

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

Date Range 2022 02 18 to 2022 05 17

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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.



Introduction to the NWT Royalty Regime

A Guide to Calculating and Filing Royalties

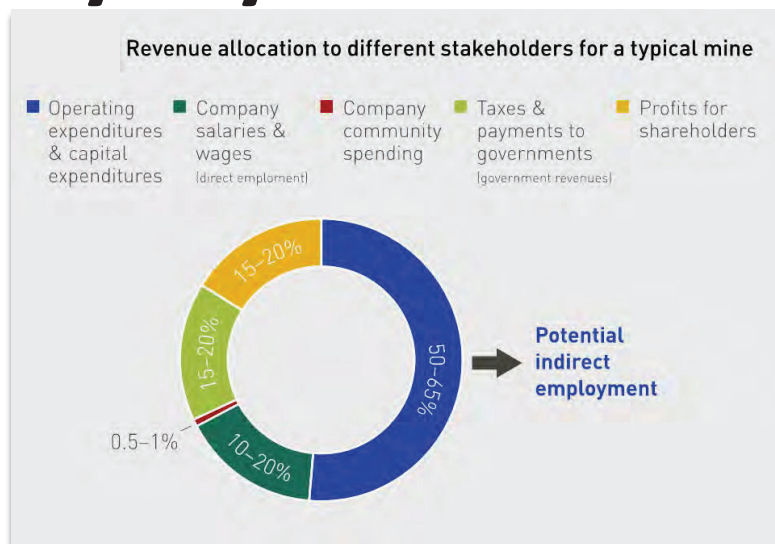
February 2022

Government of
Northwest Territories

Royalty Introduction

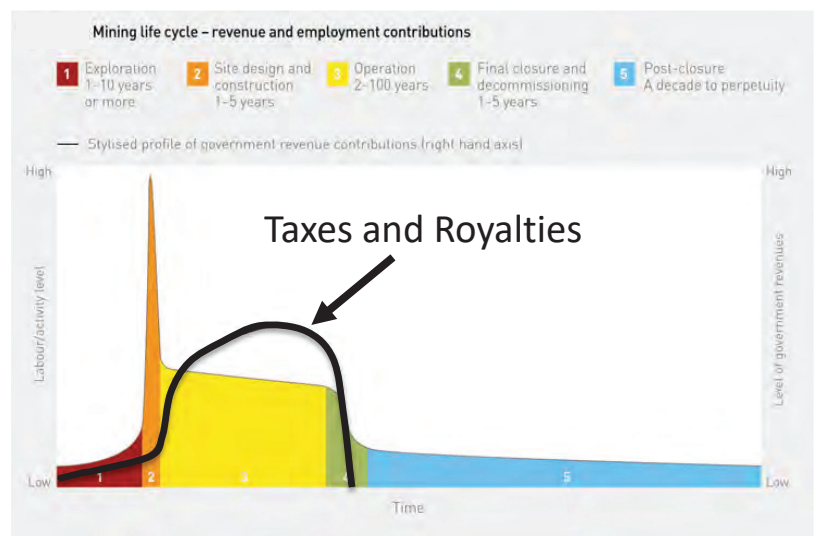


Royalty Introduction



Royalty Introduction

- Mines change with time and their financial picture changes as well.
- High initial expenditures with construction and new equipment.
- Later in mine-life usually lower quality resources.
- Government revenues reflect these changes as well.



Royalty Introduction

- Royalties are paid by the owner/operator of a mine to compensate for natural resources that are extracted.
- The company is 'renting' the land from the owner in order to generate profits for its organization.
- Minerals are non-renewable (depletable) and vary in quality; once the ore is gone, there is no more.



NWT Royalty Introduction

- Governed by the Northwest Territories Lands Act and the associated Mining Regulations.
- There are three main aspects to the administration of royalties:
 1. Valuation
 2. Royalty Filing
 3. Financial Auditing

NWT Royalty Filing

Three initial considerations for a project:

- Mining Property
- Saleable Product Point
- Commencement of Production

NWT Royalty Filing

Mining Property

Establish the leases and claims that make up the mine.

"mining property" means

(a) a recorded claim or a leased claim within the boundaries of which a mine or part of a mine is situated; or

(b) a group of contiguous recorded or leased claims within the boundaries of which a mine or part of a mine is situated and

(i) that belong to the same owner, or

(ii) if the mine is operated as a joint venture, that are owned exclusively by the members of the joint venture or parties related to the members of the joint venture, regardless of the degree of ownership of each recorded claim or leased claim;



NWT Royalty Filing

Saleable Product Point

(2) For the purposes of these regulations, a mineral or processed mineral is deemed

- (a) to be produced and to be part of the output of a mine if the mineral or processed mineral is in a saleable form or has been removed from the mine; and*
- (b) to form part of the output of the mine if it is produced from the reprocessing of tailings from a mine.*

As a general rule, the minerals should be taxed as close as possible to the mine, where a transaction would usually occur and a mutually acceptable value of the commodity would normally be agreed between buyer and seller.



NWT Royalty Filing

Saleable Product Point

Example From South Africa's *Mineral and Petroleum Resources Royalty Bill*

Copper

- Main pre-concentration process: numerous Copper ores vary in copper content as well as other physico-chemical properties. Many methods of extraction are employed. In South Africa there is one significant producer although there are numerous exploration programs underway.
- Copper concentrate of 20-30% Cu marks the first saleable point.

Graphite

- Main pre-concentration process: milling followed by flotation
- Graphite schists are one of the most common sources of graphite. These would have graphite concentrations below 10% carbon. Upgrading of the graphite yields intermediate products that are not readily saleable. These include 60% - 80% carbon content.
- At 86% carbon content graphite reaches its first saleable point.

NWT Royalty Filing

Commencement of Production

- (1) *For the purposes of these regulations, the date on which a mine commences production is in the case of a mine that includes a mill or concentrator, the first day of the first 90-day period during which the mill or concentrator operates at an average of at least 60% of its rated capacity; or*
- (b) otherwise, the day the mine begins to produce minerals in reasonable commercial quantities.*

NWT Royalty Filing

Reporting Requirements

72. (1) If, in a particular year, minerals or processed minerals that are from a leased claim and whose gross value exceeds \$100,000 are processed at a mine, removed from a mine, sold or otherwise disposed of, the lessee shall, within one month after the end of that year, deliver to the Chief a statement setting out

- (a) the name and a description of the mine;*
- (b) the names and addresses of all owners, operators and other lessees of the mine;*
- (c) the name and address of a person to whom notices may be sent;*
- (d) the weight and value of minerals or processed minerals treated at the mine, removed from the mine, sold or otherwise disposed of during the year and during each month of that year; and*
- (e) the design capacity of any mill, concentrator or other processing plant at the mine.*

NWT Royalty Filing

Reporting Requirements

77. (1) Subject to subsection (2), no person may remove minerals or processed minerals produced from a mine, other than for the purposes of assay and to determine the existence, location, extent, quality or economic potential of a mineral deposit in the lands constituting the mining property, until the weight and any other information necessary to establish the value of those minerals or processed minerals has been ascertained and entered in the books of account referred to in subsection 76(1).

NWT Royalty Filing

Commencement of Production

(2) The royalties payable to the Government of the Northwest Territories under subsection (1) in respect of a mine accrue during a fiscal year as the output of a mine is produced and must be remitted to the Chief not later than the last day of the fourth month after the end of that fiscal year.

NWT Royalty Calculation

- Royalty revenue is directly correlated with profitability of each project.
- Calculated on the value of the output of the mine during a particular fiscal year.
- Returns are submitted annually
- The amount of royalty is profit-based with the rates progressively increasing as the revenue gets larger.
- The rules are not commodity specific and work for diamonds, gold, base metals and tungsten;
- The amount of discretion in decision making given to government officials and the company is very limited.

NWT Royalty Calculation

- Calculated on the value of the output using the following formula:

$$A + B - C + D + E + F + G + H - I + J$$

- 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 = The Mining Reclamation Trust
- 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



NWT Royalty Calculation

- Total Output for the year = **A + B – C**
 - A - Sales
 - Third Party Sales
 - Related Party Sales
 - Polished Diamonds
 - B - Closing balance of Inventory on hand at Year-end
 - C - Opening balance of Inventory on hand

NWT Royalty Calculation

- I = Deductions and Allowances
 - Initial construction
 - Development cost
 - Asset Purchase
 - Operating expenses

NWT Royalty Calculation

- Pools
 - Processing Asset
 - Depreciable Allowance
 - Development cost

NWT Royalty Calculation

- D = Funds received that offset Deductions
- E = Asset Disposals
- F = Mining Reclamation Trust
- G = Funds received from insurance claims
- H = Forgiven Government Grants
- J = Funds paid to other facilities for the sorting and processing of goods



Privacy Act Statement
 The personal information on this form is being collected under the authority of the Mining Regulations and will be used for the purposes of administering the Mining Regulations. It is protected by the privacy provisions of the Access to Information and Protection of Privacy Act. If you have any questions about the collection or use of personal information, contact the Information and Privacy Coordinator of the Department of Industry, Tourism, and Investment at 1-800-873-7025.

The return, and attached schedules with reconciliation to company's financial statements, and with all information required by the Mining Regulations, shall be delivered to the Chief, Financial Analysis and Royalty Administration, Department of Industry, Tourism and Investment, on or before the last day of the fourth month after the end of each fiscal year of the mine.

Name of the Mine _____ Fiscal Year of the Mine _____

Name and Address of the Operator _____

Certification

Name and Position of Authorized Officer _____

Name of Company _____

I, the undersigned, do hereby certify that the statements contained in this Mining Royalty Return are true and accurate, are in accordance with the accounts and records of the aforementioned Company and to my best knowledge comply with the requirements of the Mining Regulations.

Dated at _____ this _____ (day) of _____ (month) _____ (year)

Signature _____

Output Statistics

Per subsection 69 (4)

Weight and value of the minerals or processed minerals produced from the mine that were:

	Weight (tcs)	Value (\$)
A) - Sold or transferred to persons not related to the operator		
- Sold or transferred to persons related to the operator		
<i>Precious stones that have been cut or polished by the operator</i>		
B) In inventory at the end of the fiscal year of the mine		
C) In inventory at the beginning of the fiscal year of the mine		
Total output for the year (A) + (B) - (C) >		

Page 1

Information/Summary page

Sales to third parties

Sales to related parties

Precious stones that have been cut or polished by the operator

Closing inventory balance is added here and beginning inventory is deducted

Calculation of Royalty Payment



1. Value of Output of Mine per Page 3		Value of output of mine (\$)	Rate %	Royalty (\$)	Total Royalty
On the first	\$10,000		0		
In excess of	\$10,000 but not exceeding \$ 5,000		5		
In excess of	\$5,000 but not exceeding \$ 10,000		6		
In excess of	\$10,000 but not exceeding \$ 15,000		7		
In excess of	\$15,000 but not exceeding \$ 20,000		8		
In excess of	\$20,000 but not exceeding \$ 25,000		9		
In excess of	\$25,000 but not exceeding \$ 30,000		10		
In excess of	\$30,000 but not exceeding \$ 35,000		11		
In excess of	\$35,000 but not exceeding \$ 40,000		12		
In excess of	\$40,000 but not exceeding \$ 45,000		13		
In excess of	\$45,000		14		
Total Value of Output of Mine, per page 3					
ROYALTY PAYABLE: LESSER OF 1 OR 2		\$			

Note: These brackets are subject to adjustment as per 70(2) and 74(2)

Page 2
Calculation of Royalty Payment page

Note it takes the lesser of the amount owing after applying both the fixed rate and progressive royalty rates to the value output.

Calculation of Value of Output of Mine



	(S)	(S)	Letter refer to as (S)
Proceeds from the sales, during the fiscal year, of minerals or processed minerals produced from the mine to persons not related to the operator	<input type="text"/>	<input type="text"/>	
Market value of any minerals or processed minerals produced from the mine that were sold or transferred to a person related to the operator or that have been cut or polished before their sale or transfer	<input type="text"/>	<input type="text"/>	
Market value of any precious stones that have been cut or polished before their sale or transfer	<input type="text"/>	<input type="text"/>	(A)
Market value of any inventories of minerals and processed minerals produced from the mine, as at the end of the fiscal year	<input type="text"/>	<input type="text"/>	(B)
Market value of any inventories of minerals and processed minerals from the mine, as at the beginning of the fiscal year	<input type="text"/>	<input type="text"/>	(C)
The lesser of (a) Payments received during the fiscal year related to a cost that has been claimed as a deduction or allowance (b) The cost related to payment above	<input type="text"/>	<input type="text"/>	(D)
Any excess amount referred to in paragraph 70(5)(b)	<input type="text"/>	<input type="text"/>	(E)
Amounts withdrawn during the fiscal year from a mining reclamation trust established in respect of lands referred to in Section 3, up to a maximum of the total of the amounts contributed to the trust	<input type="text"/>	<input type="text"/>	(F)
Any proceeds received during the fiscal year from insurance on minerals or processed minerals produced from the mine	<input type="text"/>	<input type="text"/>	(G)
Amounts of any grants or loans in respect of the mine that were made to the operator in respect of the mine that are forgiven by the federal government in the fiscal year	<input type="text"/>	<input type="text"/>	(H)
Total of deductions and allowances claimed under subsection 70(1) (per page 4)	<input type="text"/>	<input type="text"/>	(I)
The amount by which the sum of the amounts referred to in paragraph 70(5)(c) and 70(5)(e) exceeds the undeducted balance of the depreciable assets eligible for a depreciation allowance at the end of the fiscal year	<input type="text"/>	<input type="text"/>	
The amount by which the sum of the amounts referred to in paragraph 70(9)(c) and (d) exceeds the undeducted balance of the development allowance at the end of the fiscal year	<input type="text"/>	<input type="text"/>	(J)
Value of Output of Mine (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) - (I) + (J)	<input type="text"/>		

Page 3

Calculation of Value of Output of Mine

- 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 = The Mining Reclamation Trust
- 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



	(\$)	
(a)	The costs incurred during the fiscal year, for sorting, valuing, marketing and selling the minerals or processed minerals produced from the mine.	<input type="text"/>
(b)	The costs incurred during the fiscal year, of insurance, storage, handling and transportation to the processing plant or market, in respect of mineral or processed minerals produced from the mine.	<input type="text"/>
(c)	The costs incurred during the fiscal year, of mining and processing minerals or processed minerals from the mine.	<input type="text"/>
(d)	The costs incurred during the fiscal year, of repair, maintenance or replacement at the mine.	<input type="text"/>
(d.1)	The consideration paid by a member of a joint venture for minerals or processed minerals derived from another member of the joint venture, when each member is delivering a separate mining royalty return in accordance with section 74.	<input type="text"/>
(e)	General and indirect costs incurred during the fiscal year for property, employees or operations at the mine that are not otherwise allocated to operating costs.	<input type="text"/>
(f)	Exploration costs per page 4 below.	<input type="text"/>
(g)	Depreciation allowance per page 5.	<input type="text"/>
(h)	Development allowance per page 6.	<input type="text"/>
(i)	Mining reclamation trust contribution allowance per page 9.	<input type="text"/>
(j)	Processing allowance per page 9.	<input type="text"/>
(k)	Costs with respect to minerals or processed minerals from the mine processed at another mine or at any facilities located outside the Northwest Territories as per 70(1)(l).	<input type="text"/>
Total Deductions and Allowances:		<input type="text"/> 0

