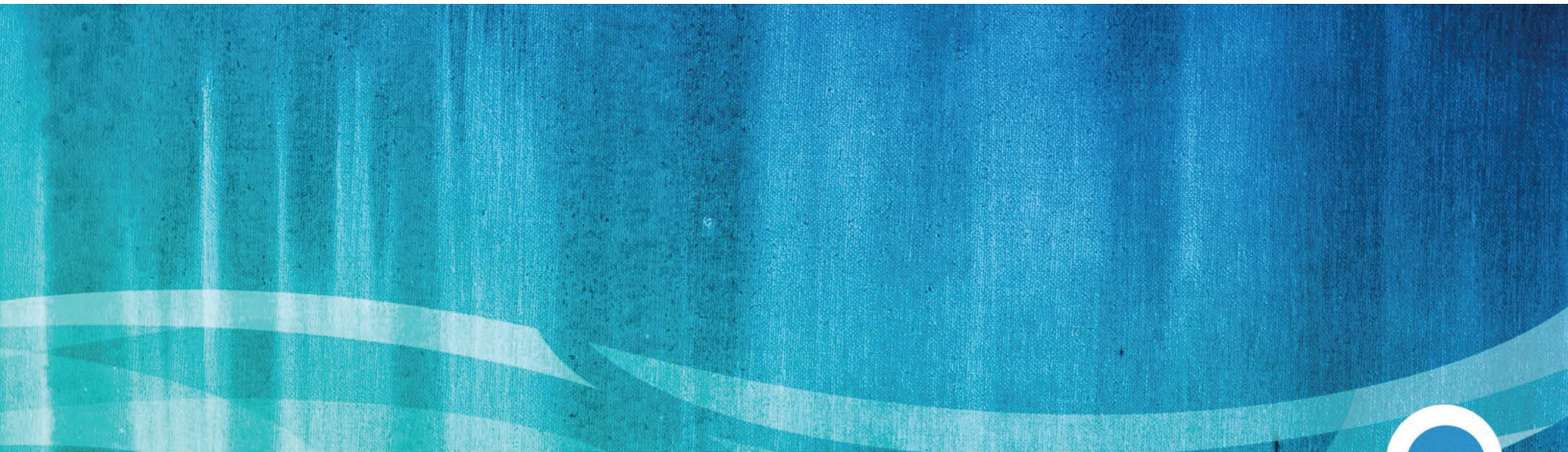
Path Forward of the Review of the NWT Royalty Regime

1. Competitive Analysis and Peer Review (PwC Report, Peer reviewed by Michael Doggett)
2. Co-development of review with Intergovernmental Council
3. Discussion Paper Development
3. Policy Option Development
4. Financial Modeling of Recommendations
6. Independent 3rd Party Review
7. Finalize Recommendations
8. Drafting of Royalty Regulations
9. Aboriginal Consultation (S.35) of drafted regulations
10. Commissioner Approval of amendments to the Royalty Regulations



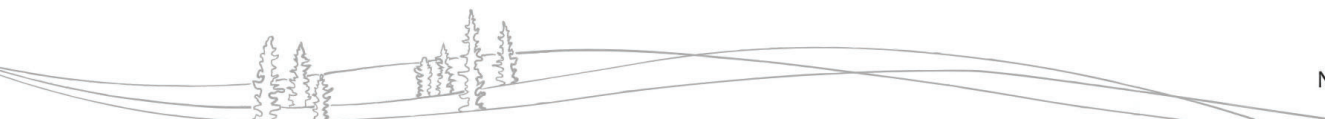
Questions





Economic Modeling

January 24, 2022



Government of
Northwest Territories

Modernization Approach

Evaluation of MRA enabled requirements require:

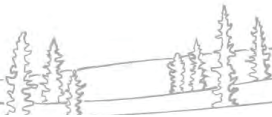
- Analytical Approach
- Understand relationship between regulations and patterns of behaviours



Economic Modeling

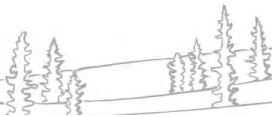
Model Inputs

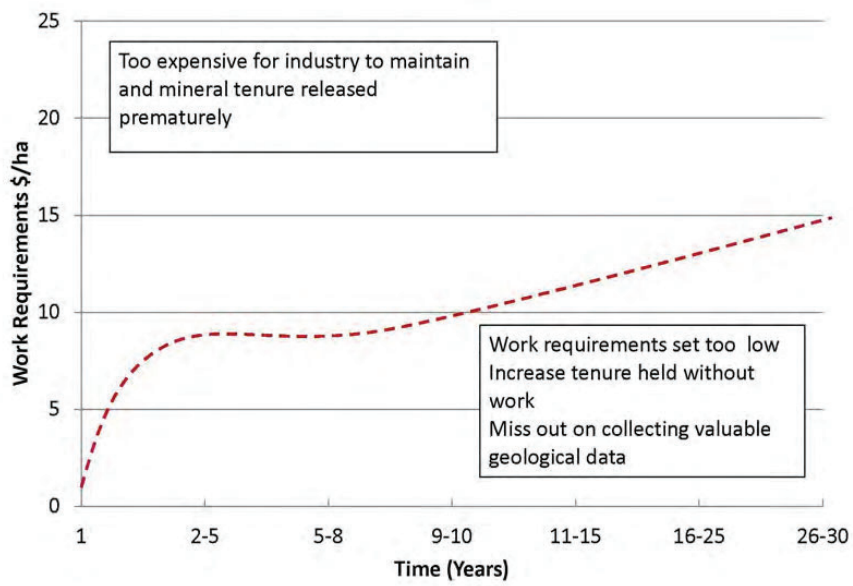
- Work Requirements by Jurisdiction
- Lease Rates by Jurisdiction
- Buying Power in NT vs. southern jurisdiction in the exploration industry
- Historic work submissions
- Exploration expenditures (company, stage, financing)
- Commodity Prices



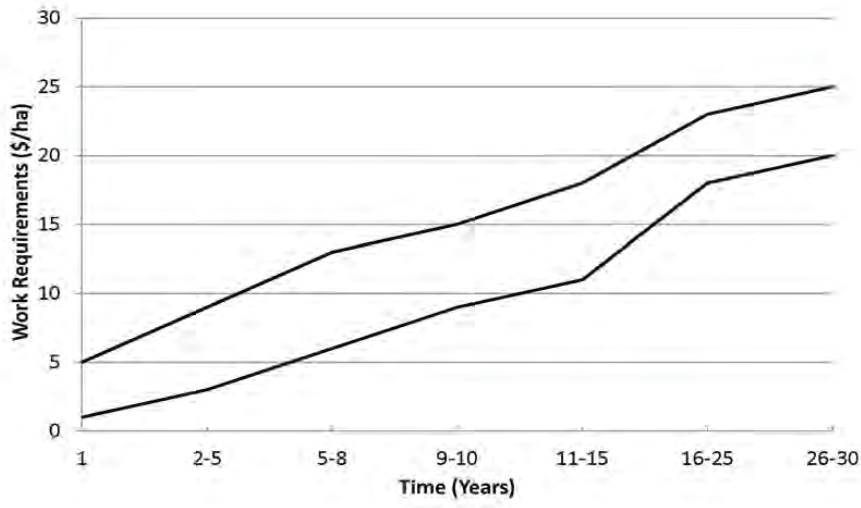
Economic Modeling Regulations

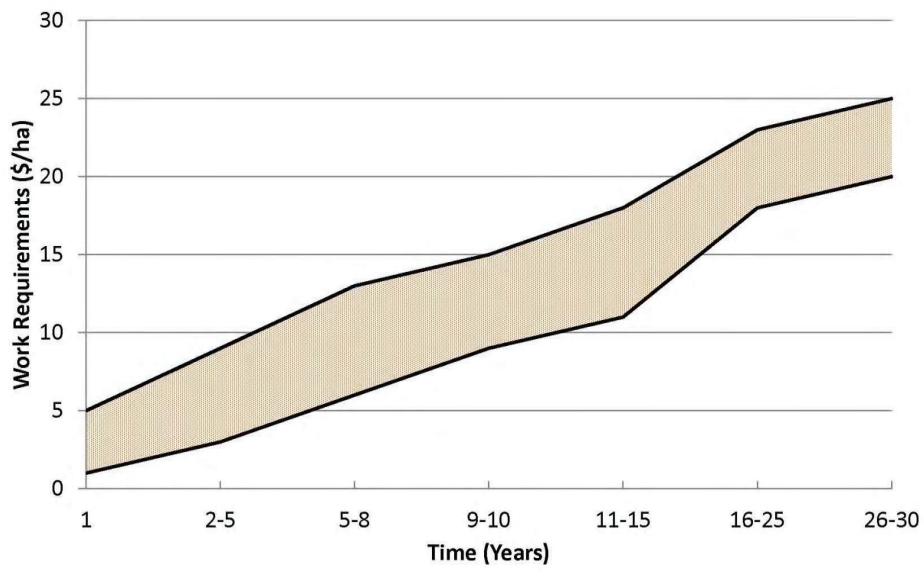
- Claim work values
- Total work over life of claim
- Structure of work requirements (timing)
- Feed into proposed lease rents
- Evidence of Deposit timing? Mining cycle stage? Proximity of the defined resource to Production?
- Dynamic graphing tool to be used as variables are defined and aid the regulation development process



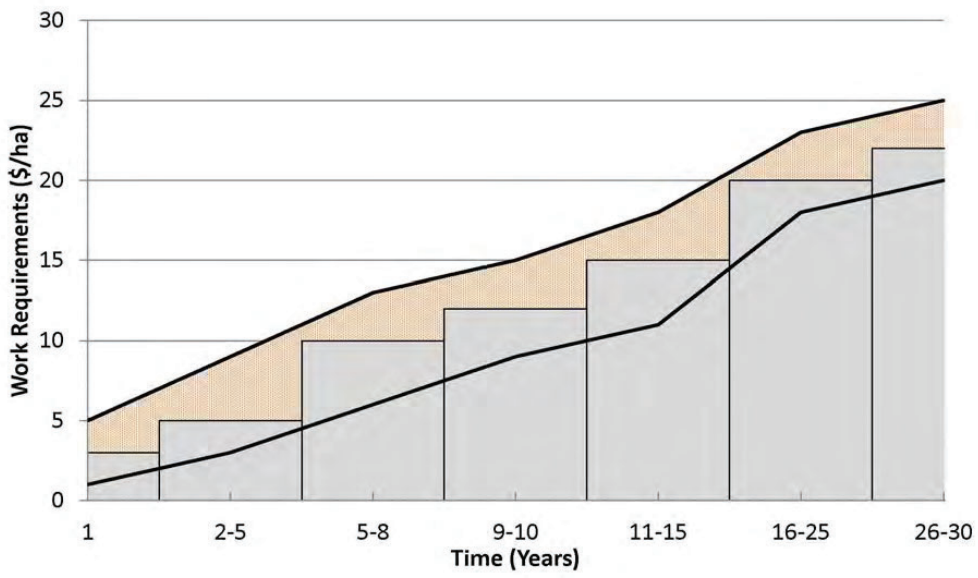


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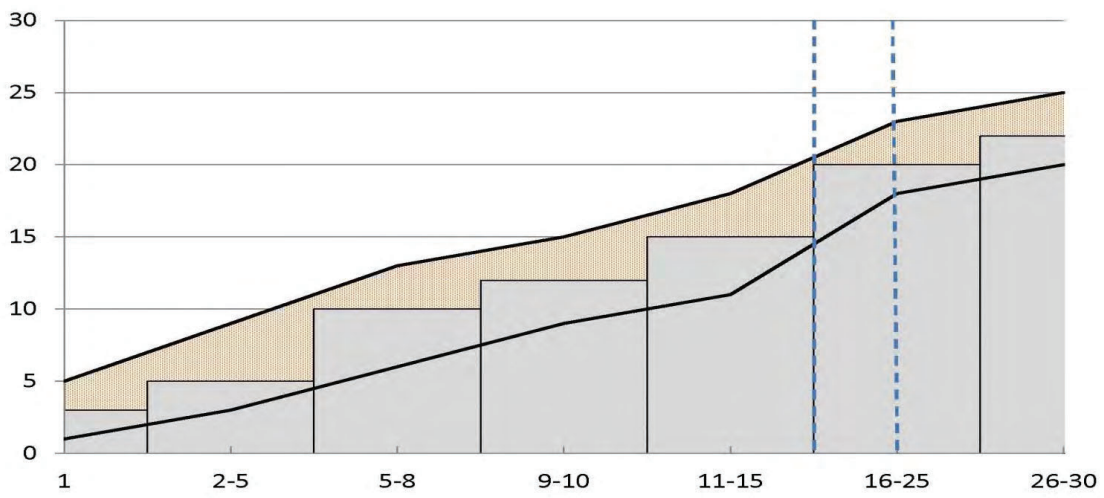


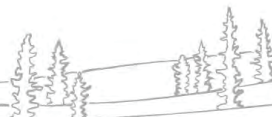
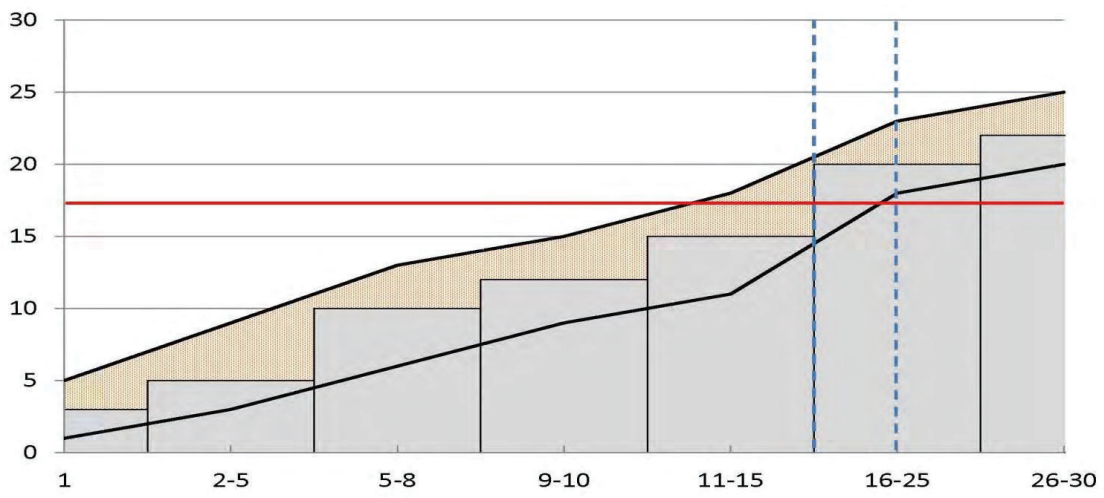


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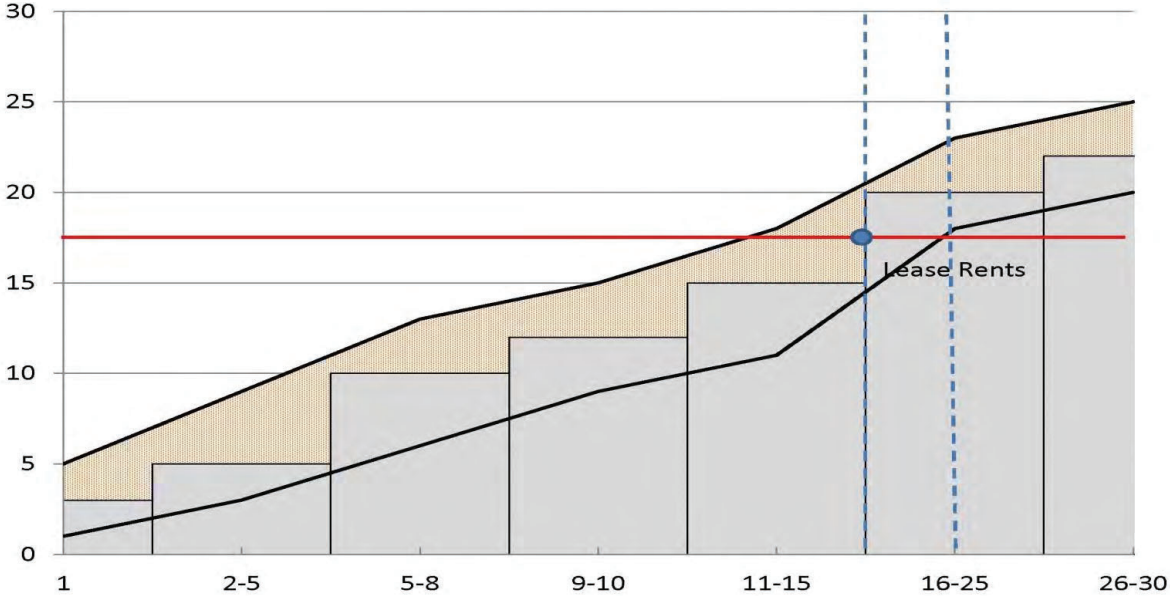


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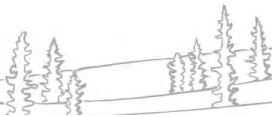


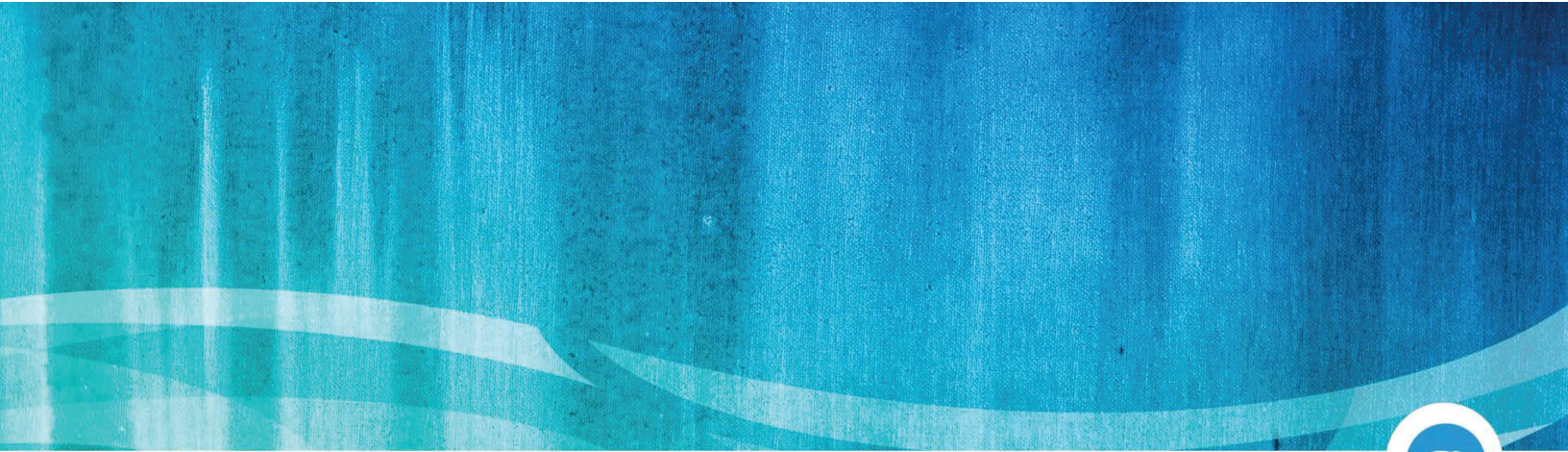
Claim Tenure Structure



Conclusion

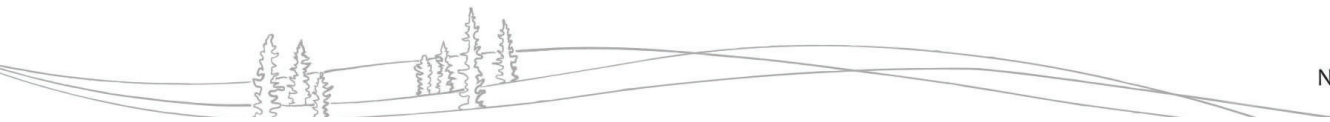
- Economic modeling is intended to support the broader regulation discussion
- Tools created will be used during the development process to assess and benchmark regulations created
- Other considerations will feed into the regulation development process.