Calculation of Exploration Costs Deduction

			(\$)	
Value of output of the mine, calculated after deduction of the amounts referred to in paragraphs 70(1)(a) and 70(1)(b) and before deduction of any depreciation allowance, mining reclamation contribution allowance, development allowance or processing allowance.			<input type="text"/>	(A)
			10% of (A)	(B)
Name of owner	(1) Percentage ownership of the mine (%)	(2) Column (1) x (A) (\$)	(3) Actual exploration costs incurred during the year as per paragraph 70(1)(g) (\$)	(4) Lesser of (2) and (3) (\$)
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Costs eligible for exploration deduction (sum of column (4))			<input type="text"/>	(C)
LESSER OF (B) OR (C) ARE COSTS ELIGIBLE FOR DEDUCTION			<input type="text"/>	

* For each owner please attach a list of claims and lease numbers and specify the exploration costs incurred on each.
Version: April 11, 2014

Page 4

Deductions and Allowances

I = Deductions and Allowances

- Initial construction
- Development cost
- Asset Purchase
- Operating expenses



Undeducted balance of depreciable assets at the beginning of the fiscal year**		(5)		(1)
<small>** Where this is the first return this amount should be the balance as at the date of commercial production</small>				
Cost of additions during the fiscal year to depreciable assets				(2)
	(5)			
The lesser of				
(a) Proceeds from the disposition during the fiscal year of depreciable assets or insurance proceeds as the case may be or				
(b) the original cost of the assets				(3)
Undeducted balance of depreciable assets at the end of the fiscal year prior to deduction of a depreciation allowance				(4)
		(1) + (2) - (3)		
Amount of depreciation claimed for the current fiscal year (Cannot exceed amount in 4) (Claim this amount on page 4)				(5)
Undeducted balance of depreciable assets allowance at the end of the fiscal year after deduction of a depreciation allowance for the current fiscal year				(4) - (5)

Note: If depreciable assets are used for processing minerals or processed minerals produced at another mine see sections 76(1)(c) and 76(1)(d)

Development Allowance

Undeducted balance of the costs eligible for a development allowance***		(5)		(1)
Exploration costs incurred on the mining property, after the date of commencement of production, during the fiscal year				(2)
Costs incurred after the date of commencement of production, during the fiscal year, at the mine for workings designed for continuing use, including the clearing, removing or stripping of overburden from a new deposit at the mine, the striking, excavation or extension of a mine shaft, haulage way, or similar underground work, the construction of an adit or other underground entry and the construction of a road or tailings disposal structures				(3)
	(5)			
The lesser of				
(a) Costs referred to in subparagraph 70(1)(i) and if that were incurred by a previous owner on a recorded claim or lease that has been incorporated into the existing property				
(b) The purchase price of the claim or lease				(4)
Undeducted balance of the costs eligible for the development allowance at the end of the fiscal year prior to deduction of the development allowance				(5)
		(1) + (2) - (3) + (4)		
Amount of development allowance claimed for the fiscal year (Amount claimed cannot exceed (5) above) (Claim this amount on page 4)				(6)
Undeducted balance of costs eligible for the development allowance at the end of the fiscal year after deduction of a development allowance for the current year				(5) - (6)

*** If this is the first mining royalty return for the mine, attach a schedule indicating the balance of costs incurred up to the date of commercial production as identified in subsection 70(1)(i) and a which relate up this amount.
Note: Exploration and development costs incurred above must be supported by a list of claim and lease numbers upon which these costs were incurred.

Page 5

Calculation of Depreciation Allowance

Pools

- Depreciable Allowance
- Development cost



Undeducted balance of contributions to the mining reclamation trust at the beginning of the fiscal year	(5)	<input type="text"/>	(1)
The amounts contributed to the mining reclamation trust during the fiscal year		<input type="text"/>	(2)
Undeducted balance of contributions to the mining reclamation trust at the end of the fiscal year prior to any deduction of a mining reclamation trust contribution allowance for the current fiscal year		<input type="text"/>	(3)
Amount of mining reclamation trust contribution allowance claimed for the fiscal year (Claim this amount on page 4)		<input type="text"/>	(4)
Undeducted balance of contributions to the mining reclamation trust at the end of the fiscal year after deduction of a mining reclamation trust contribution allowance: $(1) + (2) + (3) - (4)$		<input type="text"/>	(5)

Processing Allowance

Original cost of the processing assets at the beginning of the fiscal year	(3)	<input type="text"/>	(1)
Original cost of processing assets added during the fiscal year		<input type="text"/>	(2)
Original cost of assets sold, discarded or disposed of during the fiscal year		<input type="text"/>	(3)
Original cost of the processing assets at the end of the fiscal year $(1) + (2) - (3)$		<input type="text"/>	(4)
Original cost of processing assets included in item (4) above but not used during the fiscal year		<input type="text"/>	(5)
Processing assets eligible for a processing allowance at the end of the fiscal year $(4) - (5)$		<input type="text"/>	(6)
0% of value of (6) above		<input type="text"/>	(7)
Value of output per page 3 (A to H)		<input type="text"/>	(8)
Allowable deductions and allowances per page 4 items (a) to (k) $(8) + (9)$		<input type="text"/>	(9)
		<input type="text"/>	(10)
65% of item above		<input type="text"/>	(11)
Processing allowance: the lesser of (7) or (11) above (Claim this amount on page 4)		<input type="text"/>	

Note: Where a mine is in production for less than 12 months in a fiscal year or a fiscal year of a mine is less than 12 months, the item (7) above shall be prorated based on the number of months in a fiscal year that the mine is in production. See 70(2).

Note: Where, in a fiscal year, the operator of a mine uses processing assets at a mine to process minerals or processed minerals produced at another mine, the asset base used for the calculation of the processing allowance shall be reduced by a percentage equal to the proportion of the mill operating costs attributable to the processing of the minerals or processed minerals from the other mine. See 70(3).

Page 6 Mining Reclamation Trust Contribution And Processing Allowance

- ## Mining Reclamation Trust
- ### Pools
- Processing Asset

Questions

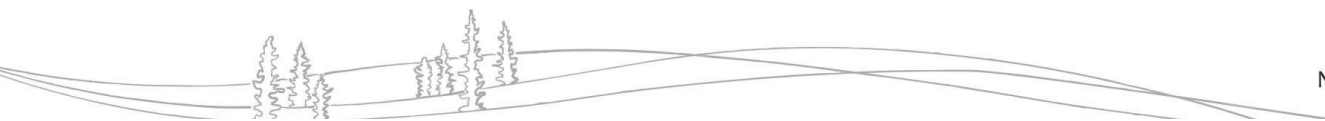




MRAR Benefits

March 10, 2022

Government of
Northwest Territories



Discussion Paper:
Separation of Impacts
and Benefits

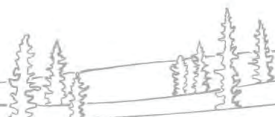
Discussion:
Qualified Indigenous
Governments

Policy Intentions:
Interaction between
BA, IBA, and SEA



Separation of Impacts and Benefits — Benefits Focus

- A core theme in MRA benefits development has been separating positive benefits from negative impacts regarding environmental and Indigenous rights.
 - This was done intentionally, and in partnership with the Intergovernmental Council (IGC), so that constitutional requirements for adverse impacts to Indigenous rights could remain the responsibility of the Mackenzie Valley Resource Management Act (MVRMA).
- The MRA contains a new statutory requirement for mines to provide benefits, being built as a channel to direct benefits to NWT Indigenous peoples and NWT residents.
 - Terms that would reflect mitigation or compensation have been avoided, such as “adverse”, “mitigation”, “impact”, etc.
 - The purposes of the Act focus on benefits, and do not mention impacts.
 - The enabling power for NWT resident benefits is only benefits.



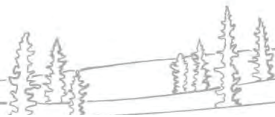
Separation of Impacts and Benefits — Further Measures

- Benefit agreements (both BAs and SEAs) are specifically intended to ensure positive benefits are generated from projects—leaving duty to consult to be addressed by other processes that deal with impacts.
- BA's are distinct from Impact Benefit Agreements, and will not disturb the role of those agreements in addressing negative impacts.
- The MVRMA process should fully address any measures necessary to mitigate significant adverse effects to the environment (and Indigenous rights), following the guiding principles of the MVEIRB:
 - “the importance of conservation to the well-being and way of life of the aboriginal peoples of Canada to whom section 35 of the Constitution Act, 1982 applies and who use an area of the Mackenzie Valley.”



Separation of Impacts and Benefits — Further Measures

- Efforts should ensure that any references, definitions, or regulatory requirements reference benefits, and exclude mitigation or compensation through benefits.
 - Current duty to consult law still hinges on adverse impacts, and MRA development is based on the ability to view impacts and benefits as distinct elements of a project.
- Options suggested under Separation of Impacts and Benefits focus on ways to make the separation plain and clearly defined:
 - **OPTION 1:** Include a purpose for benefit agreements in the regulations that indicates that they are meant to apply specifically to benefits.
 - **OPTION 2:** Define ‘Benefits’ to only address benefits.



Qualified Indigenous Governments And Organizations (QIGO) – GNWT Response

- The GNWT reviewed the test developed by the IGC, and is proposing recommendations according to 4 core directions:
 - Adhering to the separation of impacts and benefits
 - Keeping focus on NWT Indigenous Governments and organizations
 - Making sure the test is simple and administrable
 - Adopting a benefit retention approach to economic development in the NWT
- General changes are being recommended to the broad language of the test, as well as modifications to individual options.



QIGO – Identifying Recommendations

1. The Minister shall require the proponent to conclude a Benefit Agreement with any Indigenous Government where the project is located within the Northwest Territories and situated on:

- a. lands to which that Indigenous Government exercises rights to lands and resources in accordance with the terms of a settled lands, resources, or self-government agreement.
- b. lands traditionally used and occupied by an Indigenous Government over which rights to lands and resources are asserted by the Indigenous Government without a settled lands, resources, or self-government agreement, and where the Indigenous Government's asserted rights to those lands:
 - i. have been accepted as a basis for negotiation by the Government of the Northwest Territories for purpose of defining rights to lands and resources under a future lands, resources, or self-government agreement with that Indigenous government; or
 - ii. have been judicially recognized as either:
 - (1) existing Aboriginal rights; or
 - (2) a good prima facie claim to Aboriginal rights.

2. The Minister may require a proponent to conclude a Benefit Agreement with any Indigenous Government that does not qualify under section 1 in circumstances where the project is located in the Northwest Territories and meets one or more of the following factors:

- a. the project is situated in close geographic proximity to:
 - i. a community represented by the Indigenous government;
 - ii. an area of significant and ongoing importance to that Indigenous government for the exercise of s. 35 rights to lands and resources;
- b. the project is likely to directly affect a significant number of the members represented by the Indigenous government;
- c. the project is likely to significantly affect the use of lands and resources by members represented by the Indigenous government; or
- d. in the totality of the circumstances of the project, the Minister concludes that it would be fair and equitable for the proponent to conclude a Benefits Agreement with that Indigenous Government.

- To keep the focus of the submission from the IGC, we identified the intended key Indigenous Government groups to be captured by the test.

Section 1: Where the project is located on lands to which that Indigenous Government exercises rights to lands and resources under a settled agreement, or where rights to lands are asserted without a settled agreement.

Section 2: Capturing Indigenous Governments in close proximity to affected areas from the project.

- ITI would like to focus on a benefit retention approach with captured groups



QIGO – Recommendations

- Looking at the recommended revisions, ITI suggests condensing sections 1 and 2 and removing section 3.
 - ITI would like to suggest that the qualifications test is better suited to a policy, as opposed to a regulation.
 - In order to tune the test for the NWT, ITI has adapted qualifications to reference communities identified in the *Cities, Towns and Villages Act*.
1. The Minister shall require a proponent to conclude a Benefit Agreement with any Indigenous Government representing a community identified under *the Cities, Towns and Villages Act*, SNWT 2003, c.22, where -the project is located in the Northwest Territories, and meets one or more of the following factors:



QIGO – Recommendations (Cont.)

- IGC’s proposed section 1, was an extension of the Task Force Proposal, and the GNWT agrees with this approach.
- For streamlining administrability, section 1 and 2 have been combined, simplifying the proposal into a single close proximity test.
- **1. (a)** captures indigenous governments with settled land claims under this proximity-based test.

1.(1) the project is situated on or in close proximity to:

(a) lands to which that Indigenous Government exercises rights to lands and resources in accordance with the terms of a settled lands, resources, or self- government agreement.



QIGO – Recommendations (Cont.)

- ITI has proposed a change in language that would operate similar to what was originally contemplated, but follows the close proximity test.
 - In **1. (b)** this is to capture indigenous governments without settled land claims.
 - Language referring to areas of direct or significant effects did not align with the core MRA direction of separating impacts and benefits and was removed.
- (b)** lands traditionally used and occupied by an Indigenous Government over which rights to lands and resources are asserted by the Indigenous Government without a settled lands, resources, or self-government agreement, and where the Indigenous Government’s asserted rights to those lands:
- (i)** have been accepted as a basis for negotiation by the Government of the Northwest Territories for purpose of defining rights to lands and resources under a future lands, resources, or self-government agreement with that Indigenous government; or
 - (ii)** have been judicially recognized as either:
 - (A)** existing Aboriginal rights; or
 - (B)** a good *prima facie* claim to Aboriginal rights



QIGO – Recommendations (Cont.)

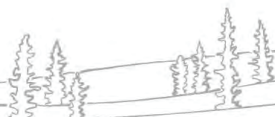
- Section **(2)** has been carried over from section 2(d) of the originally proposed IGC test, aimed at capturing Indigenous governments who may be missed by the proximity-based test, but have strong claims to receive benefits from a project.
 - This recommended section will need more exploration, as the discretion given to the Minister is very broad, and has the potential to create risk.
- ITI would suggest removing the section on sharing and overlap agreements from the original proposed tests

(2) in the totality of the circumstances of the project, the Minister concludes that it would be fair and equitable for the proponent to conclude a Benefits Agreement with that Indigenous Government.



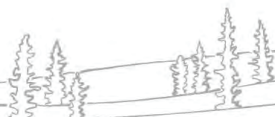
QIGO – Next Steps

- ITI would like to suggest the creation of a Task force to develop the test further to be more robust and reduce legal risk.
 - The IGC is invited to support the Task Force in development of the test.



Interaction between BA, IBA, and SEA – Policy Intentions Update

- The policy intentions for both NWT Resident Benefits and Benefit Agreements has been updated with developments from the **Interaction between BA, IBA, and SEA** topic.
- In the Benefit Agreements policy intentions language highlights that there is alignment between BAs and SEAs, intending to work with existing with IBA processes.
 - BAs can be contained as an element of a broader IBA.
 - SEAs are broad NWT-wide agreements while BAs are IGO specific.
- In the NWT Resident Benefits Policy Intentions, language is similar but with some additional clarifications:
 - Obligations under BAs supersede SEAs.
 - Proponents may be required to complete BAs before completing SEA negotiations.