Data Standards

January 26, 2022



Government of
Northwest Territories

Legislation

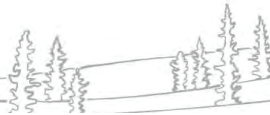
MRA enabled the development of regulations for the standardization of data collected through the work assessment process

Currently there two reporting formats outlined in the current framework (Mining Regulations): (1) **Standard Report** and (2) **Simplified Report**

New MRA Regulations will focus on the format (file extension, nomenclature, etc.) for geoscience information to be collected under the MRA

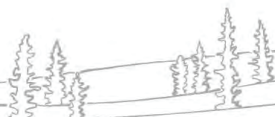
Regulations in this area overlap and link with :

- Work Assessment
- Drill Cores
- Removal of Minerals (Bulk Sampling)
- Evidence of Deposit



Goals

- Would optimize/maximize extraction of geoscientific data and processing of digital files more manageable
- Would streamline work assessment report submission for proponents
- Specific file format requirements will enhance management and/or performance of (relational) database ensuring data 'legacy' for future use
- Will optimize information transfer including sharing of information with stakeholders in file formats widely used in the industry
- Would minimize geoscience data loss



Research

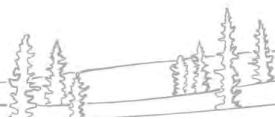
Some jurisdictions in Canada require assessment standards for data to be in particular file formats. Jurisdictions have either adopted or are moving towards an online tenure registry/administrative support, and report filing is primarily done via online making report submission a 'one-stop shop'.

The GNWT will be in a similar position once new regulations (MRARs) are developed and will include provisions for high quality, reliable geoscientific data sharing with the industry.

In 2014, Prospectors and Developers Association of Canada (PDAC) formed an ***Exploration Assessment Digital Data Formats (EADDF)*** working group tasked to formulate a standardized data format for exploration work assessment reports

The main drivers of this work was to create standards using the following principles:

- Simplicity
- Durability
- Extensibility
- Originality



Proposal

Adopt PDAC's **Exploration Assessment Digital Data Formats (EADDF)** with Modifications

How it solves the problem:

- Will minimize data loss and maximize extraction of information

Potential advantages:

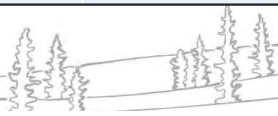
- The EADDF was drafted in 2017 so it is a bit dated, however, any revisions to the data format or file format requirements by PDAC will likely be properly vetted and thus can be trusted to be of high quality, readily adoptable if minimal review or amendments
- Quality of data shared with Industry will enhance exploration, attract investment, help innovate mineral resources industry

Potential disadvantages:

- Some proponents (mainly prospectors) may face difficulty submitting digital assessment data until such time as the system is established and they are familiar enough to make the change to digital assessment data



Category	PDAC Exploration Assessment Data Digital Format	Category	PDAC Exploration Assessment Data Digital Format	Category	PDAC Exploration Assessment Data Digital Format
Purpose	Simplicity Durability Extensibility Originality	Map Elements	Map Title Scale Bar UTM Coordinates Location of Coordinates on Map Axes A North Arrow A legend if symbolic information is present	Meta Data	Mandatory fields include: ▶ Location of the data ▶ Date ▶ Parameters ▶ Property owner ▶ Property name ▶ Activity which produced the data, e.g. drilling program ▶ Name of contractor ▶ Equipment used to generate the data ▶ Original format of the data
Map Projection	Geographic Coordinate System North American 1983 UTM coordinates (NAD83);	Raster & Vector Data	Acceptable files types all listed under geospatial standards plus geosoft file extensions for raw and processed geophysics data and jpeg shp, .shx and .csv		



EADDF Modifications

Require assessment report submission in electronic or digital formats only (no paper-based reporting)

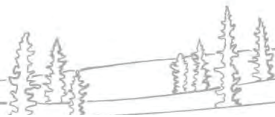
- Once MAARS is implemented, electronic submission will make submission process an easy, one step process

The PDAC document proposes standardized submission report templates, file formats/extensions for numerical data, standards for geological mapping data, standard formats for tables, headers with alpha numeric codes and any embedded information as metadata that contains:

- Location of any geological observation in a world coordinate system (UTM NAD83)
- Identify owners of the property on which the work is done
- Record date of work done
- Identify laboratory and/or methods and codes used for geochemical work
- Identify the drilling company and record the orientation, length of hole, any geological data obtained from the drill holes
- Allow collection and reporting of all geophysical data including raw field data

In addition, the following additions/modifications are proposed:

- Minor additions to the file extension requirements and some data 'optionality' restrictions will have to be added to the PDAC document as requested by the NTGS subject matter expert, but for all practical purposes the EADDF can be adopted as Data Submission Standard - a stand alone policy for work assessment submission requirement



Benefits to Industry

- Ensuring clear standards/guidelines for proponents when filing geoscience data from their projects, for work assessments
 - 'Template' for each Industry approved data type
- Streamlining work assessment report submission for proponents
 - Data (almost) always already in necessary file formats
- Making geoscience data easier to acquire, compile and use on new projects
 - Known expectation of what data will be available and in what file format when exploring in new areas
- Optimizing information transfers (including sharing of information with stakeholders) in widely used, industry file formats
 - Less time spent transferring data from an undesirable file format into an Industry approved type



The Path Forward

Big Question:

How to bridge gap between current requirements and proposed data standards with respect to Industry roll out...?

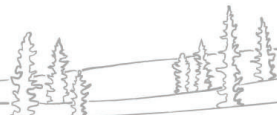




Benefit Regulations

Chamber of Mines

January 28, 2022



Government of
Northwest Territories

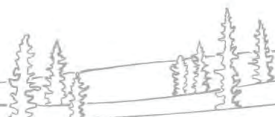
Benefits Regulations Update

1 Benefit Agreement Regulations

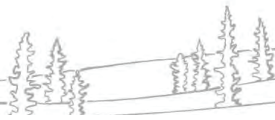
(Indigenous Governments and Organizations)

2 NWT Resident Benefit Regulations

(All NWT residents)



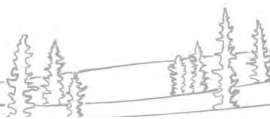
Benefit Agreements



Mineral Resources Act

Section 53:

“The holder of a mineral lease shall enter into an agreement for benefits in accordance with the regulations with each Indigenous government or organization that the Minister considers appropriate in the circumstances”

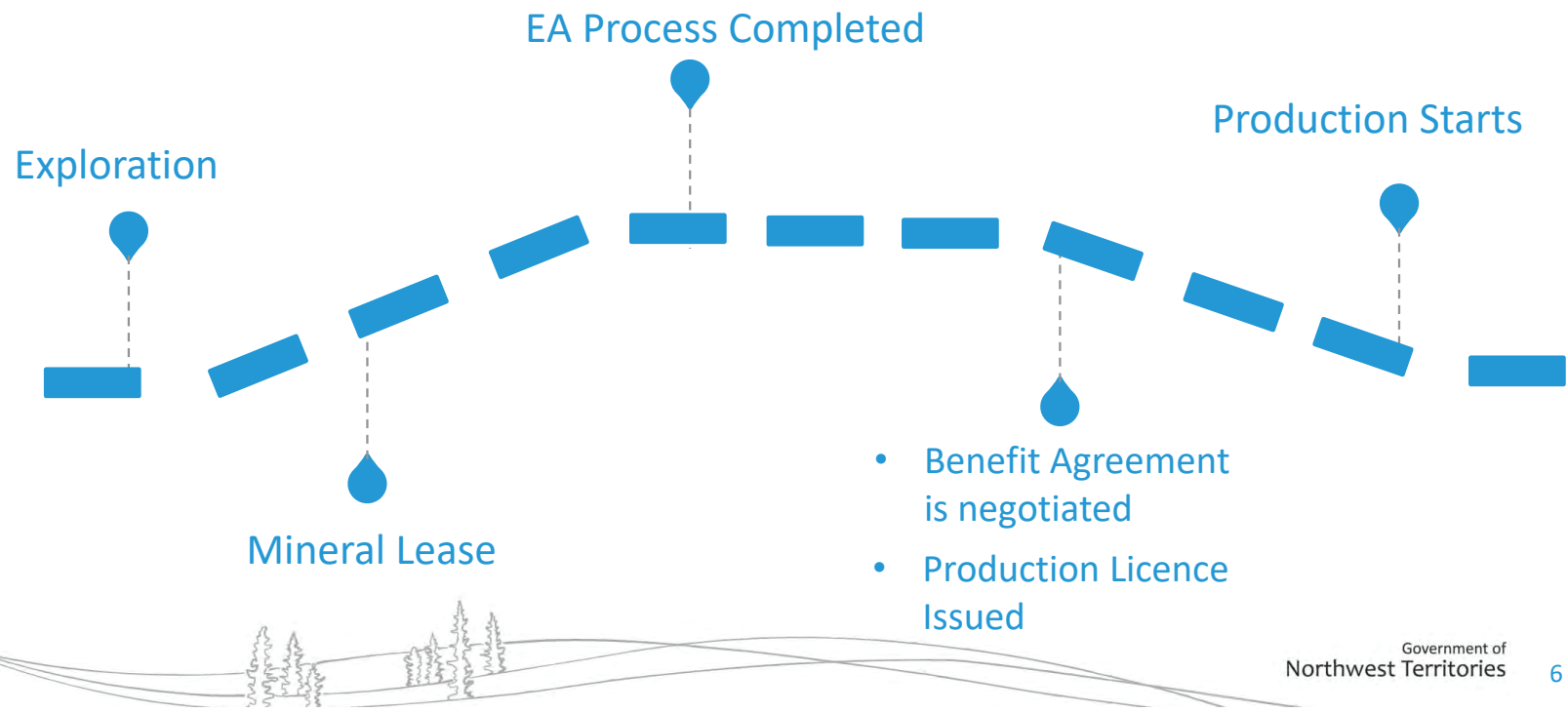


Key Elements: Benefit Agreements

- Focuses on benefits not impacts
- Does not overstep into federal jurisdiction
- Timing linked to the production licence
- Certainty on which Indigenous groups should benefit
- Maintains positive status quo where agreements are the norm
- Dispute Resolution process



Timing



Areas of Interest:

Thresholds for Negotiation

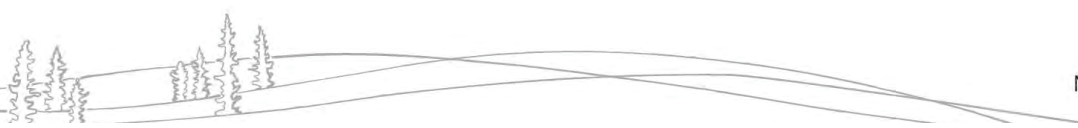
- Commencement and Completion Thresholds
- Helps to build early relationships with IGOs and continued throughout to a formalized agreement

Proof of BAs

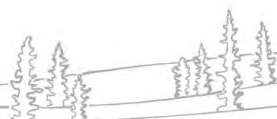
- Transparent to the GNWT that an agreement was reached
- Maintains confidentiality
- Proof of BAs in the regulations will reassure the GNWT, IGOs, and the public of benefits from mineral development

Dispute Resolution

- Request for Proposal (Dispute Resolution Expert)

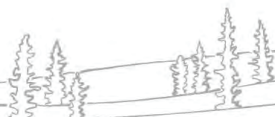


NWT Resident Benefits



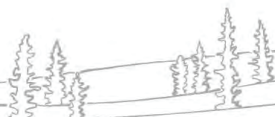
SEA Program Review

- Mandate item of the 19th Legislative Assembly to “Adopt a benefit retention approach to economic development”
- The GNWT will have completed the evaluation portion of the review in Spring 2022.
- Recommendations from the evaluation will be considered in the development of the MRA regulations.



Recommendations from the SEA Program Review

- Formation of Advisory Boards
- Compliance measures in the regulations for SEA commitments
- Address mine closure in SEA commitments
- Improve reporting by requiring quantitative and qualitative data be reported by both GNWT and Proponents
- Regular review of the SEAs



NWT Resident Benefits

Mineral Resources Act

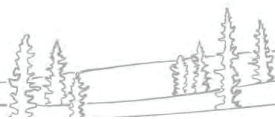
Section 52:

“The Commissioner on the recommendation of the Minister may prescribe requirements in respect of measures that provide benefits to the people of the Northwest Territories.”



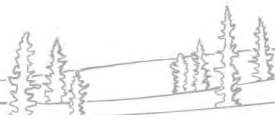
Key Elements

- **Linked to Socio-economic Agreements**
 - Streamline benefits legislation
- **Separates maximization of benefits from mitigating impacts**
 - Separate processes for benefits (MRA) and impacts (EA)
- **Provide clarity when negotiating benefits under SEAs**
 - Simplifies negotiation process
- **Consolidated reporting timelines**
 - Simplify administrative and reporting processes



Areas of Interest:

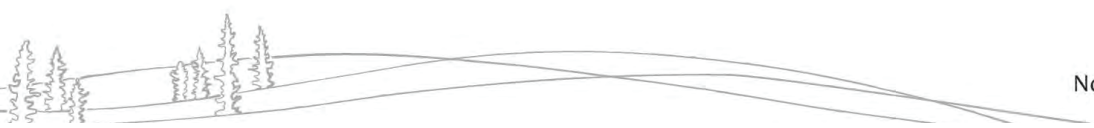
- **SEA Negotiation Guidelines**
 - Standardize essential elements of SEAs
- **Close Proximity and Prioritization**
 - Developing methodology on how to identify which IGOs will be prioritized for under SEA negotiations
- **Engagement**
 - Individually tailored based on mining project
- **Consolidated Reporting Timelines**
 - Enhance collaboration, information sharing, and engagement
- **Advisory Bodies**
 - Improves decision making
 - Collaboration, communication and engagement



Thank you

For questions & more information, please contact:

Dianna Beck
Manager, Socio-Economics
Email: Dianna_Beck@gov.nt.ca





REVIEW OF ROYALTY REGULATIONS: DEVELOPMENT OF RESOURCES LEGISLATION IN THE NWT

January 2022

Government of
Northwest Territories

Intergovernmental Council

The promise of Devolution included a commitment to work collaboratively, as Northwest Territories governments, on the management of lands and resources in the NWT.

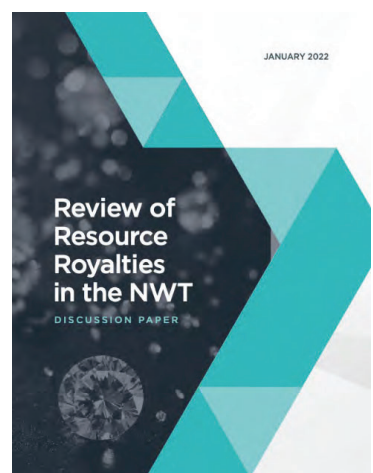
This commitment was formalized in December 2020 in a Legislative Development Protocol developed and adopted by the Intergovernmental Council.

The protocol is the first agreement of its kind in Canada.

Consistent with the Northwest Territories Intergovernmental Agreement on Lands and Resources Management, it respects the jurisdictions and authorities of Indigenous governments and the GNWT while also providing a mechanism for collaboration and consensus-building.

More importantly, as the IGC develops the regulatory framework for the Northwest Territory's first stand-alone Mineral Resources Act, the protocol is now being put into practice.

The work to review the NWT's resource royalty regime is one part of this historic work.

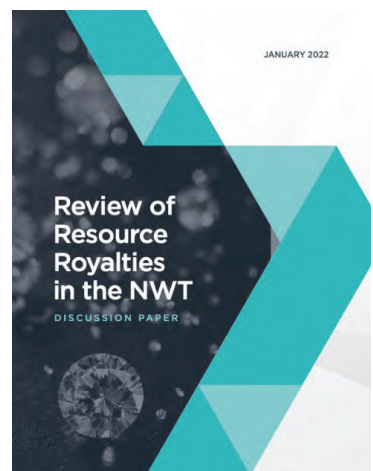


Intergovernmental Council

A discussion paper was completed at the Intergovernmental Council. It represents the beginning of to gather information to be used to inform discussion as we start to review the NWT royalty regime.

MEMBERS OF THE INTERGOVERNMENTAL COUNCIL INCLUDE:

- Government of the Northwest Territories(GNWT)
- Inuvialuit Regional Corporation
- Gwich'in Tribal Council
- Sahtu Secretariat Incorporated
- Northwest Territory Metis Nation
- Tłı̄cho Government
- Acho Dene Koe First Nation and the Fort Liard Metis Local #67
- Salt River First Nation
- Deninu Kye First Nation
- Kat'odeeche First Nation

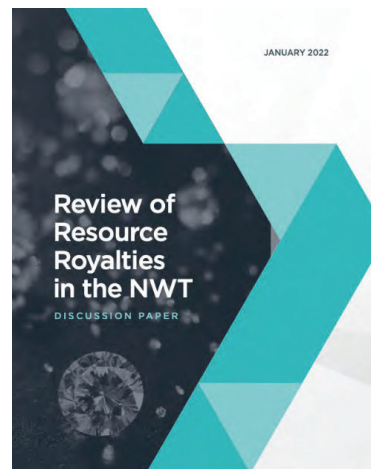


Discussion Paper Purpose

A discussion paper was completed at the Intergovernmental Council. It represents the beginning of to gather information to be used to inform discussion as we start to review the NWT royalty regime.

Six aspects of the NWT Royalties were examined:

1. What is a Royalty?
2. How do Royalty Regimes Work?
3. How do Royalties Work in the NWT?
4. Royalties and Other Revenues
5. The Business of Mining
6. Possible Concepts and Changes



Discussion Paper Questions

A. Are NWT royalty regulations providing a fair share of the profit?

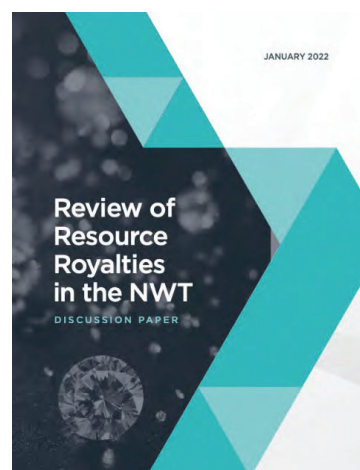
What is a fair share? Should the overall revenue and benefit of resource development to the NWT be a consideration? This could include long term capital assets like infrastructure and training that will outlast the mining project itself.