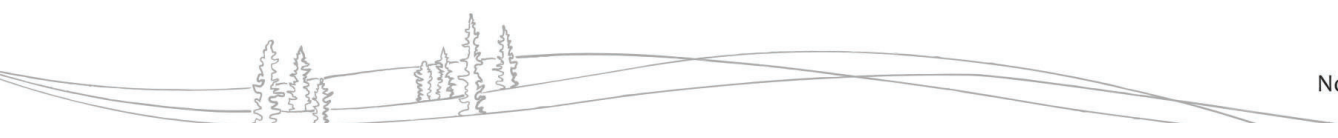




Production Licences

Discussion Paper Walk-Through

March 10

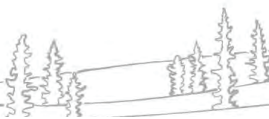


Government of
Northwest Territories

Problem

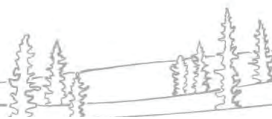
- **Problem:** How can the goals of Benefits (BAs and SEAs) and Royalties be achieved under the new tenure instrument of Production Licences?
How can issues be addressed without interfering with other tenure functions?
- Production Licences are identified as a tenure instrument in the MRA, issued to lease holders under conditions outlined in the regulations.

46(2) The holder of a mineral lease may apply to a Mining Recorder for a production licence in accordance with this Act and the regulations.



Background

- Under the MRA, a production licence is required to “commence production from a mine”.
- Other jurisdictions have regulatory devices like production licences (British Columbia, Yukon, and Manitoba).
- Production Licences provide a tool under the MRA for requiring benefits commitments and statistical reporting data.
 - For Benefits commitments, BAs and SEAs can be required for applications and issuance of a Production Licence that are above the ‘benefits threshold’.
 - Small projects that apply for a production licence may not trigger the benefit threshold, so BAs and SEAs may not be required for all production licences.



Definitions

- Relevant definitions that need to be developed in relation to production licences include:
 - Production
 - Minerals (*which is being developed under a separate issue paper*)
 - Mining Project
- The definition of “production” exists in the MRA, but leaves the definition to the regulations. Under the regulations, it should be tied to royalties. As it relates to the triggers for royalties reporting.
- The definition of production could be linked to the definition of “mineral” to make sure corner cases are captured under production (like how tailings are processed for example).
- Issuance of a Production Licence may defer commitments to the owner or operator of a “mining project”, making a definition of ‘mine’ and ‘mining project’ relevant.
 - A definition for ‘mining project’ could link the production licence to the owner or operator of a mine or mine project, and could include defining the geographic area, features of, and work that will be conducted at the mine.



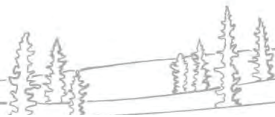
Power to Sell

- Beyond the ability to commence production, Production Licences will also need to be linked to the ability to sell minerals.
- Production licences could be linked to the ability for an owner/operator to sell minerals from a stockpile.
 - This is important for regulation in the case of a mine where production has ceased, such as following closure or suspension.
- The powers given to Production Licences will need to be reviewed for their investment risks and Indigenous rights risks.



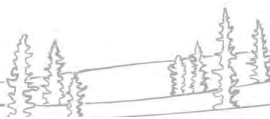
Issuance

- A proponent must apply for a production licence, and the right to ‘produce minerals’.
- Applications would be assessed to confirm that it has all the necessary requirements fulfilled, including:
 - Prospector licence
 - Mineral lease
 - Completed SEAs and BAs with the relevant Indigenous governments if above the benefits threshold.
 - Potentially, a commercial agreement in regard to reporting
- Statistical returns could be required to be filed by operators under a commercial agreement.
- The GNWT intends to issue production licences as soon as possible after application to address financing concerns of mine proponents.



Reporting Requirements

- Production licences could be an excellent source of data for reporting.
 - A trigger for reporting will need to be defined. Reporting could begin once a production licence is issued.
- With reporting, standing of production licence commitments could be reviewed and any shortcomings could then be addressed with the appropriate corrective action.
- Conditions for material change will need to be drafted, indicating thresholds for when the licence will need to be updated or re-issued.



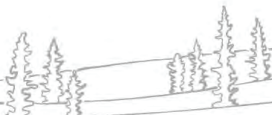
Transfers of Production Licences

- Production licences will need considerations for transfer, such as in the event of a sale.
 - The simplest way to account for this is to require all the obligations of the production licence to continue with the new production licence holder.
- Transfer of a production licence may also be considered a material change by the MRA regulations.



Closing Out A Production Licence

- Issues are raised with the timeframe of production licences only affecting the production phase of a project.
 - This may not be a significant issue in practice, as when production ends, the lease will still be active to ensure remediation activities occur.
 - A production licence may not be required to keep BAs and SEAs in good standing. By the time we reach closure, other contractual avenues would be in place.
- If a production licence is tied to sale of minerals, this would capture the sale of minerals produced as a result of processing tailings, which may escape the definition of production if the definition excludes sales.
- A robust dataset of all production data should be required for the close out of the production licence for collection and archiving.



Next Steps

- ITI will further explore what reporting is desired for pre-production.
- Production Licences will be reviewed for their investment risks.





Tenure System – System Changes

March 11, 2022



Government of
Northwest Territories

Overview

- *Mineral Resources Act* (MRA) enables tenure system reform
- Modern tenure systems tie stages and requirements to different phases of the mining cycle
- Regulation development needs to modernize existing and new tenure instruments in alignment with this philosophy



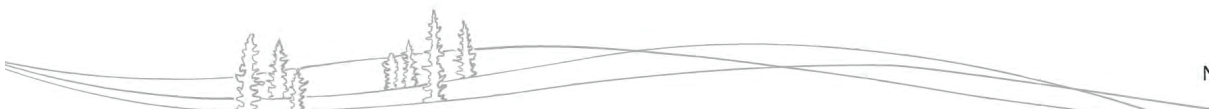
MRA Goals

- Tenure system development will be driven forward by the 9 MRA Goals and finding balance within the system



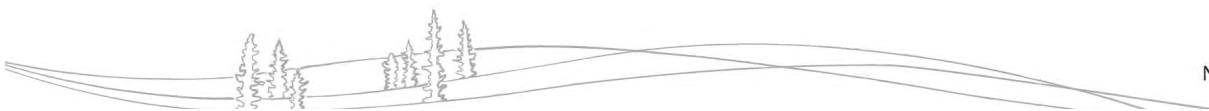
MRA Goals

1. to regulate mineral interests efficiently, effectively and in a transparent manner
2. to support the economy of the Northwest Territories;
3. to realize benefits from mineral development for Indigenous governments and organizations, communities and the people of the Northwest Territories;
4. to ensure that wealth generated by mineral resources will be used for the benefit of present and future generations of the people of the Northwest Territories;



MRA Goals

5. to encourage positive relationships between proponents, Indigenous governments and organizations, communities and the Government of the Northwest Territories;
6. to respect Aboriginal and treaty rights;
7. to complement the systems for collaborative management of land and natural resources in the Northwest Territories;
8. to improve geological knowledge in the territory;
9. to recognize sustainable land use.



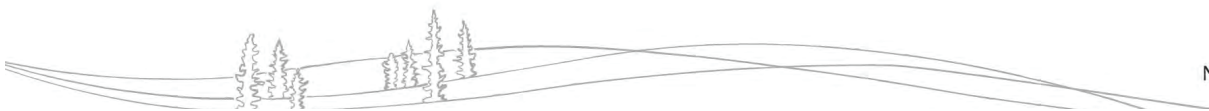
Current Tenure System

- Temporal based
- Transitions between tenure instruments focused on timelines (ex. claim life = 10 years)
- Little to no discretion on tenure issuance process at any stage

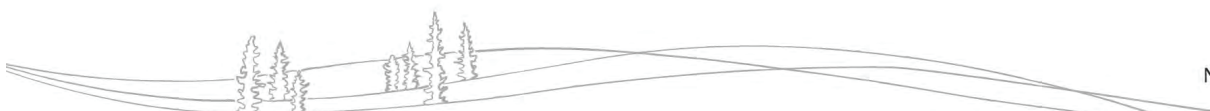


Proposed Holistic Changes

- Making transition between tenure phases dependent on quality of “resource”
- Create appropriate thresholds for all levels of industry
 - Major
 - Juniors
 - Industrial Minerals
 - Grassroots Explorers

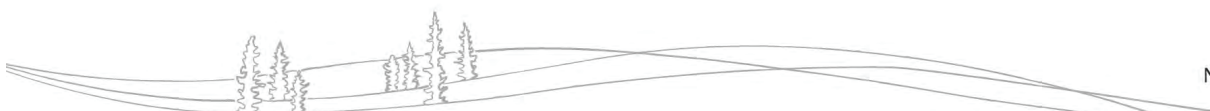


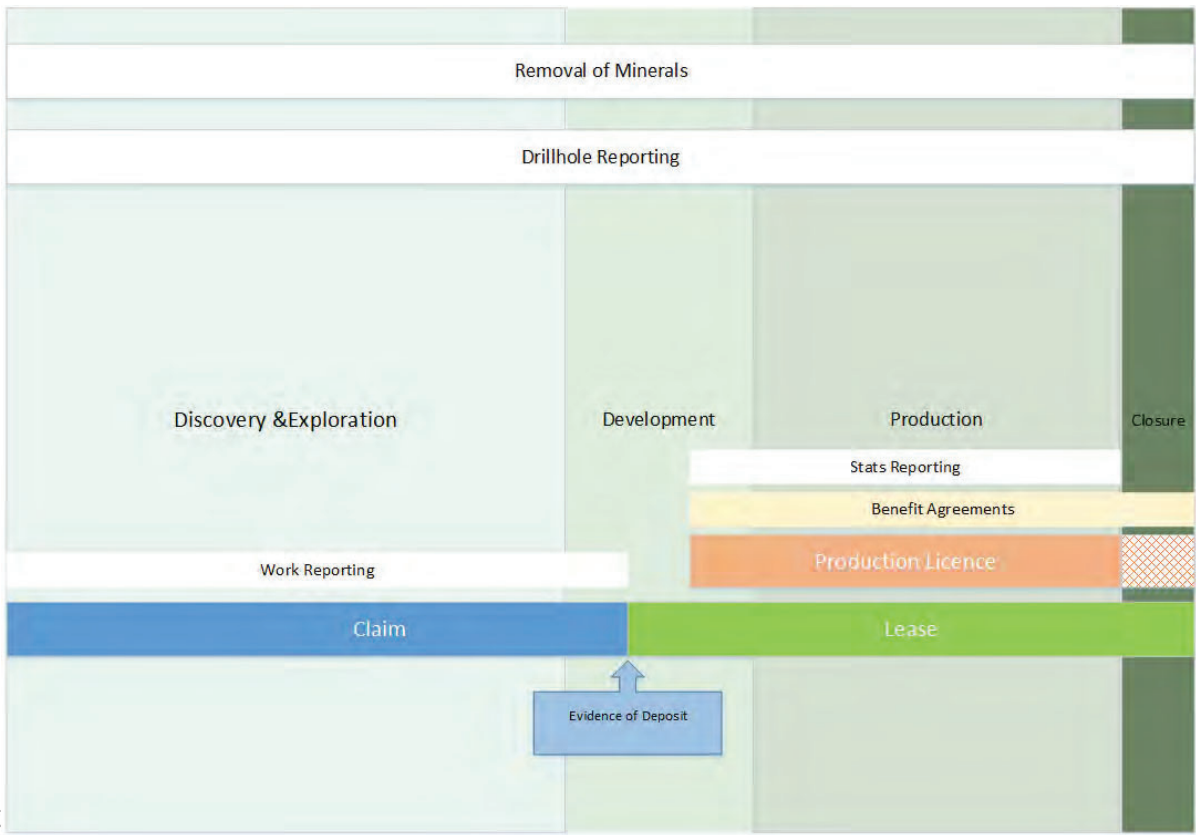
Building a Merit Based System



Tenure Activities and Mining Cycle

- Claim Issuance
- Claim Administration
- Evidence of Deposit
- Lease Issuance
- Lease Renewal and Administration
- Drill Cores
- Bulk Sampling
- Production Licence
 - Stats Reporting





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Evidence of Deposit

March 11, 2020



Government of
Northwest Territories

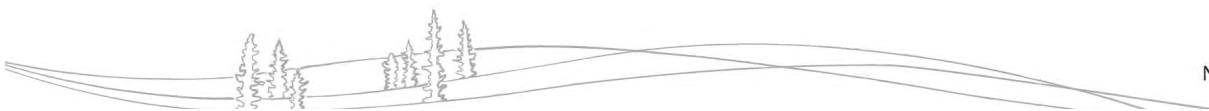
Issue

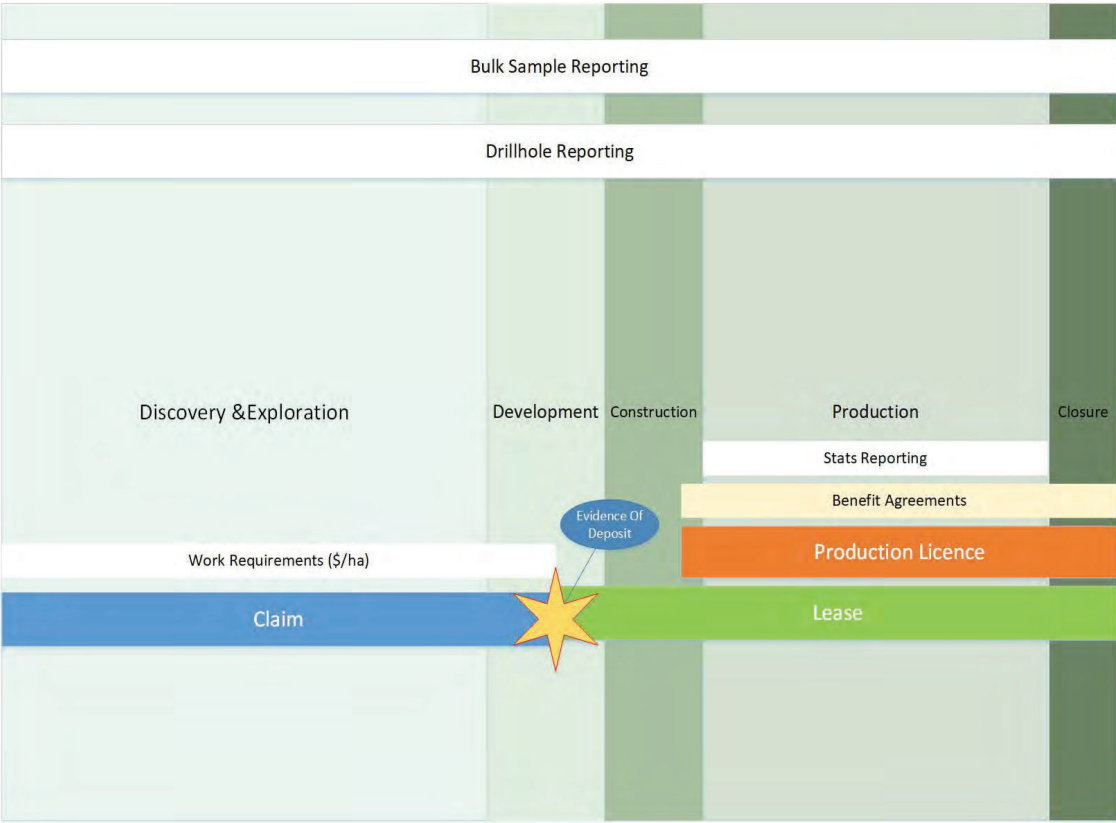
- A merit based tenure system will require a threshold be defined to ensure that claims that are converted to mineral leases have defined economic potential and will continue to be developed
- The mineral leases issuance process should take into account Indigenous interest when the “right to extract” is transferred to the mineral lease holder.