B. Are NWT royalty regulations contributing to a stable and competitive investment environment in the NWT?

Investors and proponents of major projects require clarity and certainty. Is the NWT regulatory system attractive to investors when compared to other Canadian and international jurisdictions?

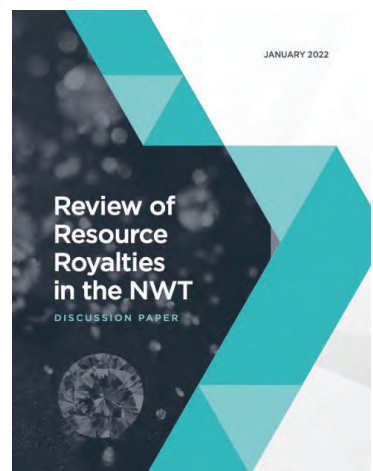
C. Is the utility of NWT royalty regulations being maximized?

Are there other ways to realize benefits for the NWT using royalties? For example, could we leverage their value to increase employment, procurement or investments in infrastructure and environmental sustainability?



Discussion Paper Priorities

- Effective management and development of the NWT's land and natural resources are seen as central to developing the NWT's economy.
- Resource development will be an important part of the future economy and economic growth is important for improving social conditions in NWT communities.
- The re-imagining of the NWT's fiscal framework around royalties is one that deserves a comprehensive, collaborative, and deliberate approach.



History of NWT Mineral Royalty Regime

- Royalties are paid by the owner of a mine to compensate for natural resources that are extracted.
- The existing royalty regulations were mirrored from the federal regulations as part of the 2014 Devolution Agreement.
- Royalty revenue is directly correlated with profitability of producers.
- Under the resource revenue sharing arrangements, royalty revenue is shared with Government of Canada and Indigenous governments in the NWT.



History of NWT Mineral Royalty Regime

- DIAND revision of the CMR royalty provisions was completed in 1995
- It included the following options:
 1. Project-Specific Royalty through contract (similar to that for the Argyle Diamond Mine in Australia)
 2. Commodity-Specific Royalty (similar to Saskatchewan and Western Australia)
 3. Retaining the single mining royalty structure for all minerals.
- Options 1 and 2 were rejected.



History of NWT Mineral Royalty Regime

Major proposed revisions included:

1. The rates were increased with the maximum rate increased to 14% (from 12%), and the rate for the \$10,000 to \$5 million in the annual value of mining output was increased from 3% to 5%.
2. Elimination of the then-available three-year royalty-free period.
3. Introduction of accelerated depreciation (100%) was used to recognize the high-risk nature of mining. The annual maximum allowances for depreciation and preproduction costs were increased from 15% to 100% of the original cost of the assets.
4. Expansion of asset base for depreciation allowance to include all buildings, plant, machinery and equipment used in the operation of the mine. This made capital expenditures on the camps and dedicated town sites that are necessary for the operation of mines in remote areas eligible for the depreciation allowance.
5. **Narrowing the asset base for the processing allowance to those assets used directly in processing.**
6. Deductible mining reclamation trust contributions in order to recognize the cost of providing this form of security for reclamation obligations under federal legislation in the N.W.T.
7. Diamond valuation using the valuation of diamond production by a federal government-appointed valuer prior to sale or export from Canada.

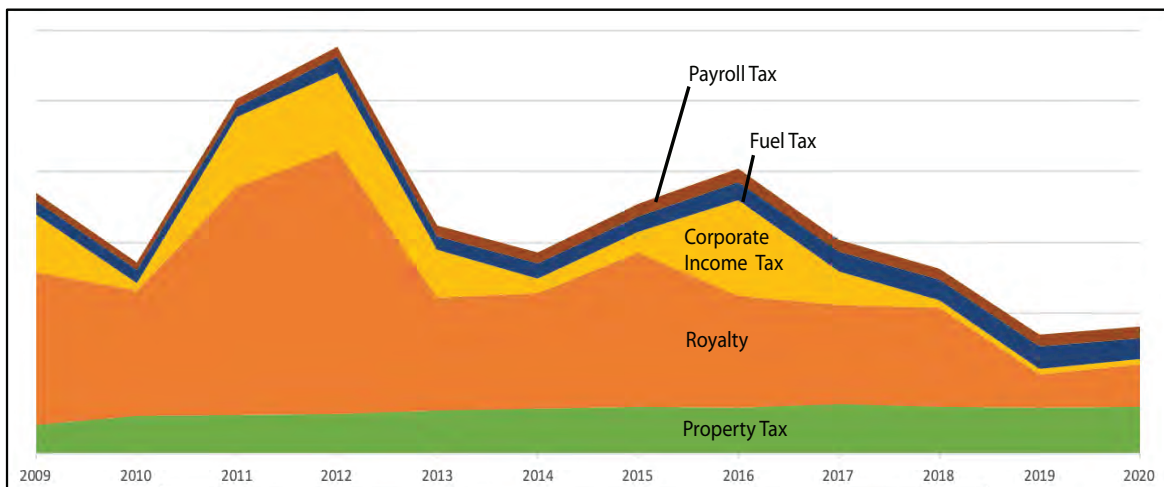


Workings and Tax Context of Regime

The equation used is $A + B - C + D + E + F + G + H - I + J$

- A = Sales/Revenue
- B = Closing balance of Inventory on hand at Year-end
- C = Opening balance of Inventory on hand
- D = Funds received that offset Deductions
- E = Asset Disposals
- F = Funds withdrawn for Reclamation and Restoration Provisions
- G = Funds received from insurance claims
- H = Forgiven Government Grants
- I = Deductions and Allowances
- J = Funds paid to other facilities for the sorting and processing of goods

Workings and Tax Context of Regime



Benchmarking the NWT Mining Fiscal Regime

As Governance and Financial concepts change through time and it is good practice to establish a benchmark for a Royalty system every ten years. The last benchmark was completed 2007/8.

PricewaterhouseCoopers was contracted to complete the first post-Devolution Review.

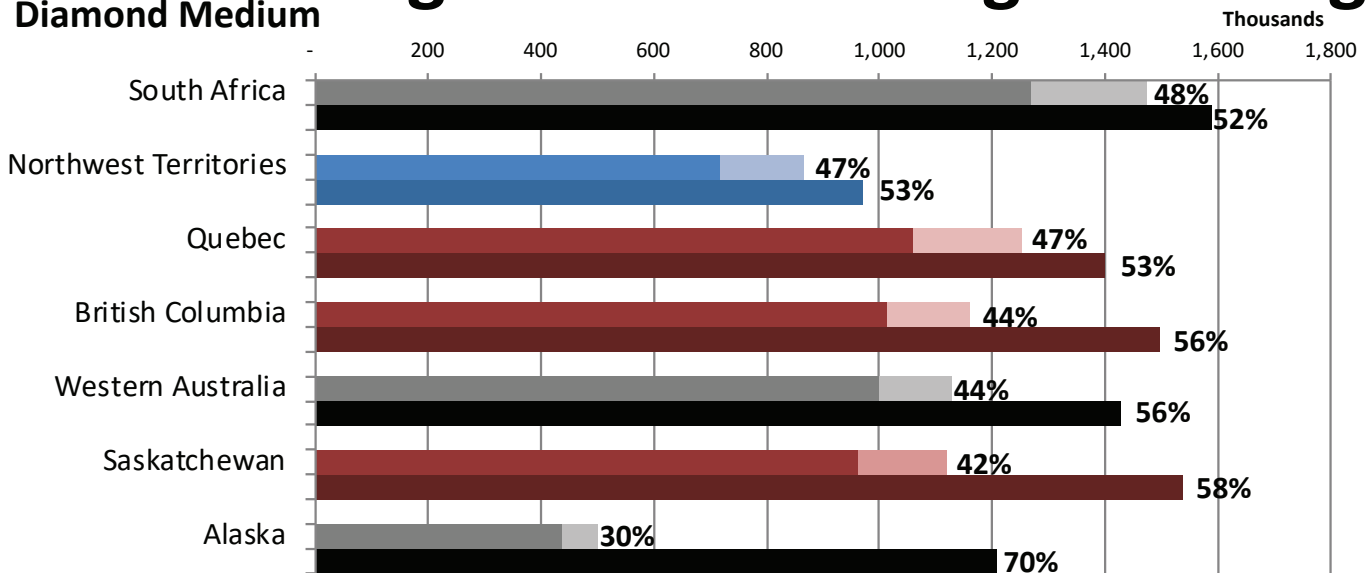
The assessment was conducted in phases to address four questions:

- Phase 1: Compare the direct taxes (corporate income tax and royalties) of the NWT to 21 other jurisdictions, while holding revenue and costs constant.
- Phase 2: Indirect taxes (payroll, property, fuel and carbon taxes) are added to Phase 1.
- Phase 3: Six of the comparison jurisdictions are further studied by using regional costs.
- Fair Return: Is the NWT receiving a fair return on its non-renewable mineral resources?



Benchmarking the NWT Mining Fiscal Regime

Diamond Medium



Ideal Royalty Regime

Proposed Ideal Rent Royalty (Chen and Mintz)	NWT Royalty Regime
Rents should be measured as the difference between sales revenue and current and capital expenditures (with no deduction for interest expense and depreciation). A presumptive deduction should be given for overhead costs based on a percentage of costs.	The NWT system is a profit-based system that is determined in a similar fashion. There is a depreciation allowance that can be deducted 100% at the operator's discretion.
The elimination of any super allowances or special tax credits for exploration, in favour of allowing the expensing of both successful and unsuccessful exploration costs.	There are currently no super allowances or special tax credits for exploration.
The elimination of processing allowances in favour of allowing the expensing of all depreciable assets, including processing asset expenditures, undermining taxes.	There is a processing allowance. However, it is not delivering on original policy objectives of encouraging value-added processing in the NWT and could be replaced.
Allowing the carry forward of all unused deductions (losses) at an appropriate uplift factor reflecting the government's share of risk (while no longer allowing excessive uplift factors or investment allowances to carry forward unused deductions).	This is not currently part of the regime in the NWT, although development and depreciation pools can be carried forward indefinitely.
Protecting the revenue base by levying a minimum tax on net sales (i.e. the selling price net of transportation and distribution costs), which should be creditable against the rent-based tax (no holidays from the mining tax would need to be provided).	There is no minimum tax in the NWT, although the existing property tax provides a similar function but is not deductible against the profit-based royalty.
The provincial mining tax would be assessed on mining at a rate compatible with provincial policy maker's judgement of their fiscal conditions and other policy concerns, such as competitiveness.	Studies have shown that the regime is competitive, as reconfirmed by the PwC Report (2020). There may be potential to make amendments to better reflect policy objectives.

Types of Royalty Regimes

The main royalty types suitable for the NWT have different pros and cons:

- a) Production Royalties (based on volume or weight)
- b) *Ad valorem* royalties based on the gross value of production
- c) Profit-based Royalties (NWT)
- d) Resource Rent-based Royalties (Ideal Royalty)
- e) Hybrid regimes (Minimum royalty as combined *Ad Valorem* or production with Profit-based royalty)

Production Royalties

- This approach is typically used for materials of low value that don't need much processing, such as sand, gravel, stone.
- As long as materials are mined, the government receives money.
- Does not work for metals or other minerals that need lot of work or treatment before they can be sold.
- This royalty is not used in Canada except for quarrying purposes.

Ad Valorem Royalties

- For this approach, the royalty is based on the value of the minerals as they leave the mine site.
- Mining companies pay royalties for as long as they are mining, but the amount can go up and down based on the price of the minerals.
- It is simple to administer.
- It does not consider if the mine is profitable or not, it can cause mines to close when the prices are low.
- It is the most common royalty regime in the world. However, it is not used as a stand-alone royalty in any regime in Canada.

Profit-based Royalties

- The royalties are paid based on the profitability of a mine.
- As the mineral prices change, the revenue for the government also changes.
When prices are really low or in the first few years of operations companies may not pay any royalties.
- This approach is very effective at getting the most benefits and revenue from an operation, as it adjusts to the market conditions.
- The accounting is complex and like income taxes this royalty has a low level of transparency.
- The approach is the most common in Canada and in most developed nations with a strong administrative capability.

Resource-Rent Royalties

- This is an Ideal System according to economists.
- Once the value of the resource is determined, it taxes a portion of income that exceeds a given return on investment thresholds.
- It is considered to be the method of getting the most value from a resource.
- It is used in the Oil and Gas sector successfully.
- Real-world application is problematic for mining.
- It requires complex underlying tax concepts with respect to the notion of rent.
- This method was tried in Australia but was ultimately a failure, raising only a fraction of its projected revenue

Hybrid Royalties

- Hybrid regimes usually combine two or more different types.
- The most common use a combination of Profit-based and *ad valorem* or production royalties.
- The combined royalties create a balanced regime where a minimum royalty is collected, royalties increase when the mine becomes profitable.
- The advantage of this regime is ensuring that the government receives revenue even if a mine never becomes profitable.
- Variations of this regime are used in BC, Saskatchewan and Quebec.

What We Heard

A number of topics of interest regarding NWT royalties were raised in the 2018 *Mineral Resources Act: What We Heard Report* (ITI, 2018):

- Participants commented that the level of taxes and royalties should address the impacts of mining without discouraging investment.
- Opinions were expressed about royalty allocation, especially that not enough money was shared with Indigenous organizations.
- Some respondents indicated a desire to increase the amount of revenue collected by government.
- Comments also included suggestions that the Government of the Northwest Territories (GNWT) was missing opportunities for mineral sector growth or not maximizing benefits from current production.
- Most industry participants commented that the current royalty approach seems to work well. The royalty system should be clear and competitive.
- Members of the public frequently commented that the NWT should receive a fair return for its mineral resources.
- The level of transparency combined with the complexity of the royalty regime were criticized.

Potential Royalty Review Items

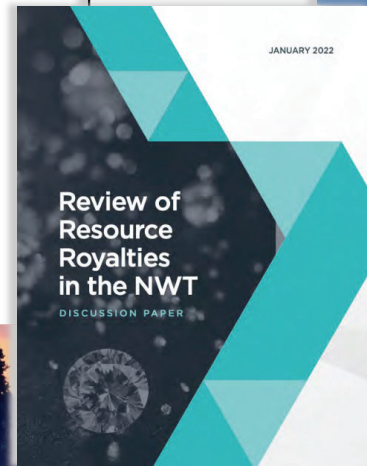
The review of the MR should be guided by the goals to increase in transparency and update the policy language from the perspective of the NWT.

Minimum Tax / Hybrid Regime	Infrastructure Contributions Deduction
Interest Rate Refinement	Processing Allowance Restructuring
Progressive Reclamation Deduction	Enhanced Mine Property Exploration Incentive
Reclamation Trust Revision	Off-Property Exploration Incentive
Northern Head Office Incentive	Northern Procurement Deduction



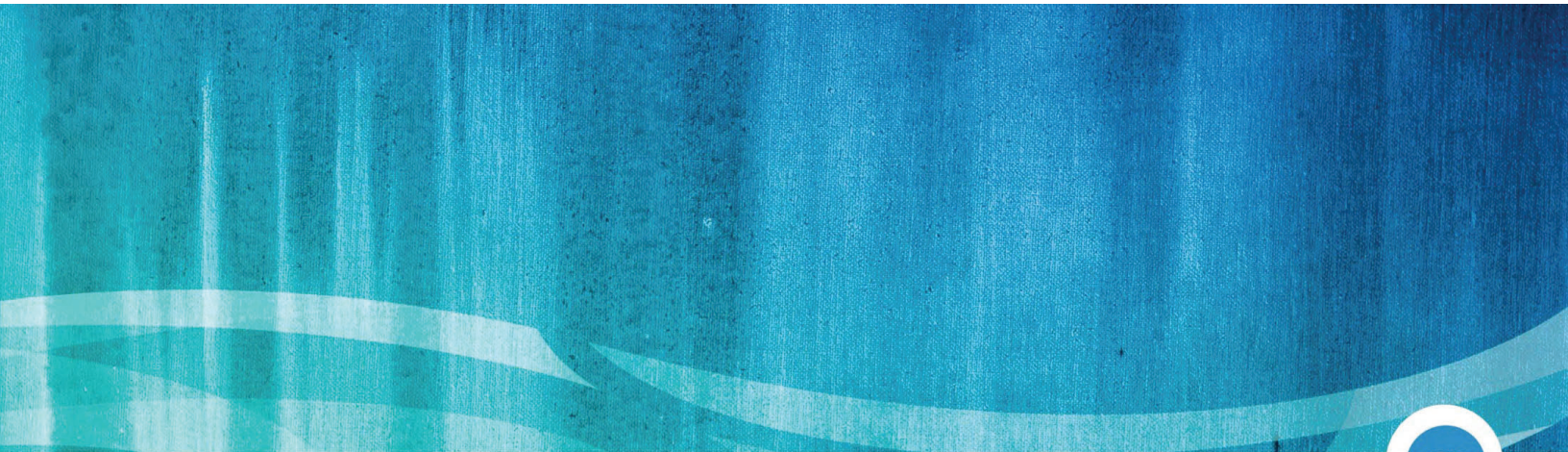
Path Forward of the Review of the NWT Royalty Regime

1. Competitive Analysis and Peer Review (PwC Report, Peer reviewed by Michael Doggett)
2. Co-development of review with Intergovernmental Council
3. Discussion Paper Development
3. Policy Option Development
4. Financial Modeling of Recommendations
6. Independent 3rd Party Review
7. Finalize Recommendations
8. Drafting of Royalty Regulations
9. Aboriginal Consultation (S.35) of drafted regulations
10. Commissioner Approval of amendments to the Royalty Regulations



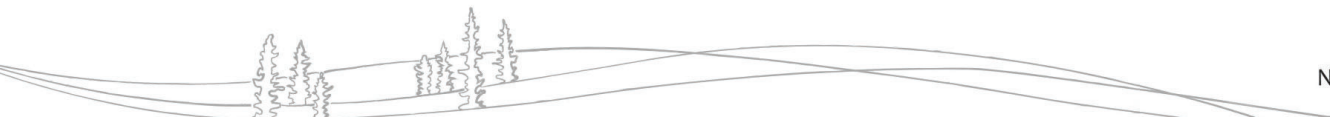
Questions





Economic Modeling

January 24, 2022

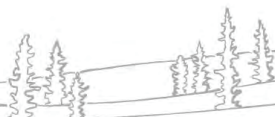


Government of
Northwest Territories

Modernization Approach

Evaluation of MRA enabled requirements require:

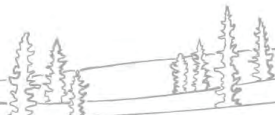
- Analytical Approach
- Understand relationship between regulations and patterns of behaviours