Considerations

- Mineral resource development cycle
- De-risking the lease issuance process
- Method for determination of mine footprint and lease eligibility requirements
- Holistic regulatory system approval process
- Financing and production timings
- Artisanal mining and privately held company equivalents
- Relationship and timing between mineral lease issuance and production licence.





CROSS JURISDICTIONAL REVIEW



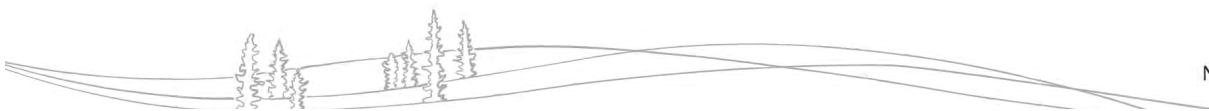
Evidence of Deposit – Summary

- Evidence of metallic and industrial mineral deposit (AB),
- Extent and value of an ore body has been determined (MB),
- Ore body has been delineated and the applicant has made a decision to commence production (NB),
- Extent and value of an ore body has been determined (NS),
- Demonstrate that a mineral resource exists under the area that is of significance size and quality to be potentially economic. (NL),
- Lease in production within 5 years (QC).



Technical Considerations

- Review potential milestones and triggers
- Overview of CIM - CSA role
- Scenario Modelling from historic data



Potential Milestones and Triggers

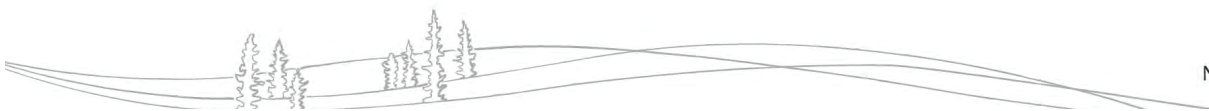
There are two authorities in Canada for defining standards and publishing “Best Practice Guidelines” for the resources industry:

- Canadian Institute of Mining, Metallurgy and Petroleum (CIM)
- Canadian Securities Administrators (CSA) administered Disclosure Document, National Instrument 43-101 (*NI 43-101*)



CIM – Advanced Property

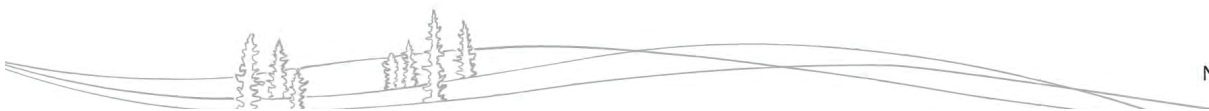
Advanced property - means a property that has (a) mineral reserves, or (b) mineral resources the potential economic viability of which is supported by a preliminary economic assessment, a pre-feasibility study or a feasibility study;



Potential Thresholds/ Technical Milestones

3 defined reports under CIM for advanced property

- Preliminary Economic Assessment
- Prefeasibility Study
- Feasibility Study



Criteria	Technical and Economic Studies		
Study	Preliminary Economic Assessment (PEA)	Pre-Feasibility Study (PFS)	Feasibility Study (FS)
Concept	"What it could be"	"What it should be"	"What it will be"
Objective	Early stage conceptual assessment of the potential economic viability of mineral resources	Realistic economic and engineering studies sufficient enough to demonstrate economic viability	Detailed Study of how the mine will be built. Report that is typically used to make a decision with respect to production
Type of Estimate	Order of magnitude	Preliminary	Definitive
Cost Accuracy	"+/- 50%"	"+/- 25%"	"+/- 15%"
Engineering	<1%	1-5%	5-25%
Key Aspects	<ul style="list-style-type: none"> · Major Equipment List · Material Volume Estimates from factors · No detailed engineering drawings · Approximate implementation schedule 	<ul style="list-style-type: none"> · Preliminary equipment list · Material Volume Estimates from offtakes · <2% detailed engineering drawings · Level 1 Implementation schedule 	<ul style="list-style-type: none"> · Equipment specifications and vendor quotations · Material Volume Estimates from drawing offtakes and site surveys · 10% detailed engineering drawings complete · Level 3 implementation
Mineral Estimates Inputs	Inferred/Indicated/Measured Resource	Indicated and Measured	
Mineral Estimates Outputs	Inferred/Indicated/Measured Resource	Probable and Proven Reserves	

of
5

Scenario Modeling

Comprehensive dataset built of existing Mineral Projects on active NWT leases

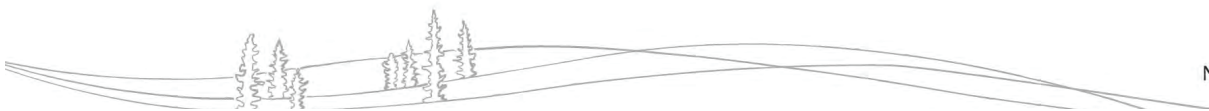
Evaluated across 4 key areas

- Tenure
- Regulatory (Approvals)
- Technical Report Filings
- Benefits (SEA and BA agreements)

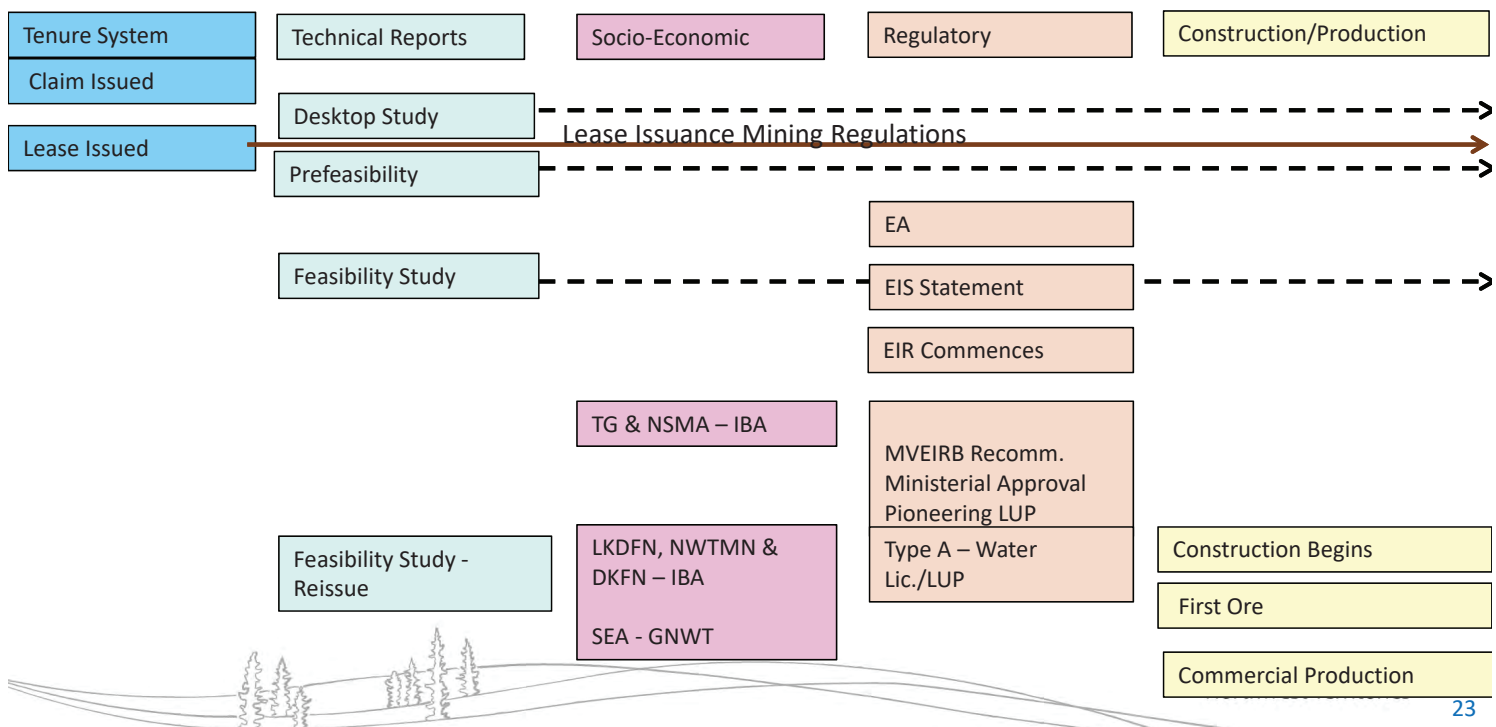


Scenario Modeling Observations

- PEA is the first indication of potential economic viability of a project but does not translate to further development if not followed by a PFS or FS
- Feasibility report as a threshold is too late in the process for the issuance of the “right to extract” minerals when timelines take into account production licence, regulatory process and industry certainty requirements
- PEA/PFS both pass the timeline test

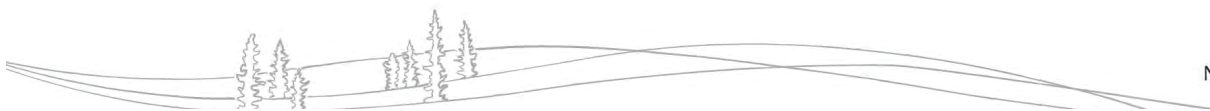


Example of Analysis



Path Forward

- EoD should utilize the CIM definition of an “Advanced Project” to issue a lease
- PFS reports and equivalents will be used
- Determine interest in considering the development of technical requirements signed by a QP with additional regulatory triggers that can be scaled up or down based on the proponent and project size. Similar to the regulations of New Brunswick and Newfoundland

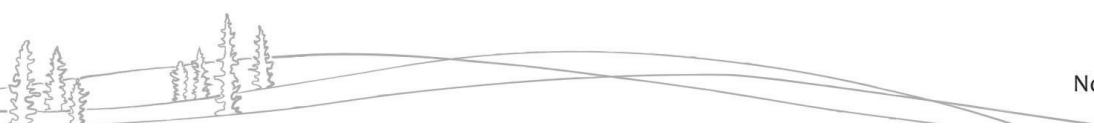




Production Licences

Introduction

April 13, 2022



Government of
Northwest Territories

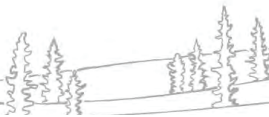
Background

- Under the MRA, a production licence is required to “commence production from a mine”.
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- Other jurisdictions have regulatory devices like production licences (British Columbia, Yukon, and Manitoba).
- Production Licences provide a tool under the MRA for requiring benefits commitments and statistical reporting data.
 - For Benefits commitments, BAs and SEAs can be required for applications and issuance of a Production Licence that are above the ‘benefits threshold’.
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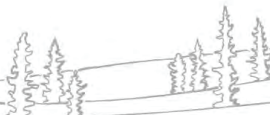
Issuance

- A proponent must apply for a production licence, and the right to ‘produce minerals’.
- Applications would be assessed to confirm that it has all the necessary requirements fulfilled, including:
 - Prospector licence
 - Mineral lease
 - Completed SEAs and BAs with the relevant Indigenous governments if above the benefits threshold.
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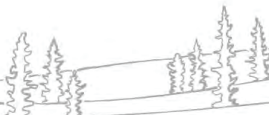
Reporting Requirements

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- With reporting, standing of production licence commitments could be reviewed and any shortcomings could then be addressed with the appropriate corrective action.
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 - The simplest way to account for this is to require all the obligations of the production licence to continue with the new production licence holder.
- Transfer of a production licence may also be considered a material change by the MRA regulations.



Closing Out A Production Licence

- Issues are raised with the timeframe of production licences only affecting the production phase of a project.
 - This may not be a significant issue in practice, as when production ends, the lease will still be active to ensure remediation activities occur.
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- A robust dataset of all production data should be required for the close out of the production licence for collection and archiving.



Next Steps

- ITI will further explore what reporting is desired for pre-production.
- Production Licences will be reviewed for their investment risks.





Benefits Walkthrough

Chamber of Mines Update

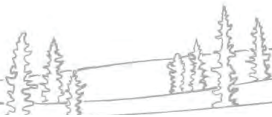
April 14, 2022



Government of
Northwest Territories

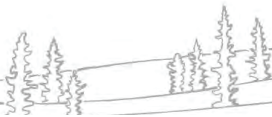
Benefits Topics

- **General Topics:**
 - Separation of Impacts and Benefits
 - Benefits Definition
 - Interaction between BA, IBA, and SEA
 - Thresholds
- **Benefit Agreements topics:**
 - Qualified Indigenous Governments
 - Proof of BAs
- **NWT Resident Benefits Topics:**
 - Negotiation Guidelines
 - Key Elements
 - Reporting Timelines
 - SEA Enforcement Framework



Separation of Impacts and Benefits

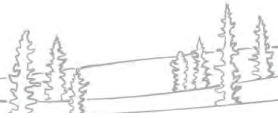
- Making the separation clear includes outlining the function of Benefit Agreements (BAs) and Socio-Economic Agreements (SEAs) as agreements that are exclusively focused on benefits and not impacts.
 - The goal here is to leave impact mitigation under the MVRMA process to the greatest extent possible.
- In practice, this separation will be seen in:
 - A definition of ‘benefits’ that highlights opportunities and advantages received by signatories of an agreement under the MRA, that are not intended as impact mitigation.
 - A purpose statement for NWT Resident Agreements (i.e. SEAs), that similarly outlines benefits as distinct from impacts.
 - Language used in the regulations and agreements avoiding language that implies a relation to impacts. (e.g. “impacted”, “affected”, etc.)



“Benefits” Definition

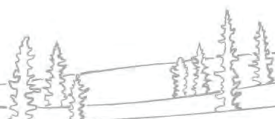
“The term ‘benefits’ refers to new opportunities or advantages received by NWT Residents from a proponent. They would not be intended to mitigate or compensate for adverse environmental or socio-economic impacts of a project. This may include, but is not limited to:

- Preferential contracting opportunities;
- Procurement commitments;
- Employment commitments;
- Net-effect on government; or
- Social and cultural events and programs.”



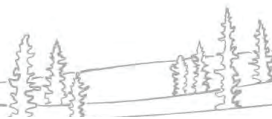
Interaction between BA, IBA, and SEA

- This is examining the overlap between SEAs, BAs, and Impact Benefit Agreements (IBAs) and how each type of agreement interacts.
 - In cases of overlap between an SEA and a BA/IBA, SEAs concede to the conditions of the BA/IBA.
 - Regulations will allow BAs to encompass the benefits portion of an IBA



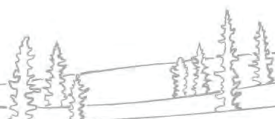
Thresholds

- As part of the application process for a production licence, project scale will be evaluated to determine if BAs and/or SEAs are required.
 - If the project is larger than the threshold, an SEA and BAs with each qualified IGO would be negotiated before the production licence is issued.
- Negotiations for agreements commence when an economic study produced by the mining proponent projects a total, over the course of a project's life, of:
 - 250 person-years of labour; or
 - more than \$75 million (2021\$) expended in capital costs



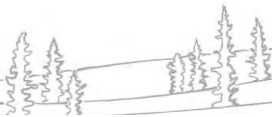
Qualified Indigenous Governments and Organizations

- This topic is focused on creating a clear, administrable test for which Indigenous Governments and Organizations (IGOs) will qualify to require a negotiated BA under the production licence for a project.
- Because of the importance of indigenous rights involved with this topic, the GNWT is in ongoing discussions with the IGC to develop the test.
 - Elements like location or proximity of a mine site to settled and unsettled land claims are being considered, but further discussion is required.
 - ITI can commit to providing updates on this topic as it is developed.



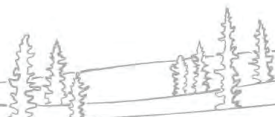
Proof of BAs

- Before a Production Licence can be issued, assuming the project exceeds the size threshold, submission of proof to ITI confirming an agreement on benefits has been reached will be required.
 - Confirmation of Benefit Agreements can be confirmed through:
 - A letter from the IGO
 - Sharing of signature pages
 - Voluntary sharing of agreement
 - Joint letter (IGO and Proponent) to ITI
 - Sharing of the BAs themselves will not be required.
 - Separate sharing agreements will be formed where mines and IGOs agree that the sharing of BAs is appropriate.



Negotiation Guidelines

- This topic is structured to give future proponents awareness of what to expect when negotiating SEAs with the GNWT.
- ITI will make the policy document containing negotiated elements accessible to the public.
- Specific elements that will be regulated include:
 - Procedural rules
 - Priority topics to be agreed to before other topics (i.e. reporting of information)
 - Participation of Indigenous governments



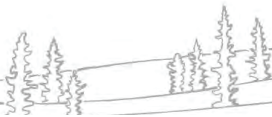
Key Elements

- This outlines Regulated elements of SEAs vs negotiated thematic elements of SEAs.
 - **Thematic elements currently identified include:**
 - Employment Practices
 - Human Resources and Development
 - Business Development
 - Social Wellbeing
 - Cultural Wellbeing
 - Adaptive Management
 - Legacy Projects
 - Indigenous Government Participation
 - Net Effect on Government
 - Sustainable Development
 - Dispute Resolution
 - **Regulated elements include**
 - Monitoring and Reporting
 - Commencement, Suspension and Termination
 - Material Change
 - Notices



Reporting Timelines

- Under these regulations an annual date for reporting is set.
 - This is for information intended to be shared publicly.
- Separate data sharing requirements will be identified in policy.
 - This is to maintain flexibility with the kinds of info that can be shared at different times.
 - This would mean more frequent reporting and greater level of detail for some data.
 - e.g. requests for employment data could be required on a more frequent basis.
 - Information requested under this policy may still be proprietary in which case could not be shared publicly.

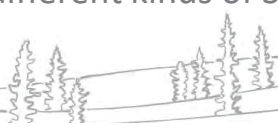


SEA Enforcement

- SEAs are often criticized for lack of enforceability
 - The MRA regulations are building a framework of enforcement options for SEAs to address these concerns.
- The SEA enforcement framework is built to provide several softer mechanisms for enforcement before these enforcement options are reached.
 - Some mechanisms are better suited to different kinds of SEA commitments.

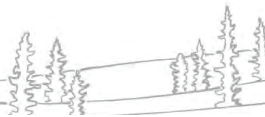
Mechanisms being considered include:

- Setting requirements in the regulations
- Using stronger contract language
- Adaptive Management
 - Both parties are able to make recommendations to each other.
 - An advisory body also exists for Indigenous governments involved in the project to make their own recommendations.
- Remedy Clauses
- Summary Offences
- Dispute Resolution
- Production Licence Terms and Conditions



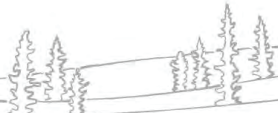
SEA Enforcement — Adaptive Management

- Adaptive management is the process of raising concerns to either or both the GNWT and proponent of an agreement, and making corrective action to address those concerns.
- Adaptive Management decisions will be made by the Advisory body.
- The regulations would schedule a requirement for meetings:
 - Mine and GNWT senior official meetings (annually)
 - Mine and GNWT working level staff (quarterly)
 - Mine and MLA representatives (by offer only, annually)
 - Mine, GNWT, and IGOs (annually)



SEA Enforcement — Engagement

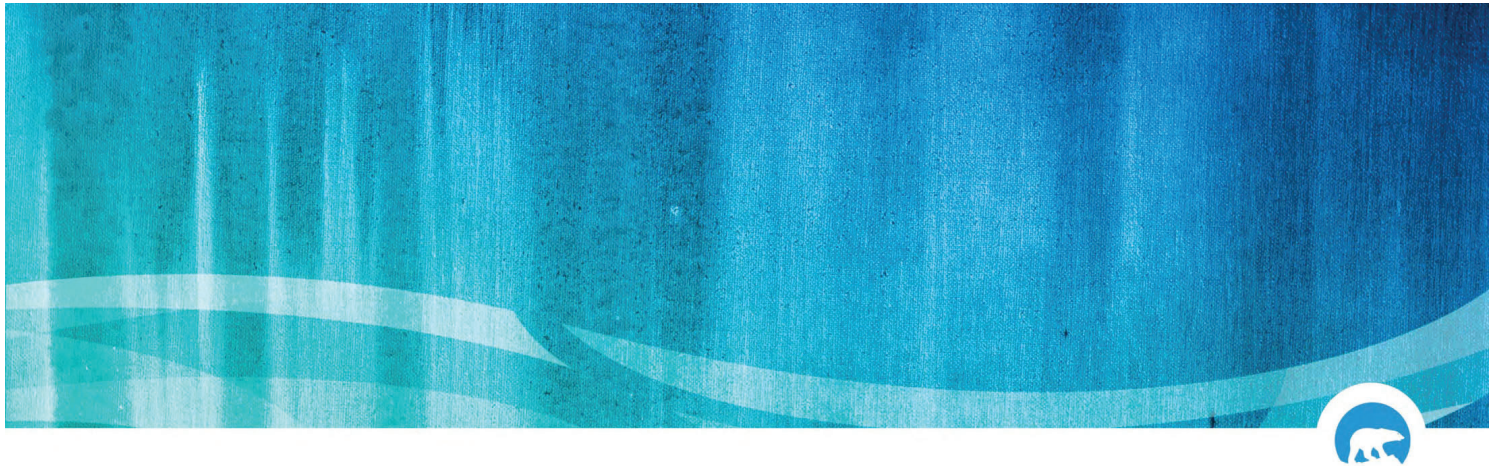
- Part of the process for monitoring and enforcing SEAs will include engagement with Benefit Agreement IGOs, and IGOs selected under the SEA.
- Engagement will set dates (due by a certain date) in the regulations for the following annual meetings to be completed:
 - IGO leadership and mine senior officials
 - IGO leadership and GNWT
 - GNWT and mine senior officials
 - The regulations should allow for a joint meeting between leaderships of IGO, mine, and GNWT as an alternative to some or all of the meetings above.
- ITI will create and maintain a policy document to accompany the new regulations with more details on what is to be followed for an engagement.



Next steps

- ITI is continuing to develop the topics discussed today in collaboration with the IGCS.
 - Information shown on these slides is meant to reflect a “current status” for topics, and may not be final.
- The GNWT will be meeting with industry for additional feedback as topics are further developed.





Removal of Minerals – Bulk Sample

April 13, 2022

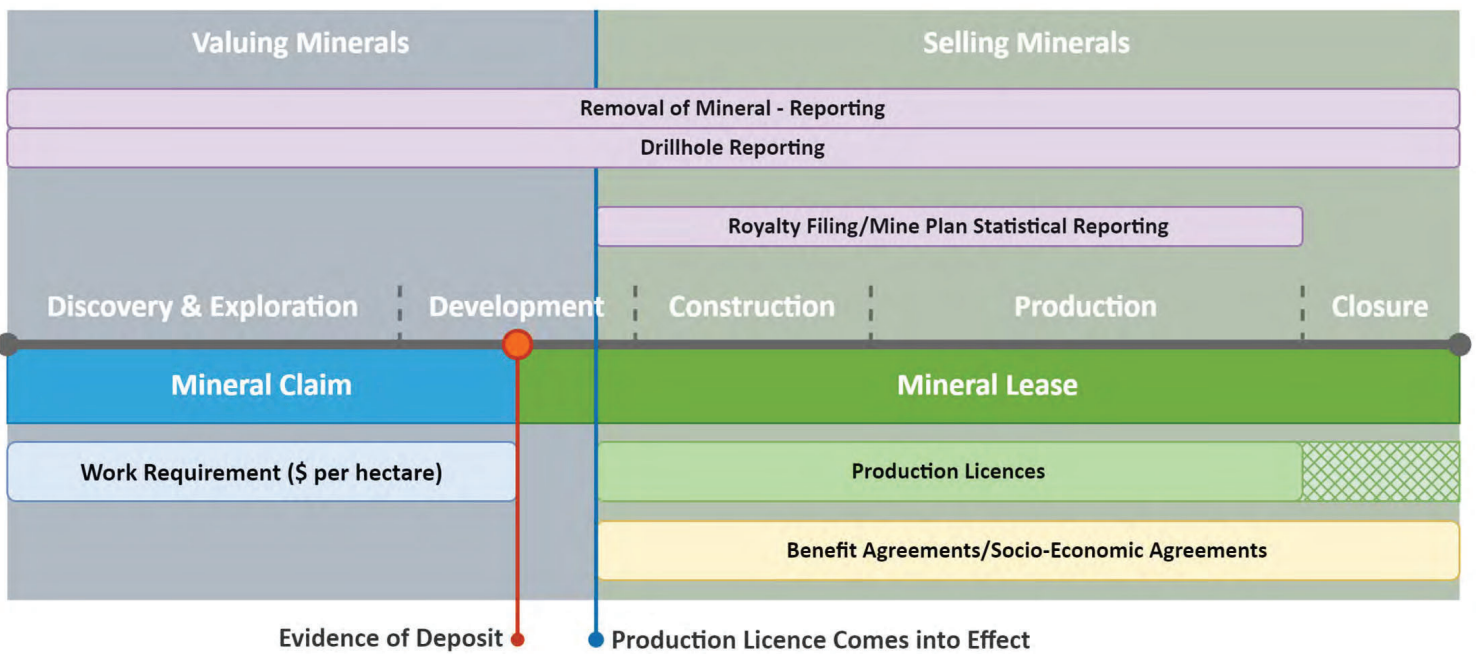


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Issue

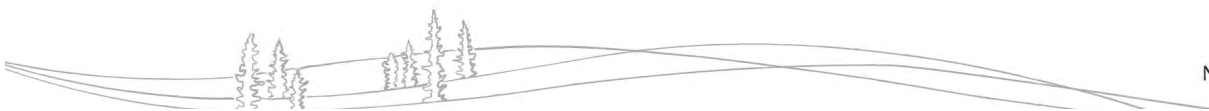
- The lack of regulations surrounding the removal of minerals from claims and leases pre-production has created uncertainty on limitations and regulations that apply
- Lack of reporting of removal of minerals is problematic at the claim stage as the minerals remain property of the people of the NWT
- Lack on clarity on prohibitions and allowances for selling of removed minerals pre-production creates uncertainty for all stakeholders





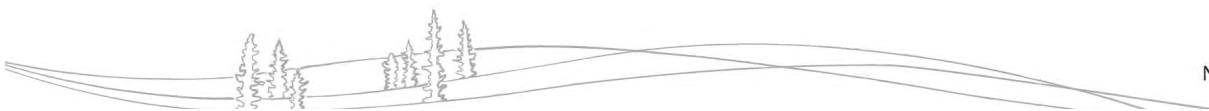
Regulations Needed

- MRA language Removal of Minerals regulations will need to be robust and provide clarity on prohibitions and allowable activities
- The MRARs will need to include a set of regulations that address bulk sampling related only to mineral exploration (i.e., not mining/production) on mineral claims/leases held by the proponent



Cross Jurisdictional Analysis

- Definitions and limitations on bulk sampling
- Reporting requirements
- Small-scale operations - *separate cover*
- Royalties (and concept of mineral ownership)
– *separate cover*



Cross-jurisdictional- Definition

British Columbia	Act defines 'bulk sample' as production of a mineral from a claim at the times, in the quantities and on the conditions prescribed by the regulations.
Saskatchewan	Regulations define 'bulk sample' as removal of one or more samples whose aggregated weight exceeds 100 tonnes in an assessment period.
Manitoba	Not necessarily defined in Act but included as part of definition of 'advanced work project' – includes excavation of exploration shaft, adit or decline, diverting water for purposes of mining or bulk sampling or removal of a bulk sample of more than 500 tonnes of material for testing.
Ontario	'Bulk sample' defined in regulations as quantity of mineral bearing substance extracted from an unpatented mineral claim that exceeds threshold. Definition of 'advanced exploration' in Act includes excavation or an exploratory shaft, adit or decline, the extraction of prescribed material in excess of prescribed quantity, whether above or below ground, installing a mill for testing purposes or other prescribed work.
Nova Scotia	Act defines 'bulk sampling' as extraction of sample of mineral-bearing substance for purpose of assessing resource, developing suitable method for mining or treatment. And includes grade and reserve estimation, metallurgical and product testing and market evaluation.

Bulk sampling reporting requirements

British Columbia	<p>BC allows for development or technical reporting in their assessment reporting system.</p> <p>Bulk samples are one type of sampling that can be reported on (Schedule A of regulations on work reporting) but there are not specific requirements for bulk samples.</p>
Ontario	<p>Regulations provide that a certified report must be submitted for a bulk sample over the 100 tonne limit from unpatented mining claims (this is for the removal of minerals).</p> <p>Reporting on bulk sampling is allowed as work for assessment credit.</p>
New Brunswick	<p>Bulk sampling is listed as a type of work for which assessment reporting would apply (in Regulations) on claims; metallurgical and beneficiation studies also fall under work reporting.</p> <p>Bulk sampling and metallurgical work are expected as part of feasibility report for lease application.</p>
Nova Scotia	<p>Regulations provide that bulk sampling and metallurgical studies are work and there are specific reporting requirements for bulk sampling and metallurgical studies to obtain assessment work credit.</p>
Newfoundland and Labrador	<p>A Notice of Work is required for all work prior to activities starting and there are sections on their form for filling in details of trenching, drilling and bulk sampling.</p>



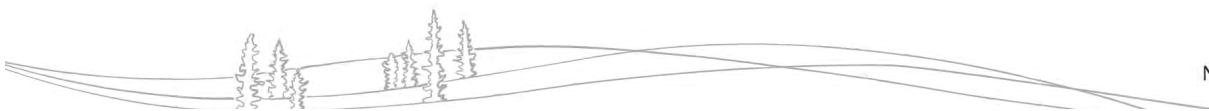
Cross-jurisdictional Analysis

- The meaning for the terms bulk samples or bulk sampling vary greatly across the jurisdictions examined but the definitions generally include the concept of excavation or extraction and the activity falls under a definition of ‘advanced exploration’.
- Many of the reviewed jurisdictions make it clear that the limits related to bulk sampling are for claims only (not leases).