Economic Modeling

Model Inputs

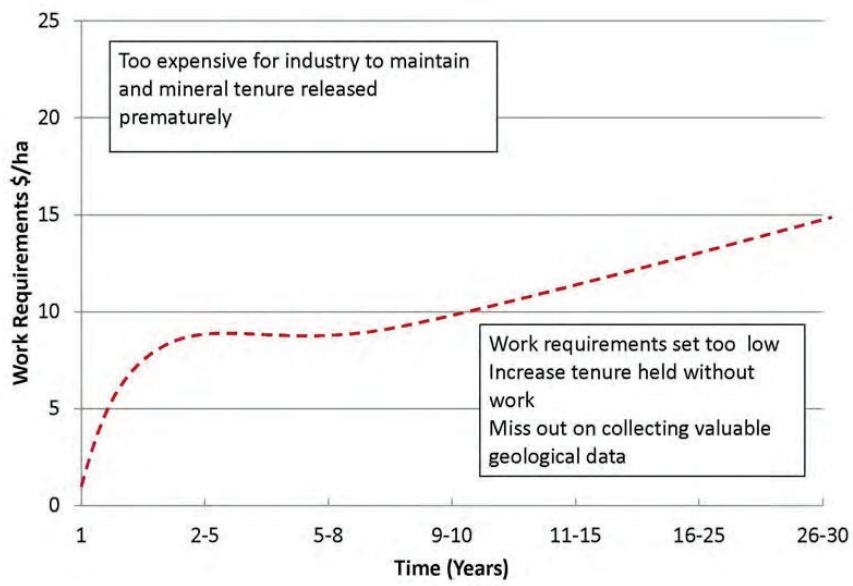
- Work Requirements by Jurisdiction
- Lease Rates by Jurisdiction
- Buying Power in NT vs. southern jurisdiction in the exploration industry
- Historic work submissions
- Exploration expenditures (company, stage, financing)
- Commodity Prices



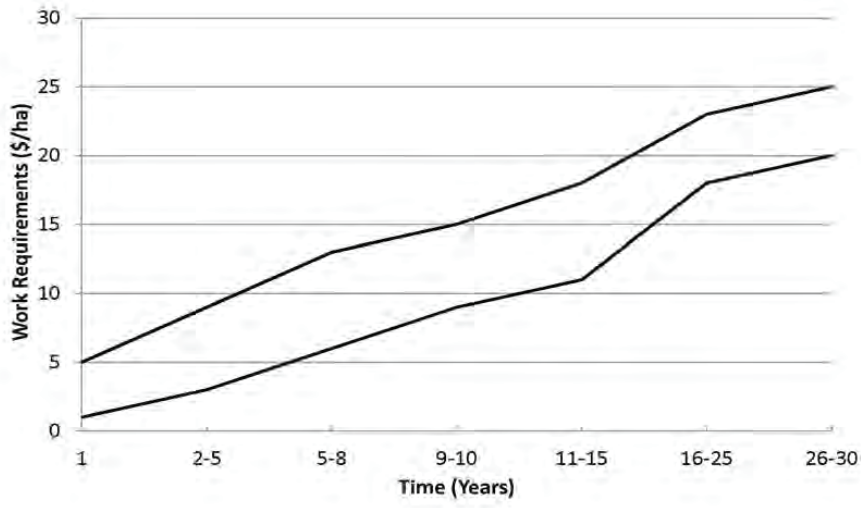
Economic Modeling Regulations

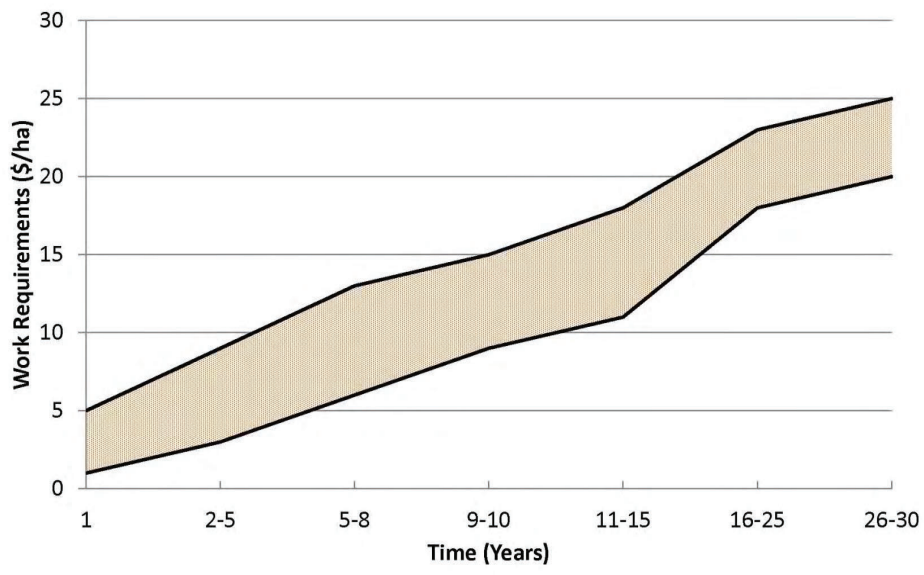
- Claim work values
- Total work over life of claim
- Structure of work requirements (timing)
- Feed into proposed lease rents
- Evidence of Deposit timing? Mining cycle stage? Proximity of the defined resource to Production?
- Dynamic graphing tool to be used as variables are defined and aid the regulation development process



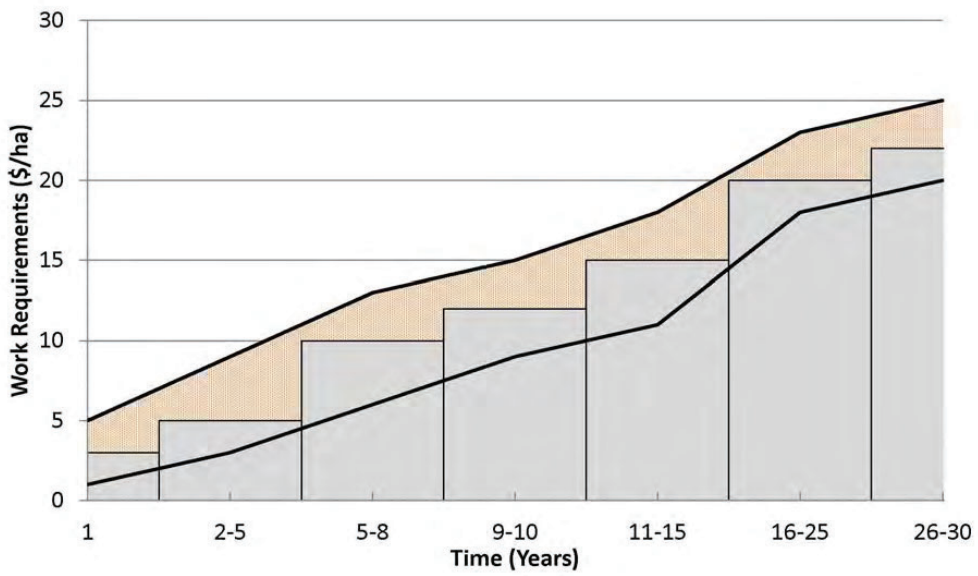


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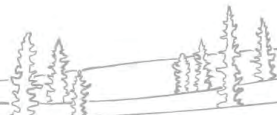
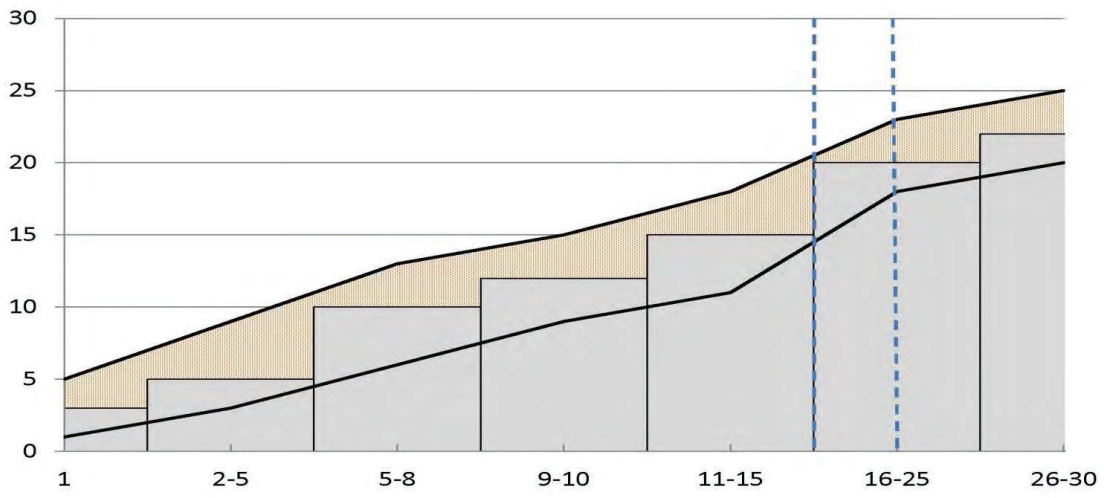


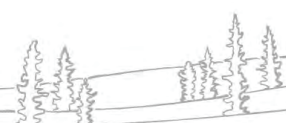
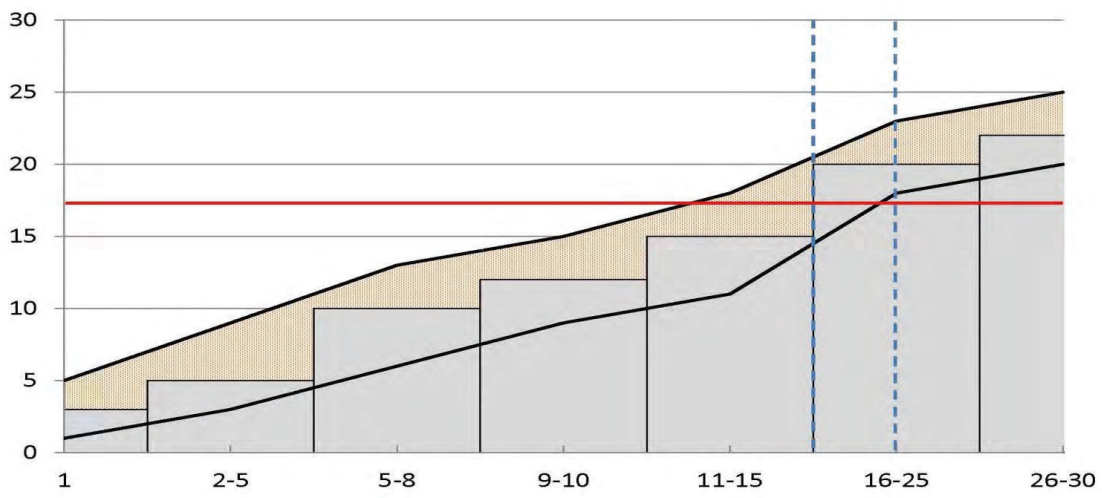


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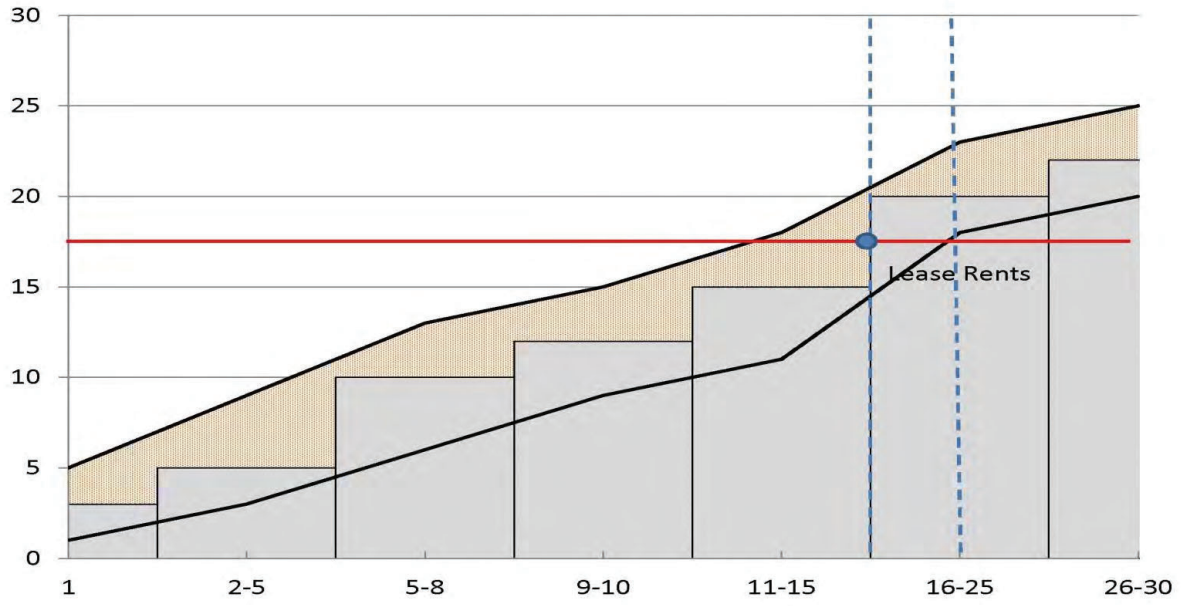


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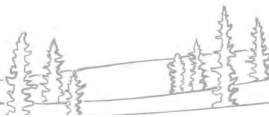


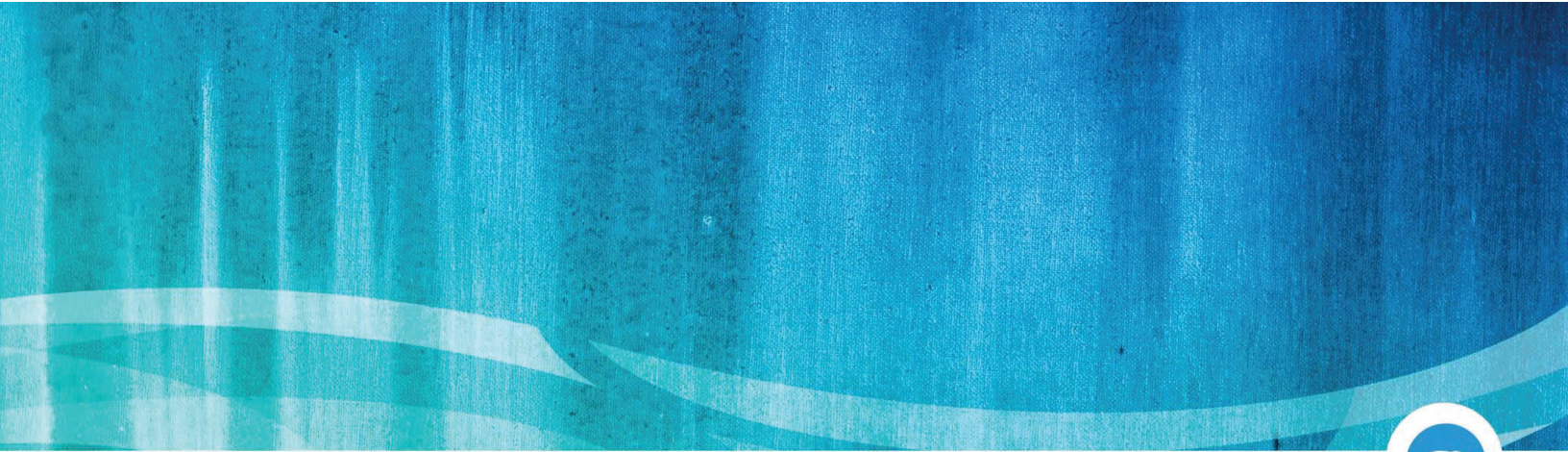
Claim Tenure Structure



Conclusion

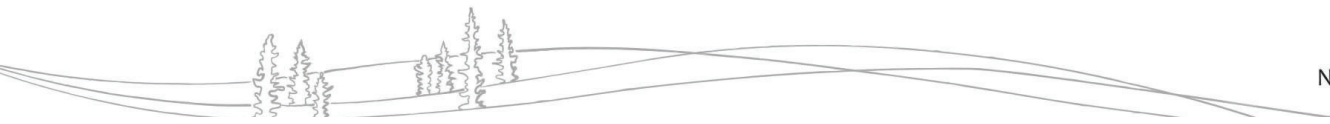
- Economic modeling is intended to support the broader regulation discussion
- Tools created will be used during the development process to assess and benchmark regulations created
- Other considerations will feed into the regulation development process.





Data Standards

January 26, 2022



Government of
Northwest Territories

Legislation

MRA enabled the development of regulations for the standardization of data collected through the work assessment process

Currently there two reporting formats outlined in the current framework (Mining Regulations): (1) **Standard Report** and (2) **Simplified Report**

New MRA Regulations will focus on the format (file extension, nomenclature, etc.) for geoscience information to be collected under the MRA

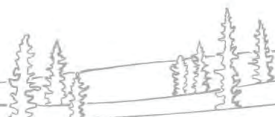
Regulations in this area overlap and link with :

- Work Assessment
- Drill Cores
- Removal of Minerals (Bulk Sampling)
- Evidence of Deposit



Goals

- Would optimize/maximize extraction of geoscientific data and processing of digital files more manageable
- Would streamline work assessment report submission for proponents
- Specific file format requirements will enhance management and/or performance of (relational) database ensuring data 'legacy' for future use
- Will optimize information transfer including sharing of information with stakeholders in file formats widely used in the industry
- Would minimize geoscience data loss



Research

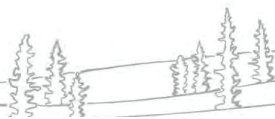
Some jurisdictions in Canada require assessment standards for data to be in particular file formats. Jurisdictions have either adopted or are moving towards an online tenure registry/administrative support, and report filing is primarily done via online making report submission a 'one-stop shop'.

The GNWT will be in a similar position once new regulations (MRARs) are developed and will include provisions for high quality, reliable geoscientific data sharing with the industry.

In 2014, Prospectors and Developers Association of Canada (PDAC) formed an ***Exploration Assessment Digital Data Formats (EADDF)*** working group tasked to formulate a standardized data format for exploration work assessment reports

The main drivers of this work was to create standards using the following principles:

- Simplicity
- Durability
- Extensibility
- Originality



Proposal

Adopt PDAC's **Exploration Assessment Digital Data Formats (EADDF)** with Modifications

How it solves the problem:

- Will minimize data loss and maximize extraction of information

Potential advantages:

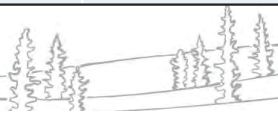
- The EADDF was drafted in 2017 so it is a bit dated, however, any revisions to the data format or file format requirements by PDAC will likely be properly vetted and thus can be trusted to be of high quality, readily adoptable if minimal review or amendments
- Quality of data shared with Industry will enhance exploration, attract investment, help innovate mineral resources industry

Potential disadvantages:

- Some proponents (mainly prospectors) may face difficulty submitting digital assessment data until such time as the system is established and they are familiar enough to make the change to digital assessment data



Category	PDAC Exploration Assessment Data Digital Format	Category	PDAC Exploration Assessment Data Digital Format	Category	PDAC Exploration Assessment Data Digital Format
Purpose	Simplicity Durability Extensibility Originality	Map Elements	Map Title Scale Bar UTM Coordinates Location of Coordinates on Map Axes A North Arrow A legend if symbolic information is present	Meta Data	Mandatory fields include: ▶ Location of the data ▶ Date ▶ Parameters ▶ Property owner ▶ Property name ▶ Activity which produced the data, e.g. drilling program ▶ Name of contractor ▶ Equipment used to generate the data ▶ Original format of the data
Map Projection	Geographic Coordinate System North American 1983 UTM coordinates (NAD83);	Raster & Vector Data	Acceptable files types all listed under geospatial standards plus geosoft file extensions for raw and processed geophysics data and jpeg shp, .shx and .csv		



EADDF Modifications

Require assessment report submission in electronic or digital formats only (no paper-based reporting)

- Once MAARS is implemented, electronic submission will make submission process an easy, one step process

The PDAC document proposes standardized submission report templates, file formats/extensions for numerical data, standards for geological mapping data, standard formats for tables, headers with alpha numeric codes and any embedded information as metadata that contains:

- Location of any geological observation in a world coordinate system (UTM NAD83)
- Identify owners of the property on which the work is done
- Record date of work done
- Identify laboratory and/or methods and codes used for geochemical work
- Identify the drilling company and record the orientation, length of hole, any geological data obtained from the drill holes
- Allow collection and reporting of all geophysical data including raw field data

In addition, the following additions/modifications are proposed:

- Minor additions to the file extension requirements and some data 'optionality' restrictions will have to be added to the PDAC document as requested by the NTGS subject matter expert, but for all practical purposes the EADDF can be adopted as Data Submission Standard - a stand alone policy for work assessment submission requirement



Benefits to Industry

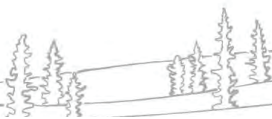
- Ensuring clear standards/guidelines for proponents when filing geoscience data from their projects, for work assessments
 - 'Template' for each Industry approved data type
- Streamlining work assessment report submission for proponents
 - Data (almost) always already in necessary file formats
- Making geoscience data easier to acquire, compile and use on new projects
 - Known expectation of what data will be available and in what file format when exploring in new areas
- Optimizing information transfers (including sharing of information with stakeholders) in widely used, industry file formats
 - Less time spent transferring data from an undesirable file format into an Industry approved type



The Path Forward

Big Question:

How to bridge gap between current requirements and proposed data standards with respect to Industry roll out...?

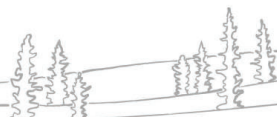




Benefit Regulations

Chamber of Mines

January 28, 2022



Government of
Northwest Territories

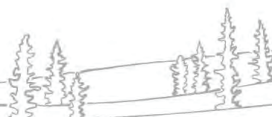
Benefits Regulations Update

1 Benefit Agreement Regulations

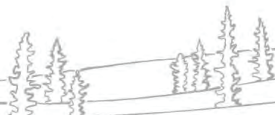
(Indigenous Governments and Organizations)

2 NWT Resident Benefit Regulations

(All NWT residents)



Benefit Agreements



Mineral Resources Act

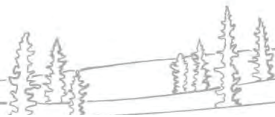
Section 53:

“The holder of a mineral lease shall enter into an agreement for benefits in accordance with the regulations with each Indigenous government or organization that the Minister considers appropriate in the circumstances”

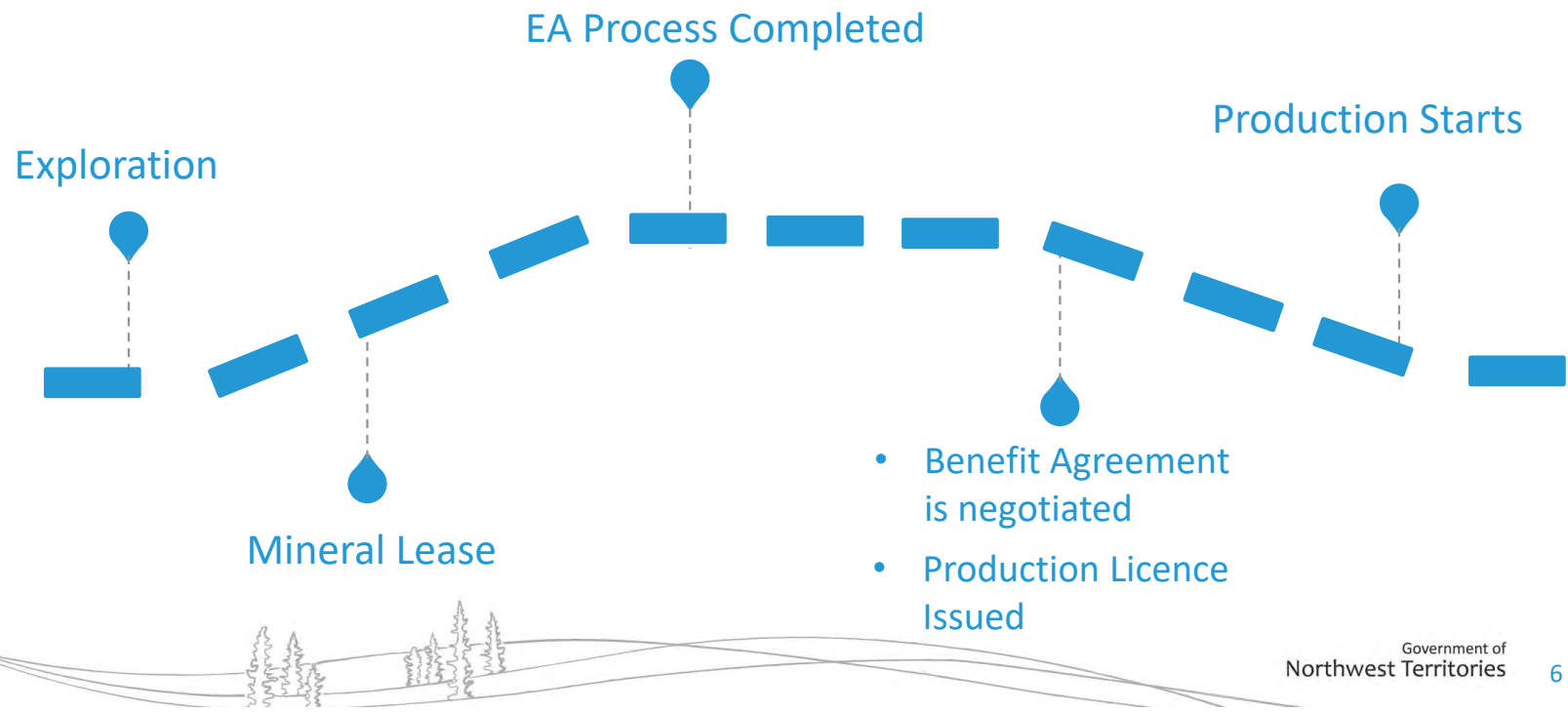


Key Elements: Benefit Agreements

- Focuses on benefits not impacts
- Does not overstep into federal jurisdiction
- Timing linked to the production licence
- Certainty on which Indigenous groups should benefit
- Maintains positive status quo where agreements are the norm
- Dispute Resolution process



Timing



Areas of Interest:

Thresholds for Negotiation

- Commencement and Completion Thresholds
- Helps to build early relationships with IGOs and continued throughout to a formalized agreement

Proof of BAs

- Transparent to the GNWT that an agreement was reached
- Maintains confidentiality
- Proof of BAs in the regulations will reassure the GNWT, IGOs, and the public of benefits from mineral development

Dispute Resolution

- Request for Proposal (Dispute Resolution Expert)

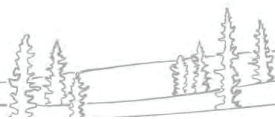


NWT Resident Benefits



SEA Program Review

- Mandate item of the 19th Legislative Assembly to “Adopt a benefit retention approach to economic development”
- The GNWT will have completed the evaluation portion of the review in Spring 2022.
- Recommendations from the evaluation will be considered in the development of the MRA regulations.



Recommendations from the SEA Program Review

- Formation of Advisory Boards
- Compliance measures in the regulations for SEA commitments
- Address mine closure in SEA commitments
- Improve reporting by requiring quantitative and qualitative data be reported by both GNWT and Proponents
- Regular review of the SEAs

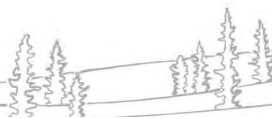


NWT Resident Benefits

Mineral Resources Act

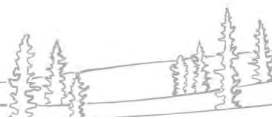
Section 52:

“The Commissioner on the recommendation of the Minister may prescribe requirements in respect of measures that provide benefits to the people of the Northwest Territories.”



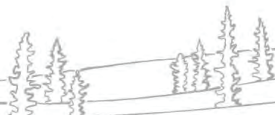
Key Elements

- **Linked to Socio-economic Agreements**
 - Streamline benefits legislation
- **Separates maximization of benefits from mitigating impacts**
 - Separate processes for benefits (MRA) and impacts (EA)
- **Provide clarity when negotiating benefits under SEAs**
 - Simplifies negotiation process
- **Consolidated reporting timelines**
 - Simplify administrative and reporting processes



Areas of Interest:

- **SEA Negotiation Guidelines**
 - Standardize essential elements of SEAs
- **Close Proximity and Prioritization**
 - Developing methodology on how to identify which IGOs will be prioritized for under SEA negotiations
- **Engagement**
 - Individually tailored based on mining project
- **Consolidated Reporting Timelines**
 - Enhance collaboration, information sharing, and engagement
- **Advisory Bodies**
 - Improves decision making
 - Collaboration, communication and engagement



Thank you

For questions & more information, please contact:

Dianna Beck
Manager, Socio-Economics
Email: Dianna_Beck@gov.nt.ca

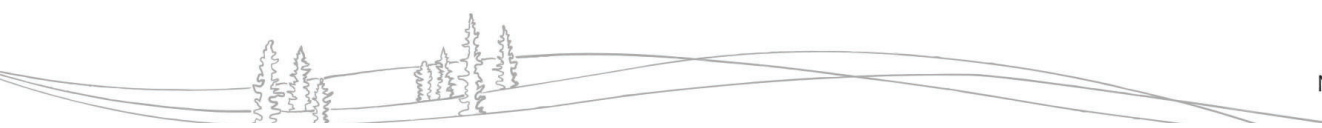




Mineral Administration and Registries System

Jessica Bos and Athar Ikram

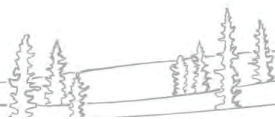
February 2022



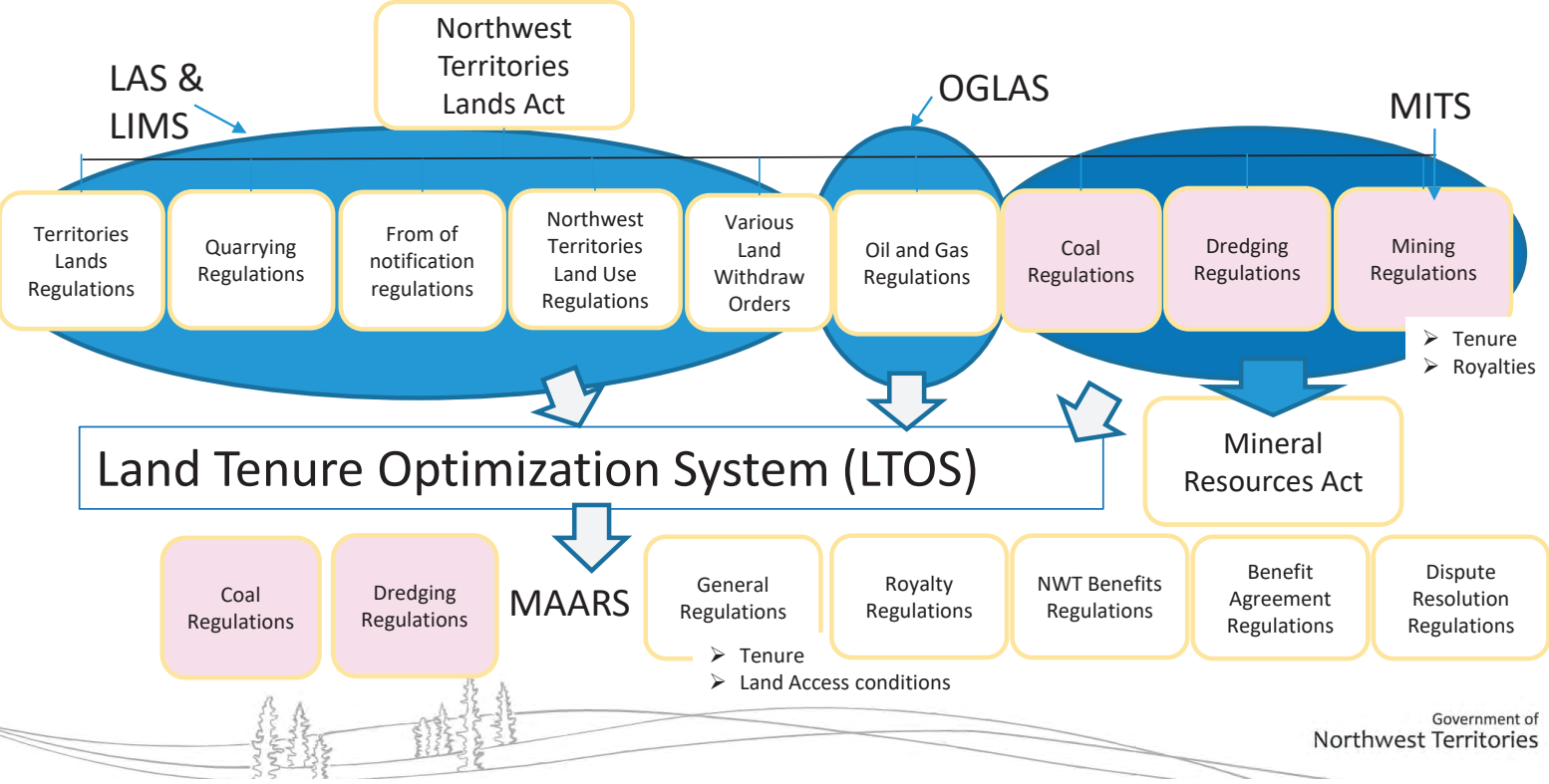
Government of
Northwest Territories

Agenda

1. Current to Future State Transformation
2. MITS, LTOS and MAAS Overview
3. Anticipated Timeline
4. Online Map Staking Feedback
5. Q &A