Bulk sampling – outside Canada

- Definitions of bulk sampling and stated limits for bulk sampling were not common in the international jurisdictions researched.
- Mineral legislation often requires the filing of notices of work programs in advance of exploration, along with some proof of financial ability to do the work and they often demand much more stringent reporting



Industry best practices

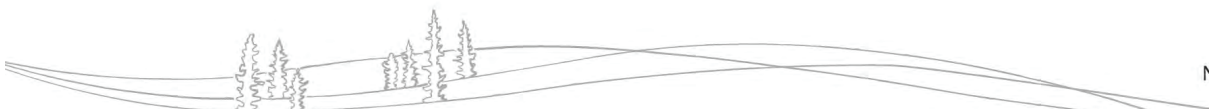
- The Canadian Institute of Mining, Metallurgy and Petroleum (CIM) has Mineral Exploration Best Practises guidelines which provide clear direction for the mineral industry for the topics that fall under this set of regulations (sampling, mineral processing, estimation of Mineral Resources and Mineral Reserves).



Reporting Options

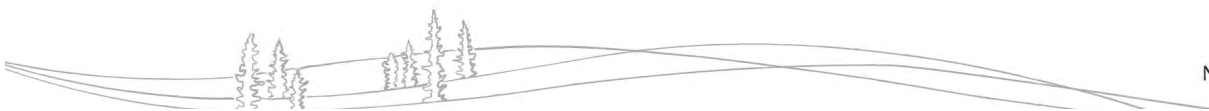
Options for data reporting

- Describe the methods of sampling and details of location, number, type, nature, and spacing or density of samples collected, and the area covered.
- Describe sample preparation, security, analytical procedures, assay quality assurance and quality control procedures, and check assays; and discuss their adequacy.



Open Discussion

- Drafting of regulations for all commodities
- Timing of reporting
- Content of reporting
- Form of reporting
- Ability to sell minerals recovered during sampling process
- Caps on limits
 - Volume
 - Tonnage
 - Value





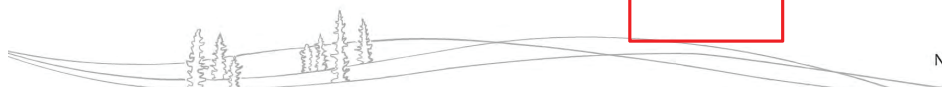
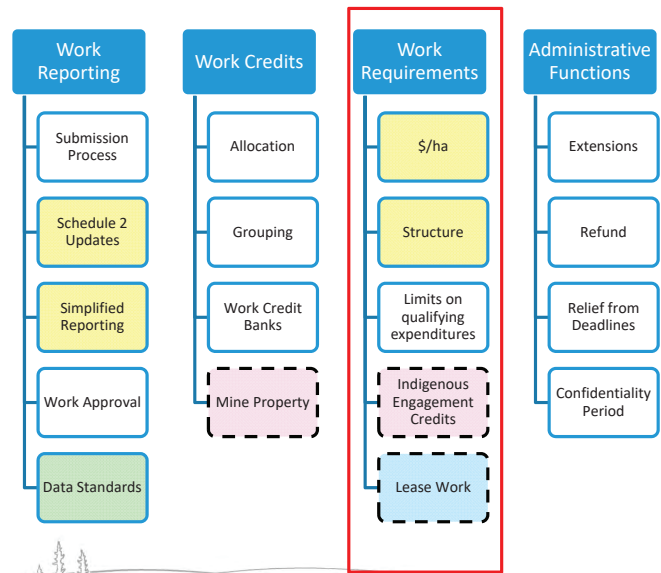
Mineral Resource Act

Work Requirements

April 13, 2022



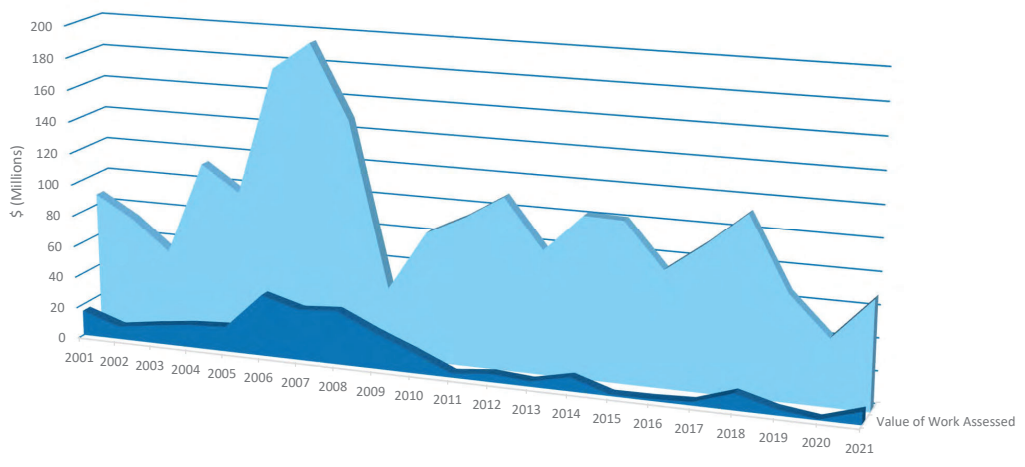
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MRA Status: Claim Work Principles

- *Modification:*
 - *Increase Work Requirements*
 - *Change Work Structure from flat to escalating*
 - *Increase Claim Life*

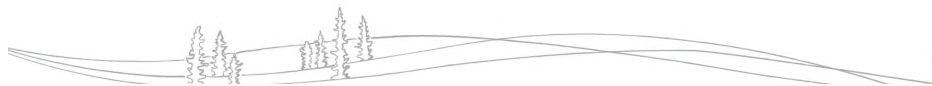


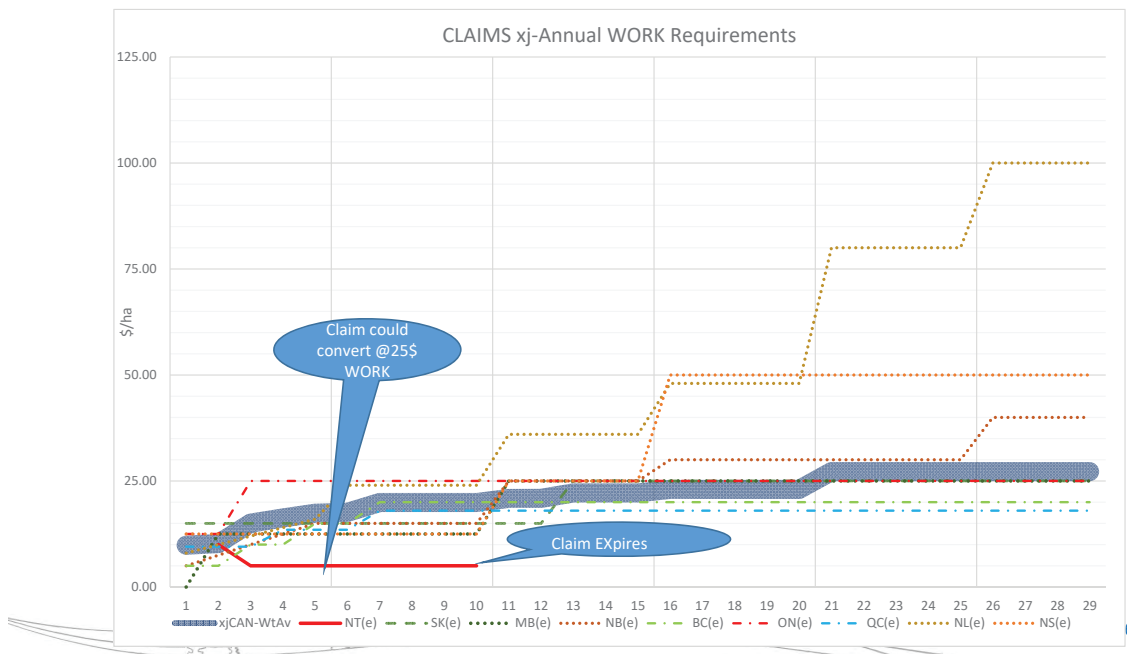


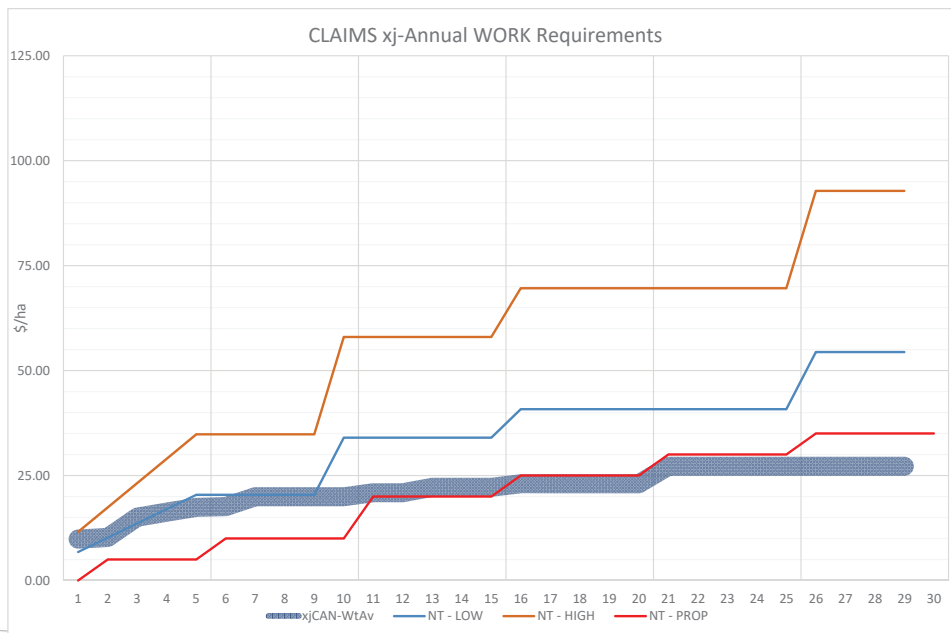
Economic Modeling Results

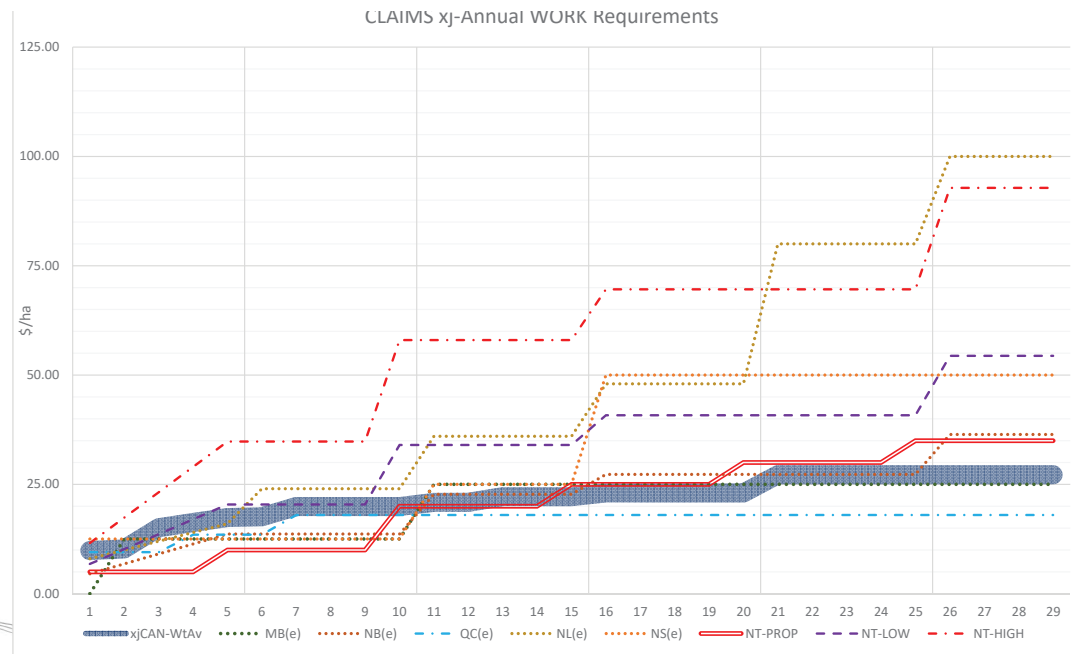
- Lower tolerance range value results are significantly higher than current rates under the mining regulations
- Work Requirement Increases in other jurisdictions were quite high but revisions occurred on a regular 10 – 15 year cycle
 - BC – multiplier 2.4
 - NU – multiplier 2.2
 - NFLD – multiplier 1.4
 - NT Lower Boundary – multiplier 6.7
 - NT Modified – multiplier 4.3

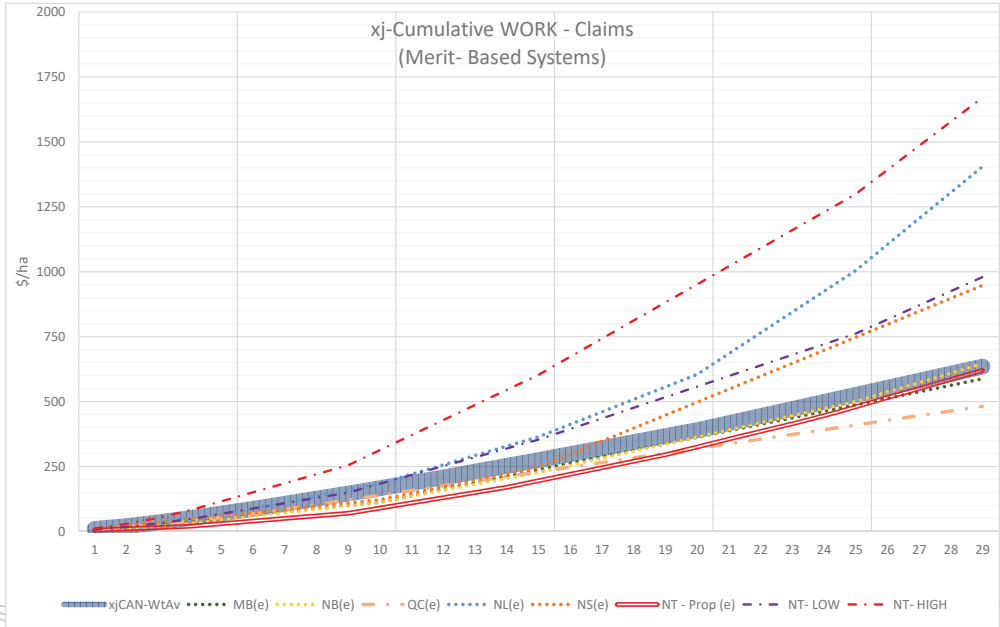
Avg. 2.0











Modifications to Model Outputs

- Values adjusted to be in line with Canadian median
- Structured to enhance prospector participation with relatively accessible values in first 10 years
- Adjusted requirement increases to 5 year increments
- Push back to first reporting requirement to second anniversary
 - Adequate time to for engagement
 - Adequate time for first pass geology work
 - Takes into account seasonality and remoteness of NWT