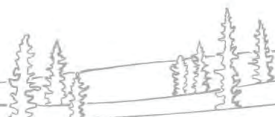


MITS to MAARS Systems Transformation

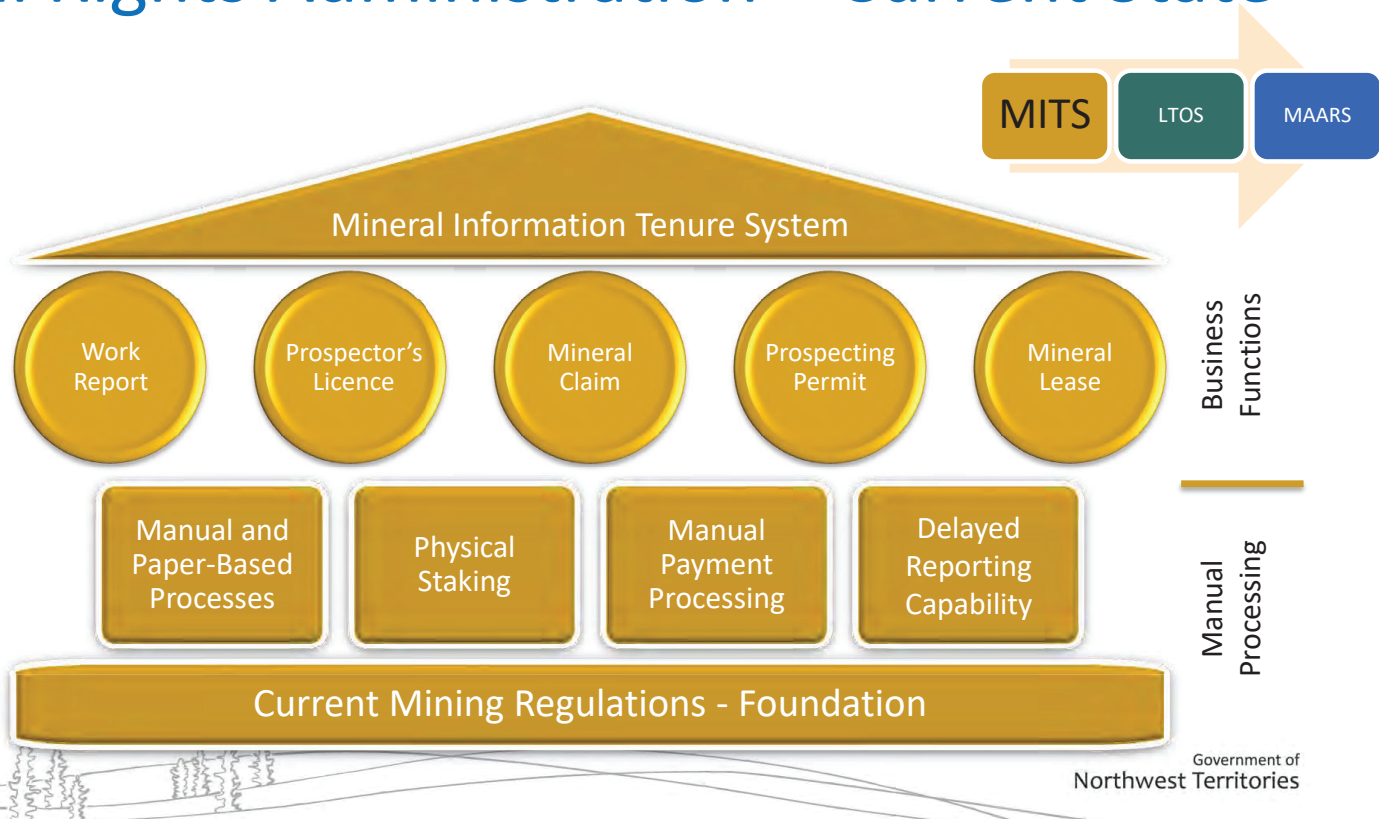


Current System: MITS

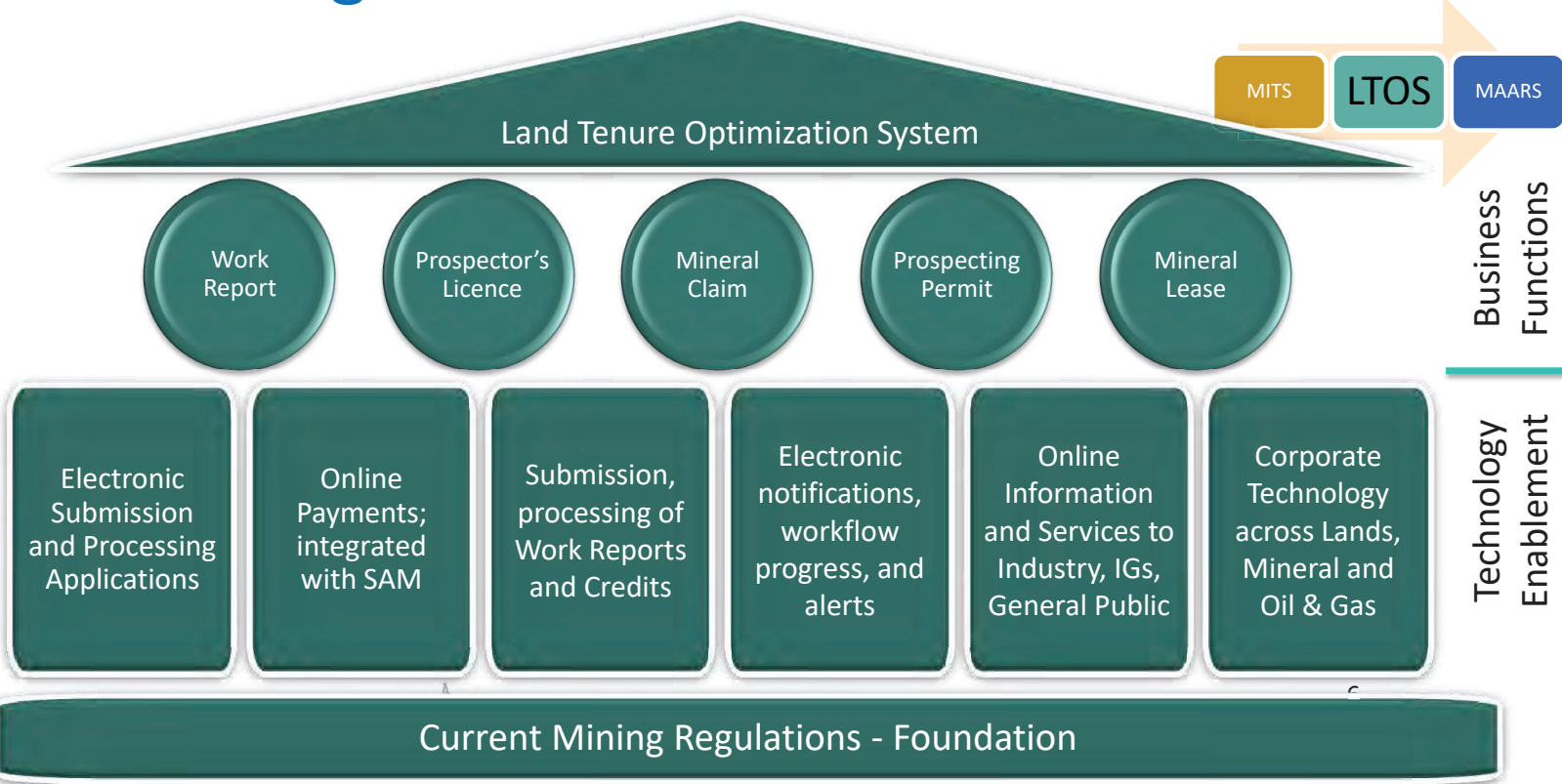
- For Devolution in 2014, Mineral Information Tenure System (MITS) was created as to administer the functions within the Mining Regulations under the *Northwest Territories Lands Act*.
- Issues:
 - MITS is ~8-year-old, End of Life system;
 - End of life technology platform, Oracle database, hosted system.
 - Highly customized system, complex for changes to be completed
 - No client access to review their own mineral tenure
 - Externally managed, so GNWT/MRO cannot fix issues in house
 - Reporting features are limited; lack of ability to create custom reports
 - Financial data is non-existent; not integrated with current financial system
 - Individual, issue-specific errors regularly arise and take time and money to fix



Mineral Rights Administration – Current State



Mineral Rights Administration – Future State 1



MAARS Overview

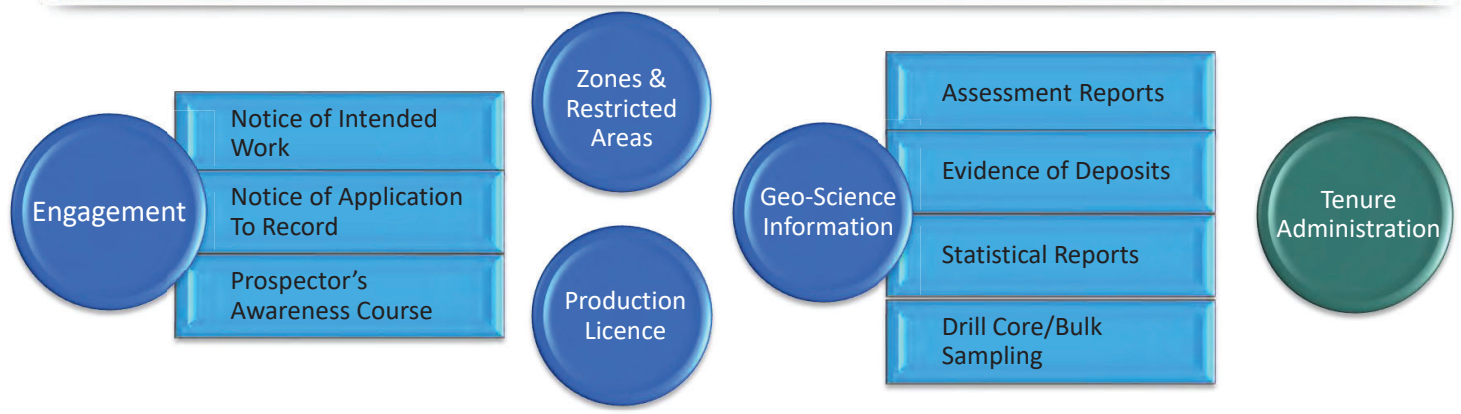
- The *Mineral Resources Act* (MRA) received assent in August 2019, enables various new authorities and functions beyond the current *Mining Regulations*.
- Extensive new regulations and business processes are required under the MRA, and therefore a new IT solution for implementation.
- MAARS will become the technology solution to enable the new functions created within the MRA
- Deliver OMS platform to achieve efficiency and certainty, and to reduce cost related to physical ground staking.



Mineral Rights Administration – Future State 2

Mineral Administration and Registries System

MITS LTOS MAARS



Business Functions

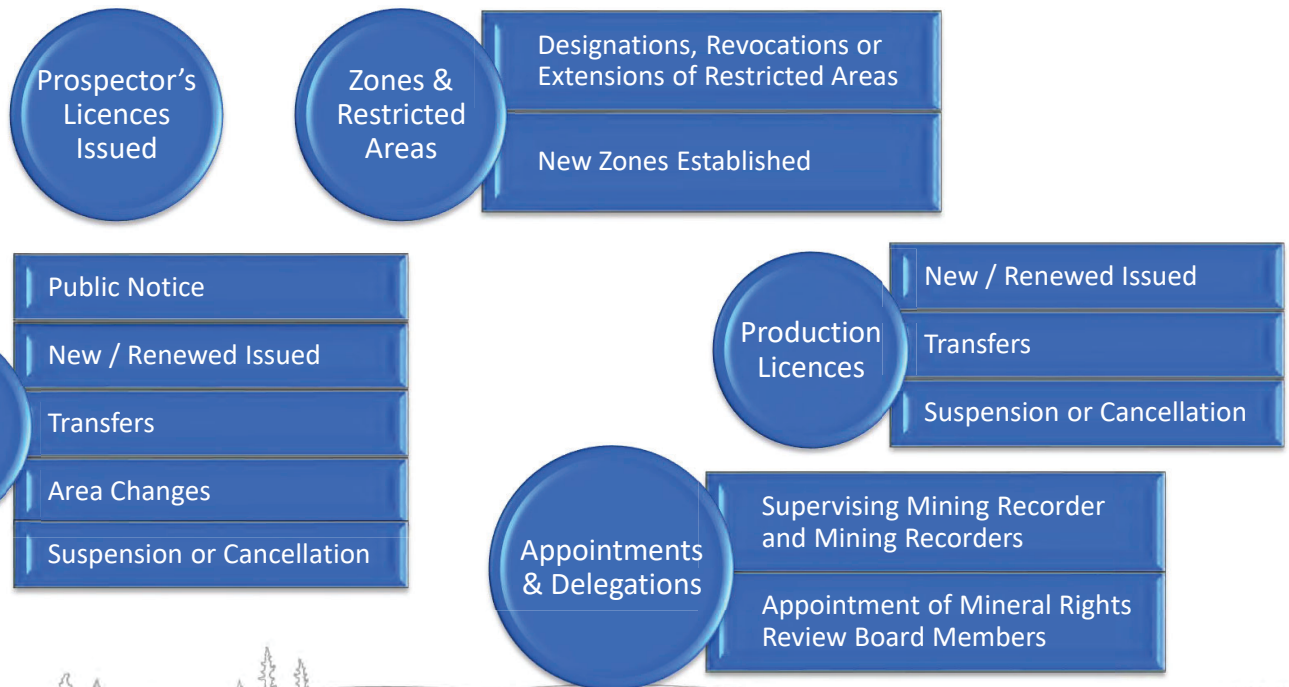


Technology Enablement

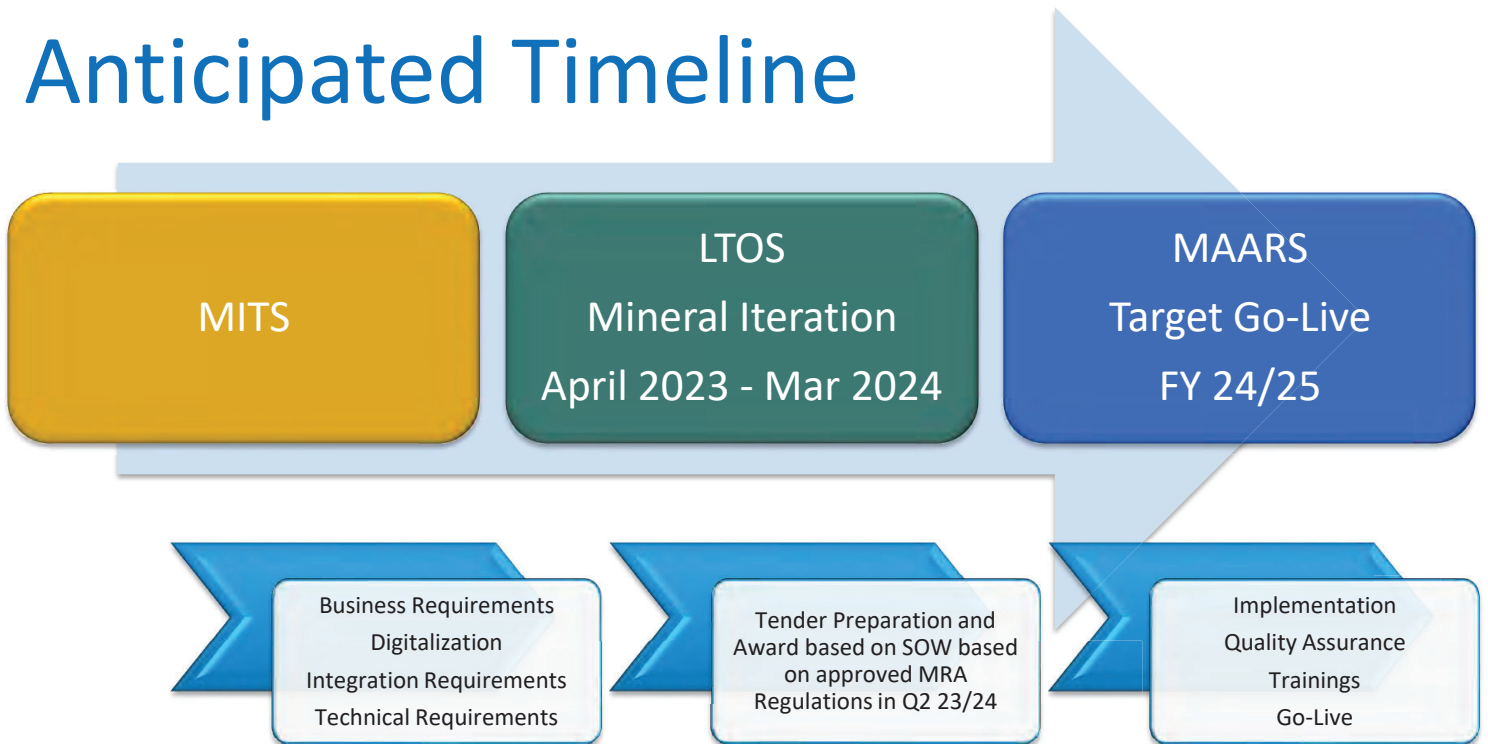
New MRA Regulations - Foundation

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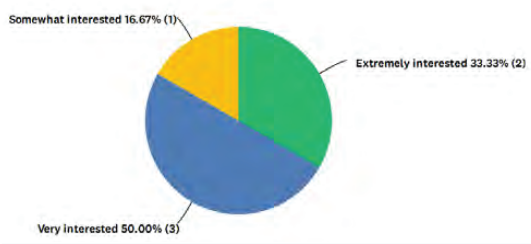
MAARS -> Public Registry




Anticipated Timeline



Online Map Staking Feedback from Jan. 28



#	Comments	Response
1	I would like to know what the 'business rules' will be for non-grid online staking. it seems to me that these rules could get quite complex to the point where only GIS technology literate people can design and execute online staking programs.	The OMS solution will be intuitive and user friendly. Additionally, end-user training will be available prior to Go-Live.
2	The no-grid system has our vote. OMS cannot happen too quickly. I am asked often by investors when the NWT is going to get on with it. I have record files regarding this matter for years prior to 2010! Investors do not want to put up money for what they see as a blatant waste of cash. Flow through financing cannot be used. Can't win right now - we have to stake yet no one wants to stake in the trees, people do not want trees blazed, the process is a waste of resources and potentially dangerous at many levels, and totally meaningless in the context of current technology where blazing lines is a moot undertaking given GPS gets you to a corner post. Appreciate that this is a priority for the government!!!	
3	Still not clear on staking any shape you want, or recommending stick to current rectilinear approach.	Current N-S, E-W staking is preferred. OMS will however enable staking a Non- N-S, E-W shape.

Regulation topics-MRA Comes into Force

- Prospectors licence and Awareness course
- Drill Cores
- Removal of Minerals
- Notices for dispositions
- Claims length
- Work requirements
- Evidence of Deposit
- Benefit Agreement
- NWT Benefits
- Lease requirements
- Production Licence
- Statistical Returns
- Mineral Rights Review Board
- Enforcement
- Royalties



Regulation Topics-after Coming into Force

- Online Map Staking
- Temporary Restricted Areas
- Zones

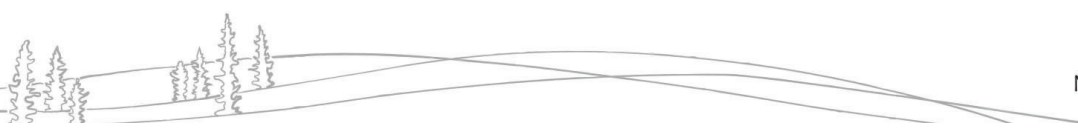




Prospector's Awareness Course & Prospector's Licence

Charlene Squibb & Jessica Bos

February 2022



Government of
Northwest Territories

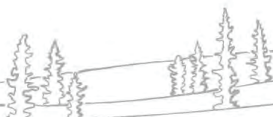
Prospector's Licence



Background – Current State

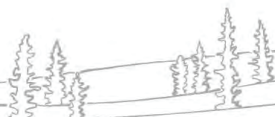
Mining Regulations s.3

- (1) The Mining Recorder shall issue a licence to prospect to a person who has applied and paid the applicable fee set out in Schedule 1 if the person is
 - (a) an individual who is 18 years of age or older; or
 - (b) a company that is incorporated or registered under the *Business Corporations Act* or the *Canada Business Corporations Act*.
- (2) A licence is not transferrable.
- (3) A licence is valid from the date of its issue until March 31 following the date of its issue or, if renewed before March 31, for a period of one year beginning on April 1 following the date of its renewal.
- (4) A licensee may, on request and payment of the applicable fee set out in Schedule 1, obtain a copy of their licence.



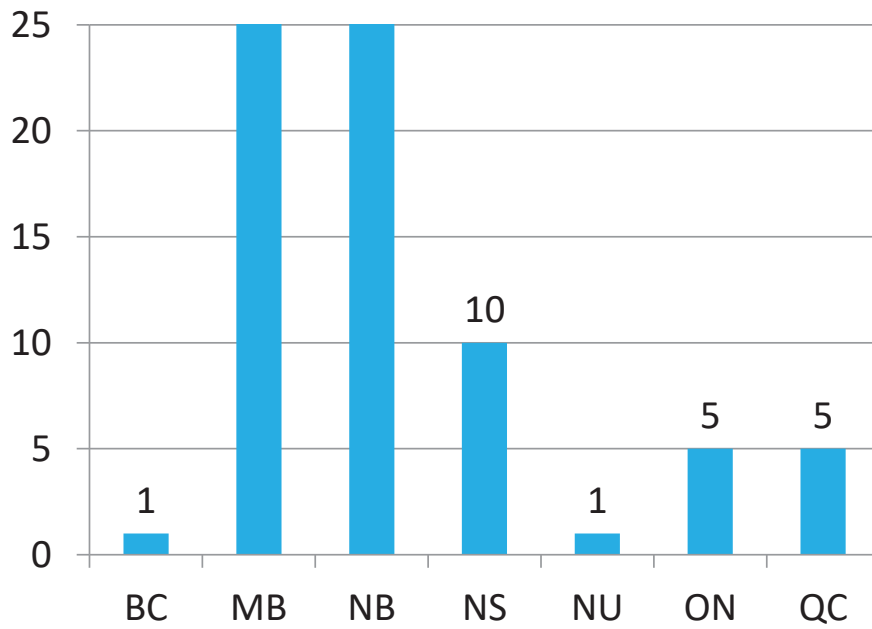
Considerations

- The sections of the MRA that apply to the Prospector's Licence are similar to the current regulations in that one will require a prospector's licence in order to prospect, stake claims and do most of the transactions related to mineral tenure.
- One key difference: the age of obtaining a prospector's licence was raised from 18 years to the "age of majority in the NWT" (19 years old).



Term - Length

Prospectors Licence - Duration



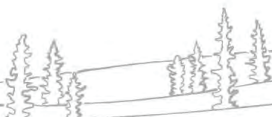
Fixed Duration or Fixed Term

- Prospector's licence currently tied to calendar with all licences expiring on March 31st.
- Administrative Fairness suggests all clients should receive the same term length regardless of purchase date.
- Potential solutions include unlinking Prospector's Licence from any date and focus on a fixed duration rather than a fixed term



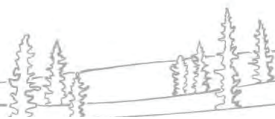
Renewal

- Current state: No unique process for renewal. Process is the same for acquisition and renewal.
- Cross jurisdictional analysis suggests this is status quo.
- Due to linkages with the Prospector's Awareness Course, we do have additional considerations.



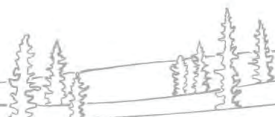
Licence Classification

- Current state: 2 licence categories:
 - Individual
 - Corporation
- Option to add a 3rd class
 - Individual (resident)



Use of Agents

- Proposed approach:
 - A proponent must apply for the prospector's licence and only after all requirements are met for issuance can an agent be delegated



Proposal

- Move from annual licence with fixed end date to 5-year licence with fixed duration.
- Renewal every 5 years
- Add category for Individual (resident)
- Agent may not be assigned until after licence is issued

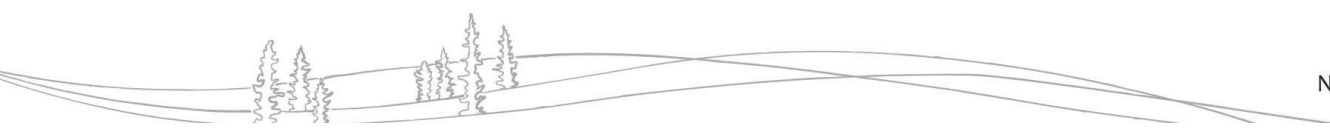




Legacy Treatment Introduction

Laura Faryna

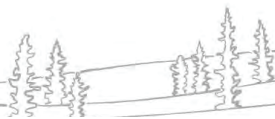
February 2022



Government of
Northwest Territories

Overview

- Introduction
- Legislation
- Starting perspectives
- Development analysis considerations
- Process sequencing for regulations development
- Implementation considerations

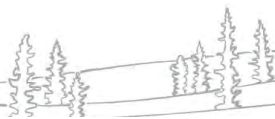


Introduction

- **The goal of today is to explain the depth of work and complexities that legacy issues will entail**
 - This analysis occurs at one of the final stages of development of policy intentions for regulations
- *No decisions can be finalized on legacy treatment until other regulations decisions are made*
- What do we mean? Generally, speaking when we say:
 - Legacy
 - Grandfathering

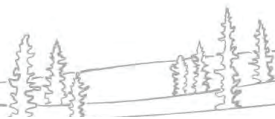
Legislation

- Regulations are needed to specify what rules apply to legacy holdings



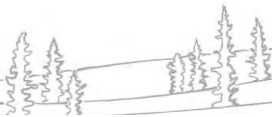
Starting Perspectives

- **Balancing approach:**
 - Grandfathering largely goes against modernization and MRA purposes
 - But, many factors must be balanced to decide most effective outcomes
 - More on this in coming slides



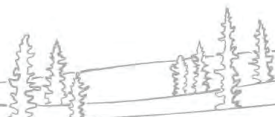
Legacy Analysis

- Each item/rule needs own analysis:
 - No one-size-fits-all floor or ceiling
 - Broad variation shown across jurisdictions
 - *Context differs*: timing, scale of changes, grid conversion applicability
- But, best viewed in big picture of all changes to that legacy holding



Analysis Factors

- Legal factors
- Loss: e.g. monetary, opportunity cost, relations, etc.
- Indigenous considerations
- Technical considerations
- Interdependences: ripple effects in regulations system
- Political or inter-jurisdictional considerations
- Investment influences
- Benchmarking to MRA purposes
- Etc.



Process Sequence

- IGC Protocol
1. Research and cross-jurisdictional analyses
 2. Engagements
 3. Decision on regulations – for each rule of every topic
 4. Case-by-case analysis on every rule that could apply to legacy holdings
- In progress

Process sequence requires time built-in for legacy analysis and decisions at the later stages of regulations development



Implementation Options

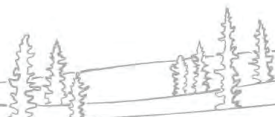
- Different routes but must be decided upon and reflected in regulations development
- Examples:
 - Transition period/period of time for compliance
 - Blackout period



Questions

Keeping in mind no decisions can be made yet:

- Do you have factors you want applied in the legacy considerations?
- Do you have any particular thoughts or concerns regarding legacy holdings under the MRA?

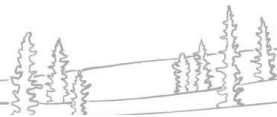




Benefit Regulations

Producing Mines

February 18, 2022



Government of
Northwest Territories

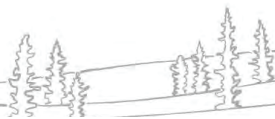
Benefits Regulations Update

1 Benefit Agreement Regulations

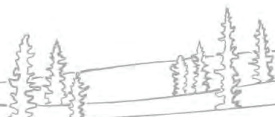
(Indigenous Governments and Organizations)

2 NWT Resident Benefit Regulations

(All NWT residents)



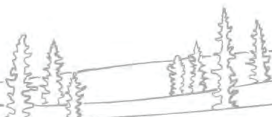
Benefit Agreements



Mineral Resources Act

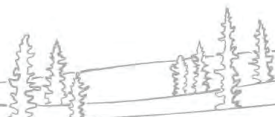
Section 53:

“The holder of a mineral lease shall enter into an agreement for benefits in accordance with the regulations with each Indigenous government or organization that the Minister considers appropriate in the circumstances”



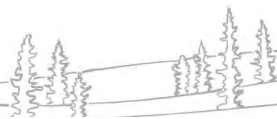
Key Elements: Benefit Agreements

- Agreements to guarantee benefits to Indigenous Governments and Organizations
- Focuses on benefits not impacts
- Does not overstep into federal jurisdiction
- Conclusion of a benefit agreement is linked to the issuance of a production licence
- Certainty on which Indigenous groups should benefit
- Maintains positive status quo where agreements are the norm
- Dispute Resolution process



Current Topics of Interest

- Thresholds
- Timing
- Qualified Indigenous Governments and Organizations
- Proof of Bas
- Confidentiality
- Material Changes
- Dispute Resolution

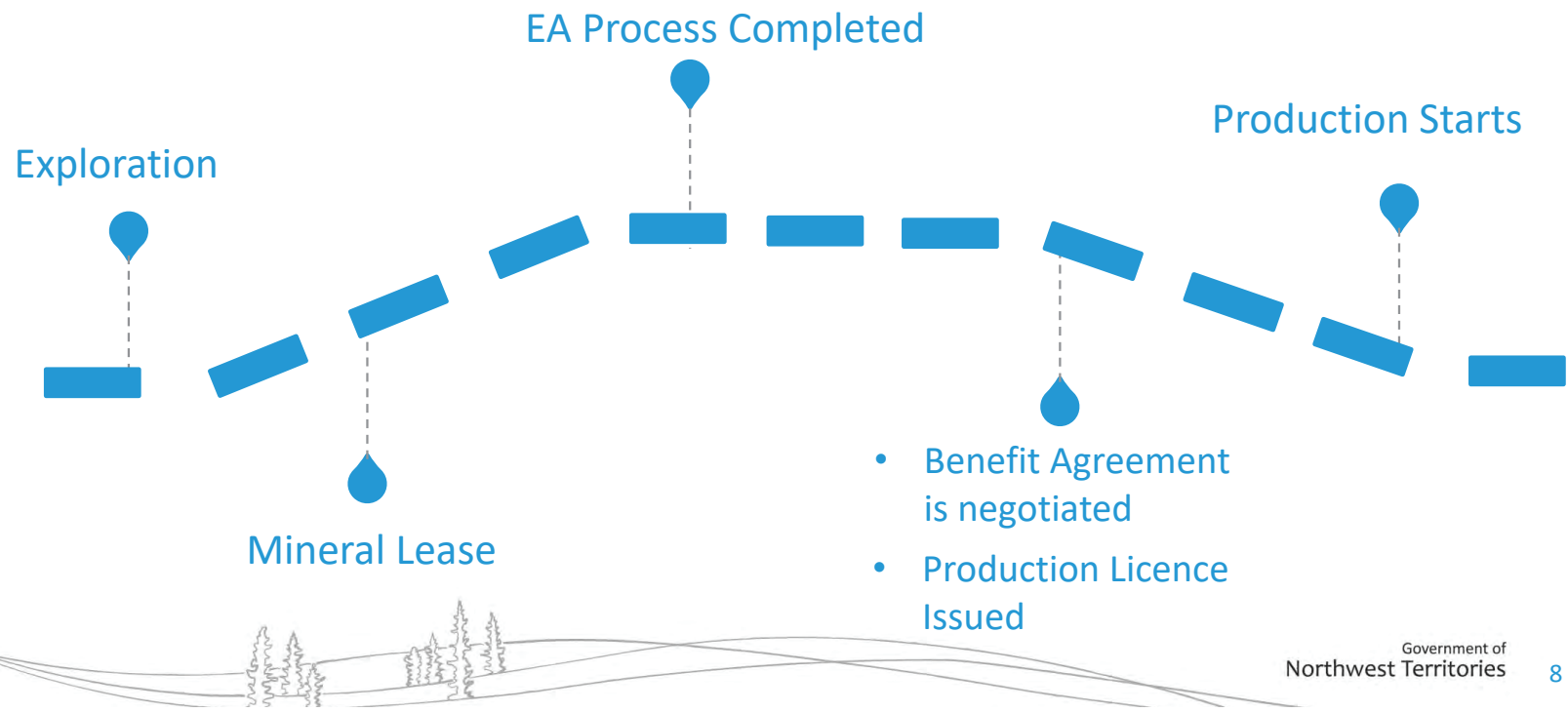


Thresholds

- 2 Thresholds under Benefit Agreements:
 - Commence BA negotiation
 - Completion of BA
- Helps industry to build relationships with IGOs leading up to a formalized agreement

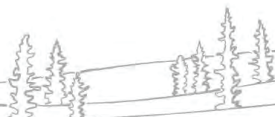


Timing



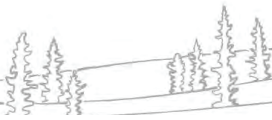
Qualified Indigenous Governments and Organizations

- **The Problem:** Under the MRA, resource developers will need to negotiate benefits agreements with IGOs determined by the Minister prior to mineral production.
- This provides certainty to Industry on which IGOs to engage for benefit agreements and encourage early engagement and relationship building with IGOs.



Proof of BAs

- **The Problem:** The GNWT needs a mechanism to verify that a benefit agreement has concluded.
- Balances a need for transparency while respecting the confidentiality of the parties involved.
- Reassures the GNWT, IGOs, and public that surrounding communities will benefit from resource development



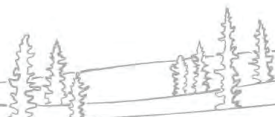
Confidentiality

- **The Problem:** there may be information in regards to benefit agreements that would be of interest to the GNWT. A process to share information from Bas should be established within the regulations for these situations.
- The GNWT is considering a system which allows for voluntary information sharing opportunities for BA-related content while respecting the relationship between all parties.



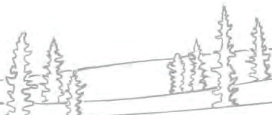
Material Changes

- **The Problem:** The MRA specifies that benefits shall be amended if a material change to the project occurs.
- The working group is discussing how to define a 'material change' in the context of mineral development

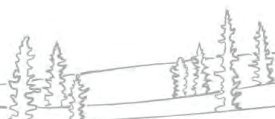


Dispute Resolution

- **The Problem:** The MRA requires a dispute resolution process for Benefit Agreements. All of the required details to dispute resolution must be set into the regulations and/or policy.
- The GNWT is commissioning a dispute resolution expert to assist in this work.

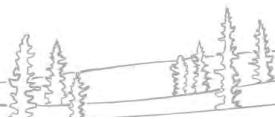


NWT Resident Benefits



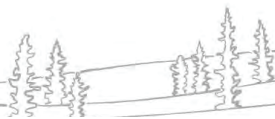
SEA Program Review

- Mandate item of the 19th Legislative Assembly to “Adopt a benefit retention approach to economic development”
- The GNWT will have completed the evaluation portion of the review in Spring 2022.
- Recommendations from the evaluation will be considered in the development of the MRA regulations.



Recommendations from the SEA Program Review

- Separation of impacts and benefits
- Formation of Advisory Boards
- Compliance measures in the regulations for SEA commitments
- Address mine closure in SEA commitments
- Improve reporting by requiring quantitative and qualitative data be reported by both GNWT and Proponents
- Regular review of the SEAs

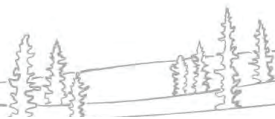


NWT Resident Benefits

Mineral Resources Act

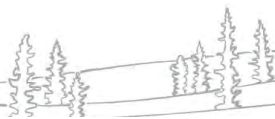
Section 52:

“The Commissioner on the recommendation of the Minister may prescribe requirements in respect of measures that provide benefits to the people of the Northwest Territories.”



Key Elements

- Linking benefits in the regulations to socio-economic agreements
- Separating benefits from impacts
- Standardizes essential elements of SEAs



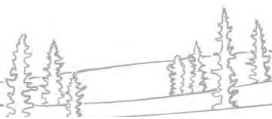
Current Topics of Interest

- SEA Requirement
- Close Proximity and Prioritization
- Benefit Definition
- Negotiation Guidelines
- Engagement
- Advisory Bodies
- Reporting Timelines
- Adaptive Management



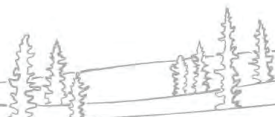
SEA Requirement

- **The Problem:** The MRA gives a formal mechanism to require benefits for NWT Residents.
- Agreements negotiated under the regulations will focus towards benefits for residents and maximizing benefit retention from resource development.



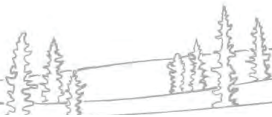
Close Proximity and Prioritization

- **The Problem:** Resource development projects have a disproportionate effect on communities within a close proximity to the project site.
- The GNWT is discussing how to determine the “benefit area” and how IGOs within this area will be prioritized for benefits.



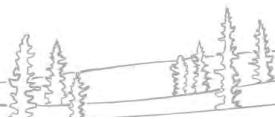
Benefit Definition

- **The Problem:** The MRA gives powers for benefits, however, the language was vague in terms of what a benefit is and what is required under BAs.
- The definition of benefit is aimed to narrow the scope of the term ‘benefit’, to separate its relationship with impacts but remain open-ended to allow for flexibility and accommodate for the contextual nature of each project.



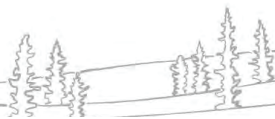
SEA Negotiation Guidelines

- **The Problem:** The MRA gives an opportunity to redesign the negotiation process that the GNWT undertakes for socio-economic agreements.
- Standardizes some elements of SEAs that remain the same throughout all SEAs



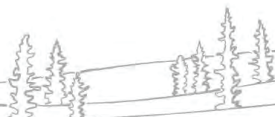
Engagement

- **The Problem:** A one-size fits all approach to engagement does not work for all mining projects. The MRA is an opportunity to modernize the approach for engagement.
- Obligations and the depth of engagement can differ between SEAs based on the size and scope of the project.



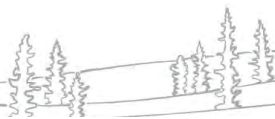
Advisory Bodies

- Recommendation from the SEA Program Review evaluation
- Advisory bodies represent voices and expert opinion from all participating parties and can simplify engagement, decision making, and enhance collaboration



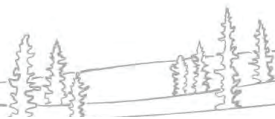
Reporting Timelines

- **The Problem:** Varying timelines for reporting between the producing mines and the GNWT makes collaboration, engagement, and information sharing difficult. The MRA gives an opportunity to optimize reporting deadlines under SEAs.
- Consolidated reporting timelines can help portray a broader picture of the large number of benefits provided through resource development and the cumulative benefits from mineral development in the NWT.



Adaptive Management

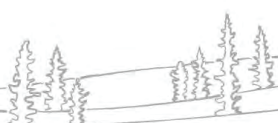
- **The Problem:** Identifying how adaptive management can provide oversight and manage benefit outcomes and implementing them through the regulations
- Adaptive management is the plan for evolving and improving SEA commitments through collaboration and planning between a mining project, the GNWT, and IGOs.



Thank you

For questions & more information, please contact:

Dianna Beck
Manager, Socio-Economics
Email: Dianna_Beck@gov.nt.ca





MINERAL RESOURCES ACT(MRA) IMPLEMENTATION

Feb 18 2022

Julie Ward, Director Mineral Resources Act Implementation

Industry Tourism and Investment

Government of
Northwest Territories

GNWT Mandate

- Increase resource exploration and development
- Adopt a benefit retention approach to economic development

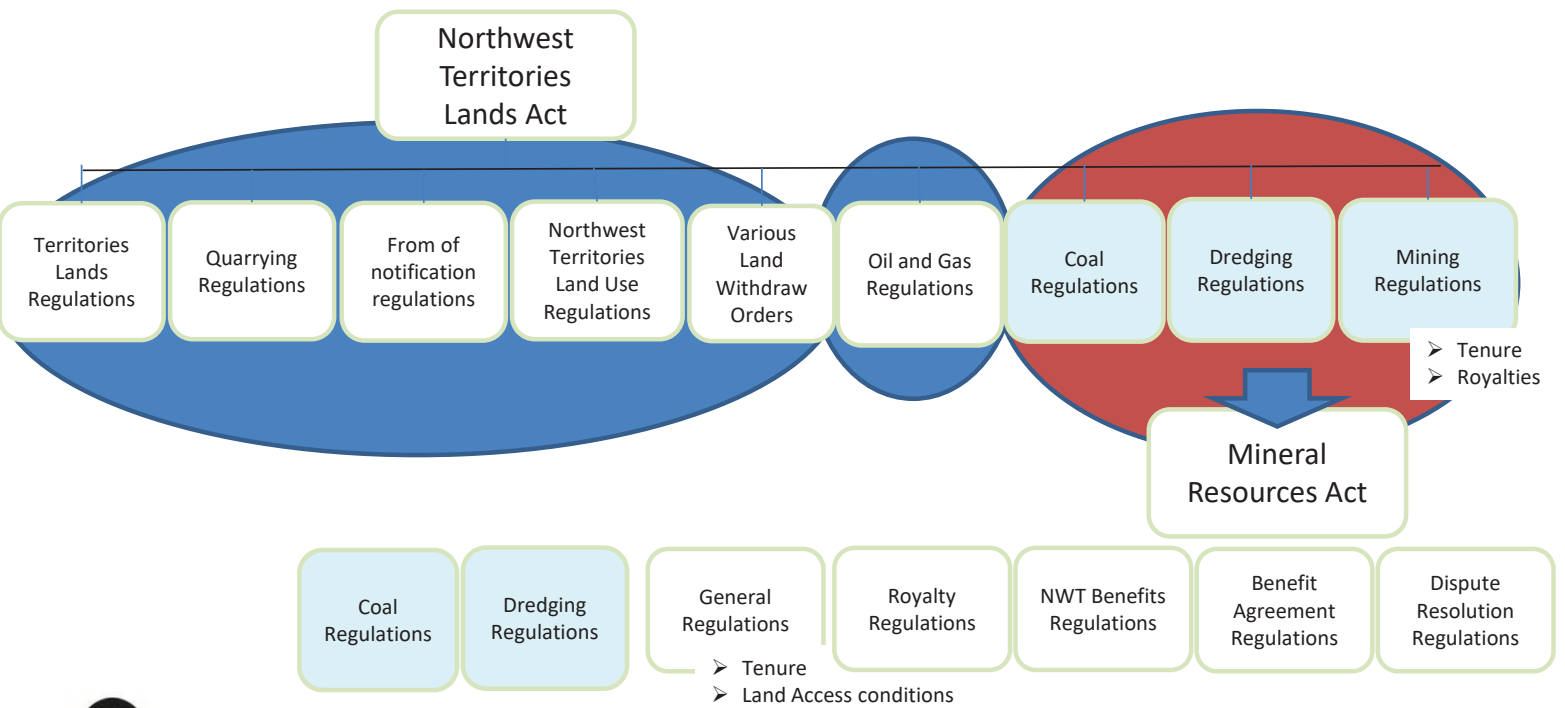


MRA goals

1. Regulate mineral interests efficiently, effectively and in a transparent manner;
2. Support the economy of the NT;
3. Realize benefits from mineral development for indigenous governments and organizations, communities and the people of the NT;
4. Ensure that wealth generated by mineral resources will be used for the benefit of present and future generations of the people of the NT;
5. Encourage positive relationships between proponents, indigenous governments and organizations, communities and the Government of NT;
6. Respect Aboriginal and treaty rights;
7. Complement the systems for collaborative management of land and natural resources;
8. Improve geological knowledge; and
9. Recognize sustainable land use.