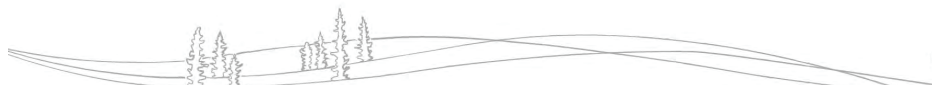
Proposal

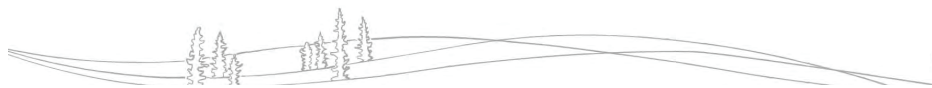
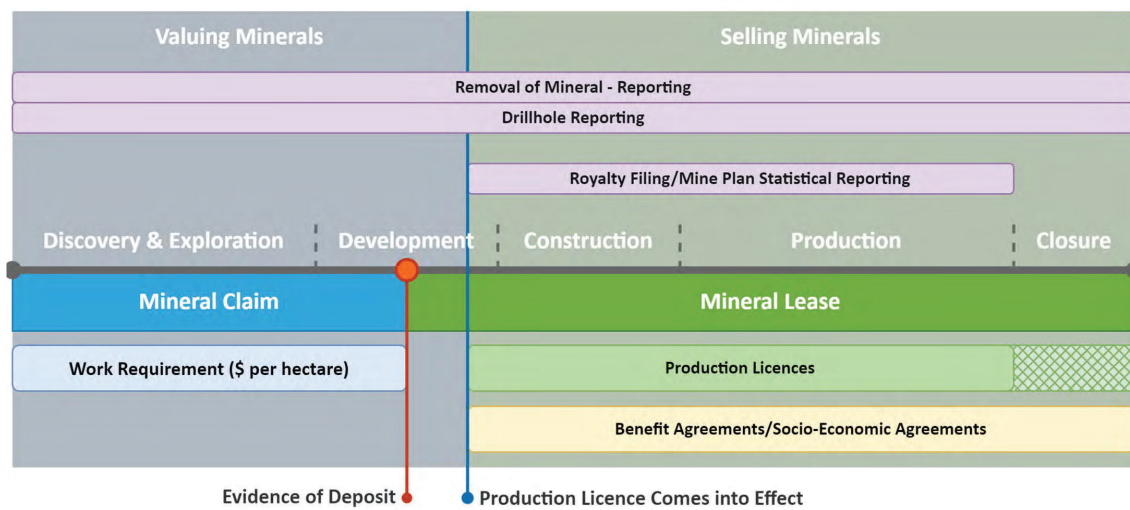
Year	\$/ha - requirement	Total Cost – Full Size Claim
2	\$10	\$12,500
3 – 4	\$5	\$6,250
5 – 9	\$10	\$12,500
10 - 14	\$20	\$25,000
15 - 19	\$25	\$31,250
20 - 24	\$30	\$37,500
25 - 29	\$35	\$43,750



Focus Group

- Industry focus group was held on 03/31/2022
- Reviewed 'Work Requirement' proposal was well received





Lease Work

The question is does the new system have the same need for “assessment work” as current system:

- Linked to timing of lease issuance
- Linked to renewal requirements
- Linked to royalties deductions



Lease Work – Cross Jurisdictional Scan

Jurisdiction	Lease Work Requirement
Saskatchewan	\$25/ha: Assessment work periods 1-10 min. \$400/lease/assessment work period) \$50/ha: Assessment work periods 11-20 (min. \$800/lease/assessment work period) \$75/ha: Assessment work periods 21+ (min. \$1200/lease/assessment work period)
Manitoba	\$1250/ha during term of lease A report of work is due no later than 60 days after each of the 5th, 10th, 15th and 21st anniversaries of the issuance of the lease
Quebec	Production for at least two of ten years.
Newfoundland and Labrador	Start mineral production within 5 years.
New Brunswick	\$60/ha/yr
Nova Scotia	Undertake production within 2 years of obtaining lease.



Lease Work

Lease work needs an approach to work that is different than we see in claims

- Periodic Reporting (Annual or 5 year period)
- Reporting links to renewal process to ensure compliance
- Fills reporting gap should there be a delay in obtaining a production licence.



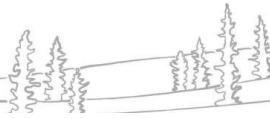


Producing Mines Meeting

MRA Regulations — Benefits

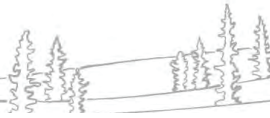
May 9, 2022

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Northwest Territories



Benefits Regulations

- Update or additional information on topics under benefit regulations
 - Policy intentions is the primer stage before regulation drafting instructions.
- It serves as an intersection point of where the GNWT and IGCS have reached consensus about the direction of benefit regulations topics.



List of Topics

Benefit Agreements (BAs)

- BA Dispute Resolution (NEW)

NWT Resident Benefits

- Close Proximity and Prioritization (NEW)
- Advisory Body
- Adaptive Management



BA Dispute Resolution

- A dispute resolution body will need to assist parties in either completing the negotiation or by deciding on the terms of the BA in the case of a dispute.
- The regulations development is considering an approach for an independent body with collaborative elements
- A database for BAs could be established
 - o The board could potentially request copies of completed BAs concluded after the regulations from the parties to agreements
 - o The database could serve as a registry for board decisions and BAs
 - o Benefit information from BAs could be redacted, summarized, and shared with the GNWT on a voluntary basis



BA Dispute Resolution

- The Minister appoints a chairperson and several members from which an arbitration panel would be selected for any dispute.
- The full board would have a limited budget to meet on a prescribed basis to develop policies and procedures, and undertake training and orientation at its own direction.
 - Panels constituted from members of the arbitration board would receive funding and support from the department based on the size and complexity of the dispute.
- The arbitration board in this option would have limited functions as a stand-alone board.



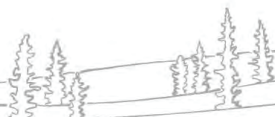
BA Dispute Resolution - Appointment

- The chairperson appointed under this model would have to be competent, not only with arbitration and facilitation, but also with making administrative assignments and administering a budget.
- The arbitration panel and mediators should be qualified to undertake the required dispute resolution without further specified training.
 - The regulations could general provisions giving the arbitration board general authority to develop its own forms, checklist, standard for agreements, and orientation materials.
- It is to be expected that the chairperson will take a leadership role in all board activities outside of actual dispute resolution.
 - A strong chairperson may be in a better position to identify and manage priorities flexibly, appropriately, and in accordance with the wishes of a representative board.



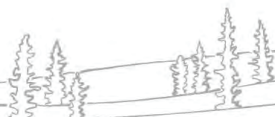
BA Dispute Resolution - Screening

- The arbitration board carries out the screening of application
 - Policy could allow for the Minister, chairperson or arbitration board, to have the authority to develop screening forms and checklists.
- The Minister could establish the threshold while delegating to the arbitration board the task of expressing those thresholds in forms and checklists.



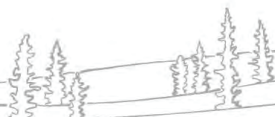
BA Dispute Resolution - Policies and Procedures

- The arbitration board's policies and procedures can be more or less prescribed in this option.
 - The regulations could also authorize the board to approach policies and procedures with a greater degree of discretion.
- The arbitration board should have general authority to determine its own procedure in the conduct of its proceedings and be independent in carrying out all of its arbitral functions.



Close Proximity and Prioritization

- This topic covers which IGOs and local communities will participate in SEAs, and how they will be prioritized within the agreements.
- The current factor under consideration for this topic is the geographic area that a mine occupies (Benefit Area).
 - The geographic range of the benefit area could be determined by the total benefits that are expected by the end of the project.
 - When a Benefit Area would include the Traditional Territory of a regional Indigenous government, all communities from the regional government would be included in the benefits area by extension.
 - SEAs could be scaled based on the amount of benefits available and communities closer to the project could receive more benefits.



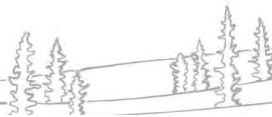
Close Proximity – Options

- **OPTION 1:** Geographic ranges that scale based on the cumulative benefits and profitability of a project.
 - **150km:** \$75 million or 150 PYLs to \$2 billion or 1,000 PYLs
 - **300km:** \$2 billion or 1,000 PYLs to \$4.5 billion or 4,000 PYLs
 - **500km:** \$4.5 billion or 4,000 PYLs **AND** 20% IRR
 - The advantage of this policy-based option is its flexibility and could be adjusted if issues of IGO participation occur
- **OPTION 2:** Include any local Indigenous governments and organizations or larger Indigenous governments located in the NWT and within 300km radius of the mine site, and any local Indigenous governments of the same regional government within 400km



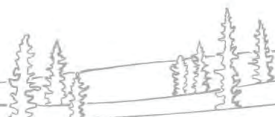
Close Proximity – Options (cont.)

- **OPTION 3:** Socio-economic benefits should be based on adjacency to the project.
 - Residents, Northern businesses, and Northern organizations within the region(s);
 - Adjacent regions;
 - NWT as a whole; then
 - Canada.
- Adjacency could be used as a concept based on ‘connecting factors’ accounting for the physical and socio-economic context of the project, and its relationship to NWT communities to avoid misinterpretation.
- Keeps SEAs different from the BAs and takes a principled approach to determining qualifications for SEA benefits.



Prioritization

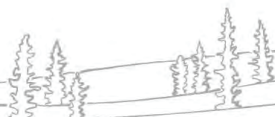
- The MRA enables the requirement for SEAs and which IGOs are included in SEAs.
- The regulations could also determine when IGOs are involved in the SEA process.
- There are generally three basic layers of prioritization under SEAs:
 - Indigenous residents
 - NWT residents
 - Residents of all other Canadian jurisdictions are the last priority.
- The GNWT would like to propose the general structure in regulation



Prioritization – Options

- **OPTION 1: Close Proximity Prioritization**

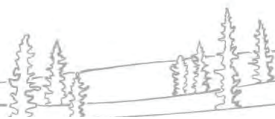
- Benefit Agreement holders within the NWT
- Regional Panel, participation in Advisory body within *close proximity* (within the NWT)
- All other NWT Indigenous governments and their members
- All other NWT residents (over 6 months)
- All other people with a permanent residence in the NWT (less than 6 months residence)



Prioritization – Options (cont.)

• **OPTION 2: Adjacency Prioritization**

- NWT Indigenous governments and organizations, and their members, within the mine's geographic region in the NWT.
- NWT Indigenous governments and organizations, and their members, adjacent to the mine's geographic region in the NWT. [Includes participation on the SEA's Advisory body]
- All other NWT Indigenous governments and organizations, and their members.
- All other NWT residents (over 6 months)
- All other people with a permanent residence in the NWT (less than 6 months residence)
- All other Canadians



Advisory Body

- Based on the current advisory body structure from SEAs.
 - Purpose of the advisory committee
 - Membership
 - Confidentiality
 - Funding, budget, and costs
 - Frequency and location of meetings
 - Winding up of committee
 - Committee substitutes
- ITI will develop a policy that details how representatives are appointed, composition of the board/committee, and what qualifications would be required.



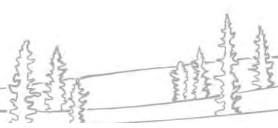
Adaptive Management

- Purpose of adaptive management is to educate, assist, build positive relationships, recommend a path for achieving and improving SEA performance.
 - Using a net-benefit balancing exercise and recommend solutions for unmet SEA commitments.
 - Clarify qualitative commitments of the SEAs
 - Adaptive management may suggest new, alternative commitments.
 - If adaptive management has not resolved an issue, recommendations can suggest other enforcement options.
- Ability for identified IGOs to make submissions, and requirement for the GNWT or mine to respond within 90 days.



Thank You

Are there any additional questions?

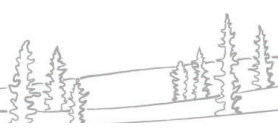




Production Licences

Statistical Reporting

May 9, 2022



Government of
Northwest Territories

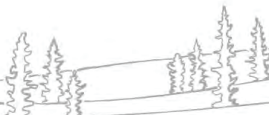
Background

- Under the *Mineral Resources Act* (MRA) a production licence is required to “commence production from a mine”.
- Production Licences will be give proponents the ability to sell minerals and file royalties reports and will also be a tool for requiring benefits commitments and statistical reporting data.
- Section 61 of the MRA requires every operator of a mine to submit a statistical return annually; on a more frequent basis, if requested by the Minister



Principles

- The need for a statistical return was first identified as a means to ensure production information would be collected during the production phase of the mine life. The current *Mining Regulations* do not require any reporting after a lease is issued.
- Regulations for statistical reporting would provide information that would result in a better geological understanding of the NWT, validate royalty data, enhance forecast of future royalties, and allow the ITI to gain a better understanding of the current and future state of operating mines within the NWT.



Statistical Reports – Requirement

s. 61.(1) of Mineral Resources Act

Every operator of a mine shall submit to the Minister a statistical return containing the prescribed information.

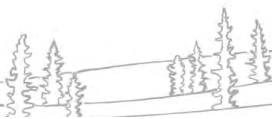


Statistical Reports - Frequency

s. 61.(2) of Mineral Resources Act

A statistical return must be submitted in accordance with the regulations

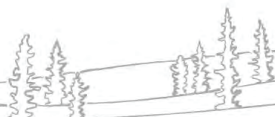
- (a) annually;
- (b) on a more frequent basis, if requested by the Minister; and
- (c) in the event of the bankruptcy or winding-up of the holder of a mineral lease or operator of a mine, if requested by the Minister.



Confidentiality

s. 61.(3) of Mineral Resources Act

Subject to subsection (4), a statistical return submitted under this section is confidential information.



Disclosure of Information

s. 61.(4) of Mineral Resources Act

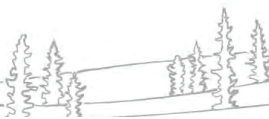
The Minister shall authorize the disclosure of information contained in a statistical return submitted under this section where 15 years have passed since the date that the return was filed, unless the disclosure of that information could reasonably be expected to prejudice the commercial interest of the operator or the holder of the applicable mineral lease or a third party, or earlier than 15 years since the date that the return was filed if

- (a) the holder of the applicable mineral lease and the operator consent in writing to the release of information;
- (b) the holder of the applicable mineral lease or the operator has released to the public the information contained in the return;
- (c) the mineral lease has expired or is cancelled or the mine to which the statistical return relates is abandoned or closed; or
- (d) the regulations authorize the disclosure.

Reporting Requirements

The production licence reporting will be focused on data from collected from both operations and the outputs from the process plant. Data collected under statistical reporting could include:

- A life of mine plan (mine and beneficiation schedules);
- Annual Reserve and Resource Statement;
- Annual reporting of mined ore, recovered, and sold material by commodity, by mass, by mineral deposit;
- Annual reporting of sales by commodity.
- Annual reporting of royalty relevant expenditures, which would be captured in the audited financial.



Reporting – Initial Considerations

Timing

What considerations must feed into setting reporting timelines? Understanding that the reporting cycle varies from project to project and that there may be requirements to allow for reporting to shareholders prior to data being submitted to the GNWT.