Existing to New Regulations



Scope of Transition under the MRA

- Modernized mining regulations
- New notifications processes to encourage relationships
- New benefits regulations
- Dispute resolution, audit/inspection and enforcement regulations
- Revised staking regulations to allow for transition to online map staking
- Potential updates to the royalty regime



Policy work is occurring through working groups:

- Tenure
- Land Access
- Benefits
- Royalties
- Dispute Resolution



Legislative Development Approach

- 2014 – NWT Devolution – Northwest Territories gains rights over land, water and resources and will govern these rights through the Devolution Agreement in the method set out in the *NWT Intergovernmental Agreement (IGA) on Lands and Resources Management*
- 2014 - *NWT IGA on Lands and Resources Management* sets out a government to government relationship and provides for mechanisms for coordination and cooperation with respect to the management of Public Lands and Settlement Lands and rights in respect of water
 - Engagement and Collaboration under IGA is through the Intergovernmental Council (IGC) : current parties consisting of: GNWT; Inuvialuit Regional Corporation, Gwich'in Tribal Council; Sahtu Secretariat Incorporated; Northwest Territory Metis Nation; Thcho Government; Acho Dene Koe First Nation and the Fort Liard Metis Local #67; Salt River First Nation; Deninu Kúé First Nation and Kátł'odeeche First Nation



Collaborative Development of Regulations

- December 2020 - IGC: Legislative Development Protocol – developed to further clarify expected approach for developing new resource management legislation
 - Sets out 7 steps for collaborative development of legislation
 - A. GNWT Invitation to Participate
 - B. IGOs Determine Level of Engagement
 - C. Engagement Assessment and Planning
 - D. Legislative Proposal and Regulation Development
 - E. Establishment of Technical Working Group
 - F. Collaborative Development of Draft Legislation
 - G. IGC Review

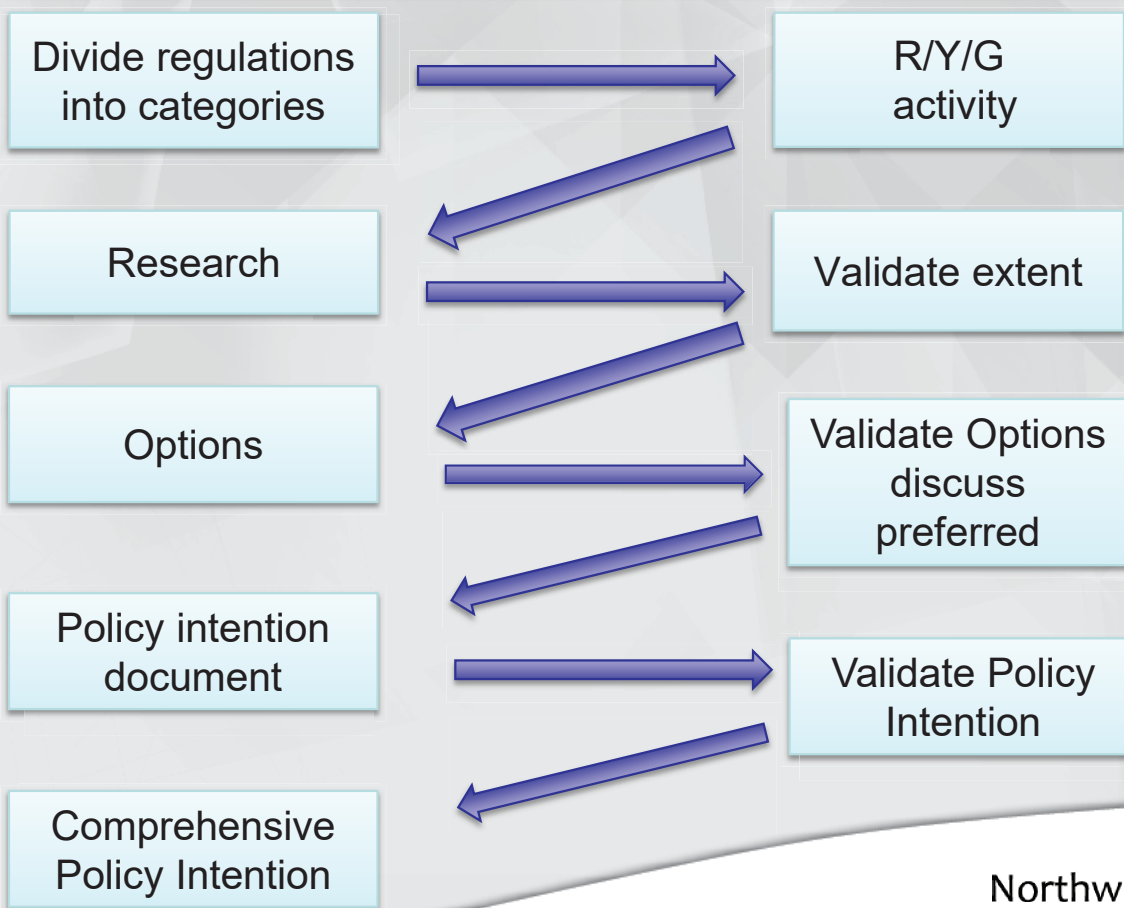


Collaborative Development of Regulations

- Setup a technical working group with IGC (~March 2021) to work on MRA Regulations
- December 2021 other Indigenous Governments (non-IGC members) were invited to participate in technical working group



Collaborative Development Process

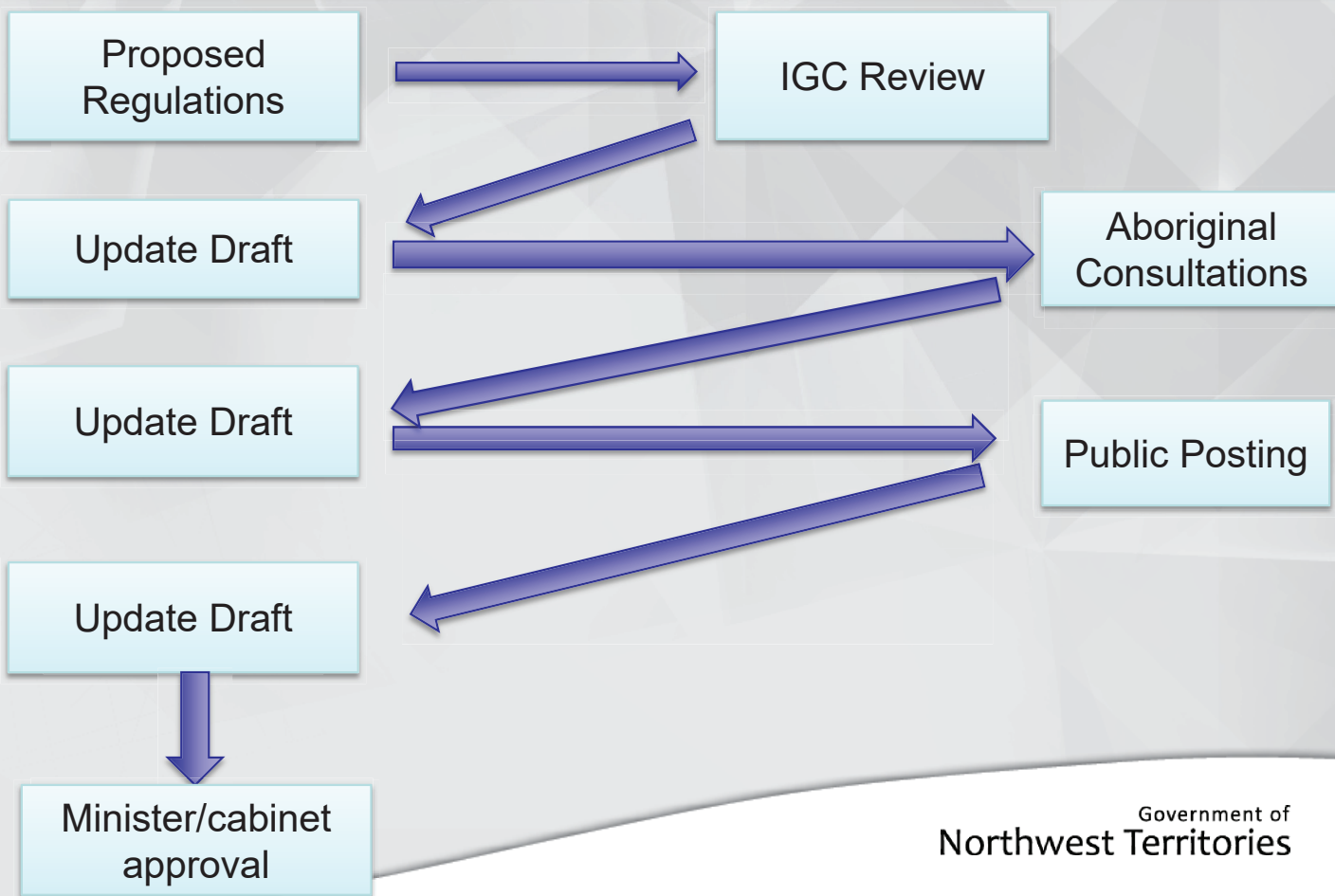


Engagement

- Coordinate policy approaches with GNWT departments
- Engagement with Indigenous governments (not represented at the Technical working group)
- Engagement with industry (Chamber, producing mines and other companies)
- Public engagement
- Engagement with boards, agencies and federal government



Collaborative Development Process con't

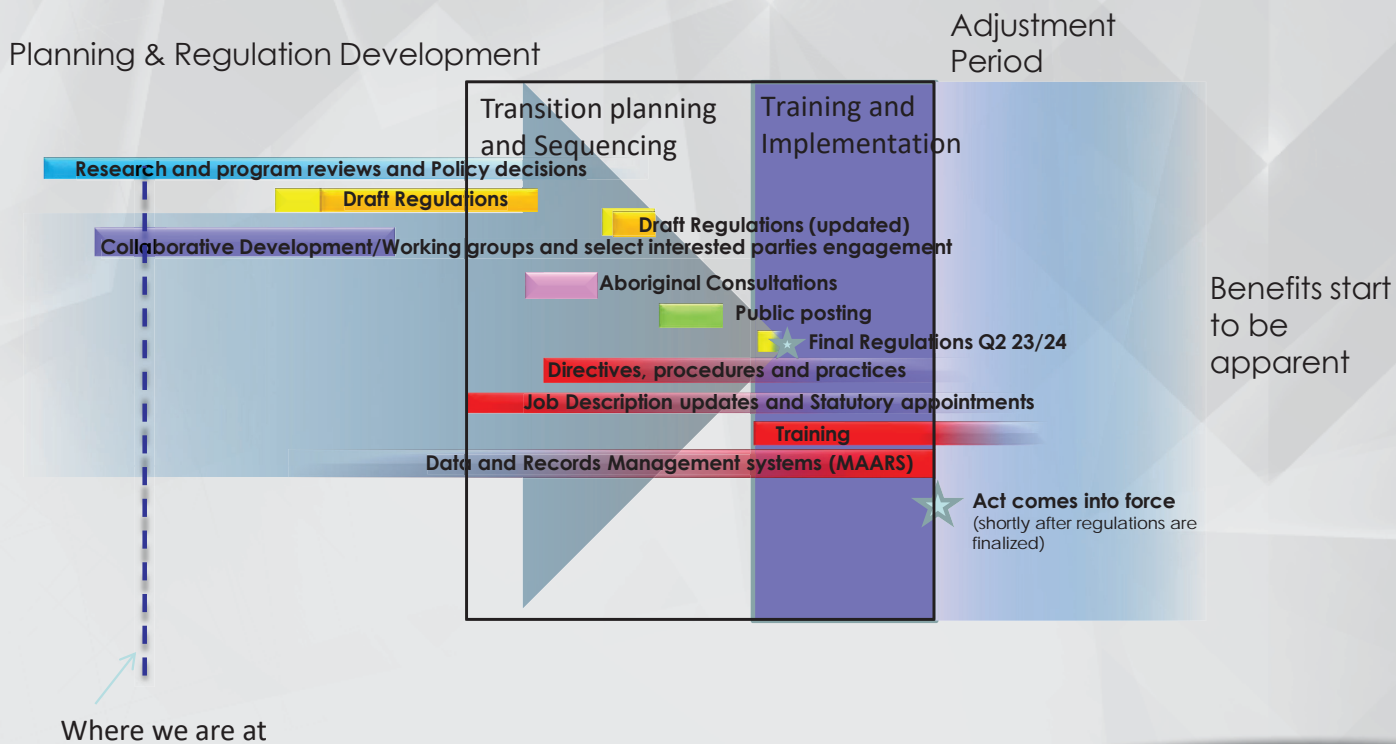


Implementation work

- New policies, directives, procedures
- New electronic registry: MAARS
- New job descriptions and staff training
- New guidance documents for our clients and publications



Proposed Timeline

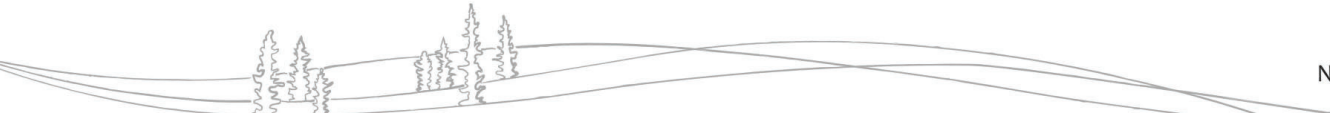




Staking Disputes

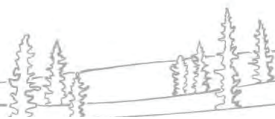
23 February 2022

Government of
Northwest Territories



Overview

- Introduction: what are staking disputes?
- What is in the *Mineral Resources Act (MRA)*?
- What regulations does the *MRA* point to?
- What regulations may also be needed?



Introduction

- First-in-time, first-in-right
- Staking disputes: overlapping staking
- Decided by Supervising Mining Recorder (SMR)
 - Not by the Mineral Rights Review Board
 - Not by the benefit agreements dispute resolution body



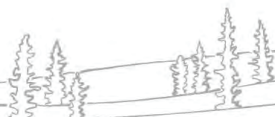
MRA – Staker

- A claim is recorded but a person believes they staked the area, or part of the area, first
- The staker can dispute the recording of the claim
- Staker must file a notice of protest
- Notice of protest must be in the approved form
- One year limitation



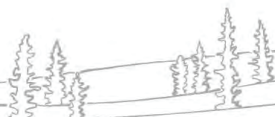
MRA – Supervising Mining Recorder

- SMR empowered with procedural powers to inquire into the dispute
 - Summon and examine witnesses under oath
 - Require production of documents
 - Do all things necessary to provide a full and proper inquiry



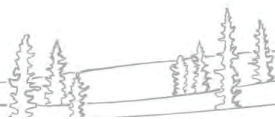
Determination

- The person who first properly staked the claim in accordance with the technical or other requirements in regulations will keep the claim
- The SMR shall direct that the first-in-time claim be recorded



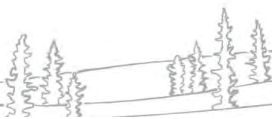
Written Reasons

- SMR shall provide written reasons to:
 - Mining Recorder
 - Parties



Enabling Authorities

36. (1) A person who believes that he or she staked a claim in respect of the same lands or overlapping lands before another person whose claim was recorded under section 29, may dispute the recording of that claim by filing a notice of protest in the approved form within one year after the day the disputed claim was recorded.



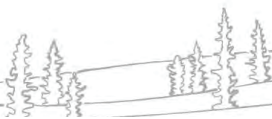
Enabling Authorities

- (2) The Supervising Mining Recorder shall inquire into disputes made under subsection (1) in accordance with the regulations, and for the purposes of the inquiry may (a) summon and examine under oath any person whose attendance is considered necessary to the inquiry; (b) compel the production of documents by witnesses; and (c) do all things necessary to provide a full and proper inquiry.



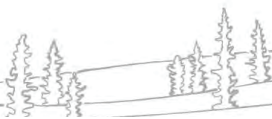
Enabling Authorities

- (3) The recording of the area of the claim in dispute must be accorded to the person who first staked the claim in accordance with the regulations and the Supervising Mining Recorder shall direct that the appropriate claim be recorded.



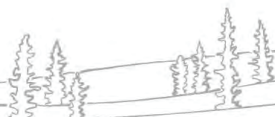
Enabling Authorities

- (4) The Supervising Mining Recorder shall provide written reasons of the determination made following the inquiry to the Mining Recorder who recorded the claim and the parties to the dispute.



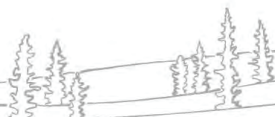
Context

- Ground staking
- Online map staking
- Number or nature of disputes may change
- May need regulations to reflect



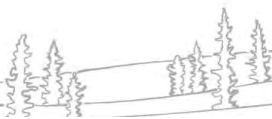
Approved form

- Approved form is referred to in the MRA
- Should regulations set out what is in the approved form or let the form be set through policy and operations?



Parties

- The MRA refers to the parties
- The regulations may need to set out who the parties are
 - Staker who is disputing the recording of the claim
 - Claimholder
 - Indigenous government, potentially
 - E.g. in circumstances where the land claim agreement sets requirements for staking such as notice



Questions

- Do you think any other parties are necessary?
- Do you have any experiences with the current staking disputes resolution system?
- Do you think any other regulations needed?
- Do you have any questions or comments?