Disclosure of Information

- the holder of the applicable mineral lease or the operator has released to the public the information contained in the return;
- the regulations authorize the disclosure

This topic will require engagement on specific items to find the balance between transparency, business needs and functionality

Implementation of Reporting Requirements

Lead time necessary to meet reporting requirements? How agile are the onsite reporting system?

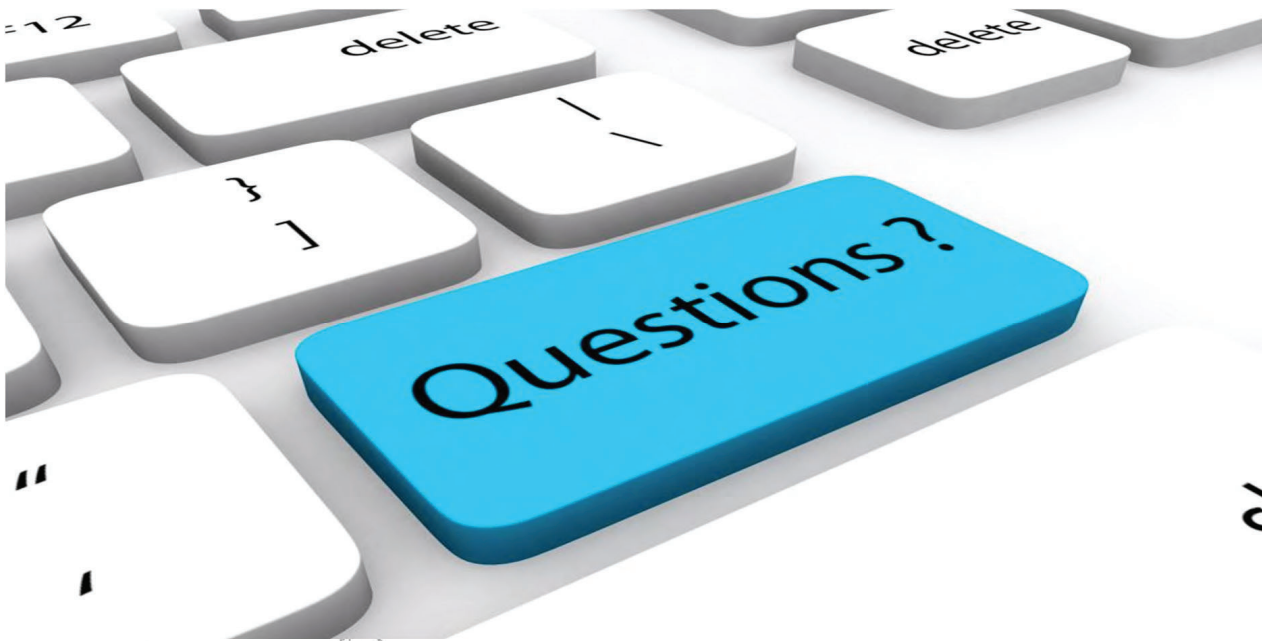
For those looking towards Operational Readiness are there unique concerns ?

Preferred form of reporting

Open to feedback on how reporting can be streamlined to minimize duplicative efforts in order to meet multiple reporting requirements



Thank You

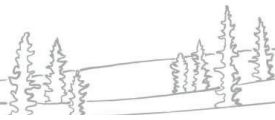




Indigenous Engagement Credits

Chamber of Mines

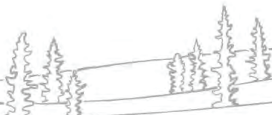
May 17, 2022



Government of
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Background – Current Status

- The definition of “work” in the MRA includes “Indigenous engagement that meets prescribed requirements”
- “Work” has a clear purpose in the Act to collect geological information.
 - Adding Indigenous engagement to the system helps represent the true costs of exploration and encourages positive relationships between Industry and Indigenous governments.
- IECs will utilize a hybrid approach to granting credits.
- The value of Work Credits will be addressed under the Work System.
 - Policy will outline allowable activities that qualify as “work”.



Structure for Work Reporting:

Work Credits and Allocation

- Value range for IEC credits can balance incentivising engagement and the collection of geological knowledge.
- Limit for the entire life of a mineral claim ensures that advanced exploration companies will be able to claim credit

Work Reporting

- Receipt / Cost Basis
 - Credit based on the costs of engagement.
 - Reporting on Indigenous engagement activities should be filed with the exploration work to which the engagement relates to.
- IG Engagement Approval Basis
 - Proponents submit letters from the relevant IGs that state that meaningful engagement has occurred.
 - Confirm that the Indigenous Government would advocate for the proponent to receive the full value of Indigenous engagement credits.



Credit Eligibility (1 of 2)

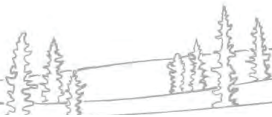
Regulate: The proponent may be eligible to receive credits for Indigenous Engagement through two methods:

1. Submitting written verification from an IGO(s) that a relationship has been established.
 - a. This may be submitted as a written letter from the affected IGO(s) acknowledging:
 - i. Engagement has occurred;
 - ii. An engagement agreement has been established (if this option exists with IGO(s) through protocol or other processes); or
 - iii. The support for a waiver of the need to provide expenditures for engagement. A letter could limit the amount of time a proponent should receive credit.
 - b. **Result:** If the proponent chooses this option, and the verification is valid, the proponent will receive the full amount of allowable credit. This would be subject to the %-value limit placed on IECs (i.e. 10 years to submit claims or 30% total limit) in the regulations.



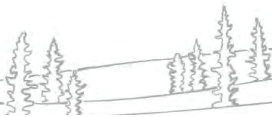
Credit Eligibility (2 of 2)

2. Providing documented evidence of engagement expenditures.
 - a. Must be activities within a defined list of eligible activities that qualify for engagement credits
 - b. The defined list of activities should include flexibility for evolving types of engagement and should be in policy or guidelines rather than regulations
 - c. May include an option for discretion to accept certain types of engagement activities that are not explicitly permitted in a list of eligible activities
 - d. **Result:** If the proponent chooses this option, they will be eligible to receive credit for engagement activities claimed, subject to the %-value limit placed on IECs placed in the regulations.



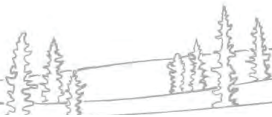
Allowable Activities Updates

- IECs would only be for spending in the NWT (not outside of NWT).
- IECs should be limited to Indigenous Government's costs for engagement to qualify.
 - Staff costs, (that could be invoiced to a company).
 - Costs occurred for IGs to complete traditional knowledge studies.
- The structure of the list would compensate activities focused on early and meaningful engagement.



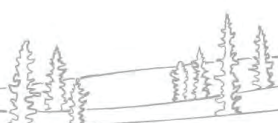
Draft *Allowable Activities* Policy Language

- **Regulate:** Expenditures submitted for IECs must be costs that are incurred within the NWT, with some form of record
 - Consideration should be given to adding a recommendation in guidelines for the proponent to keep an ‘Engagement Plan’ to track, plan and log any engagement activities undertaken.
 - As an engagement log is already a requirement under the MVLWB Engagement Guidelines, this should not duplicate or overlap with other jurisdictional requirements, and therefore is suggested as a recommendation in policy rather than a requirement.
- **Guidelines:** A list of activities which are eligible to be accepted as IECs.



Thank You

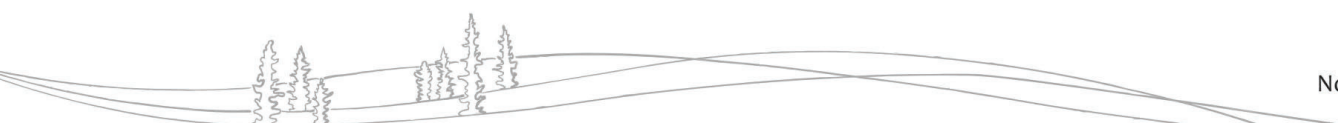
Are there any additional questions?





Tenure System – System Changes

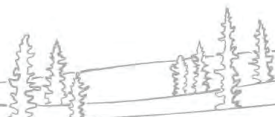
May 17th, 2022

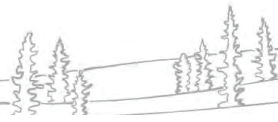
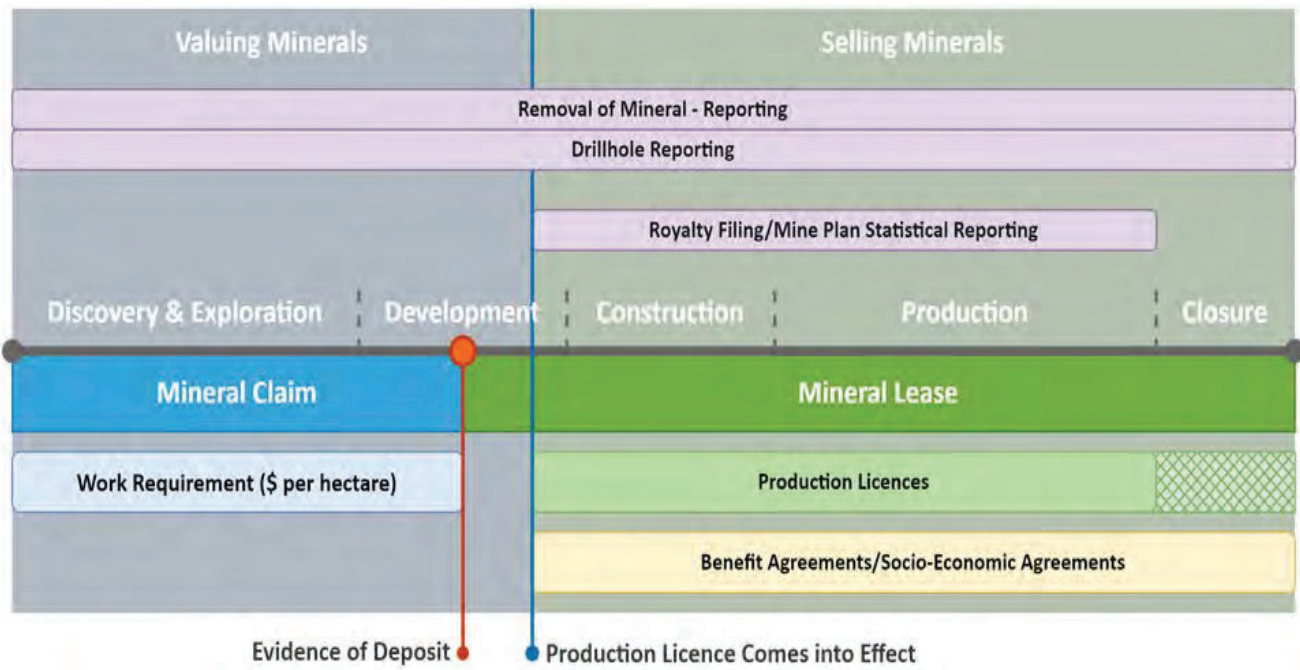


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Overview

- *Mineral Resources Act* (MRA) enables tenure system reform
- Core framework of tenure system is mostly developed
- Work is now transitioning to the supporting regulations, development of tenure management tools and process/administration related regulations

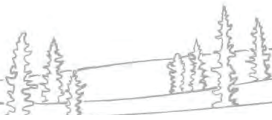




Prospectors Licence

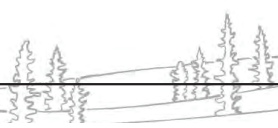
Prospectors Licence Proposal:

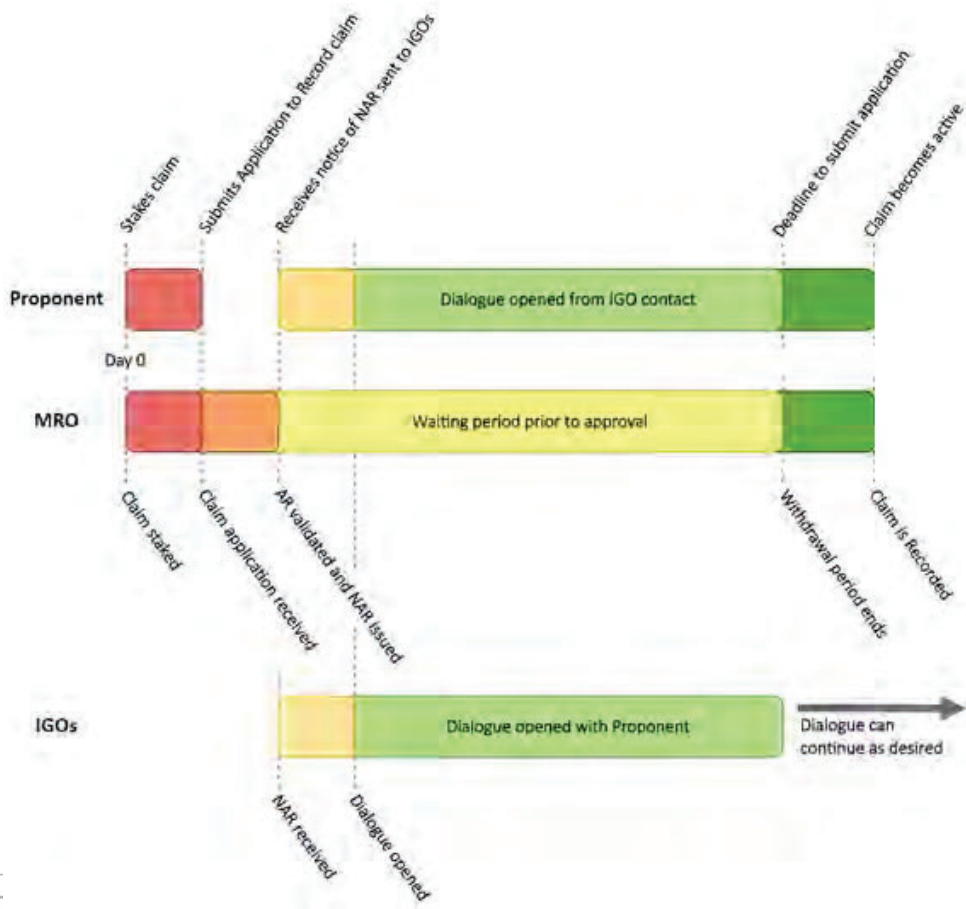
- Prospectors Licence will be issued for a period of 5 years from date of issuance
- Renewal every 5 years
- Prospector Awareness Course must be completed prior to issuance and renewal of licence
- Add category for Individual (resident)
- Agent may not be assigned until after licence is issued



Application to Record

Timeline	Current	Proposed
Claim staking to submission of the application to record	60 days after staking was completed	30 days
Receipt of application to record to NAR being sent	N/A (Not including Phase 1 or Phase 2 NAR)	Automatic notification* Up to 5 days for written letter
NAR received / Timing for dialogue /Proponent to withdraw	N/A	30 days from date NAR is sent
MRO to record claim	Claim can be approved on 61 st day +	1 day after dialogue period closes (31 st day after NAR is sent)



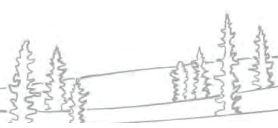
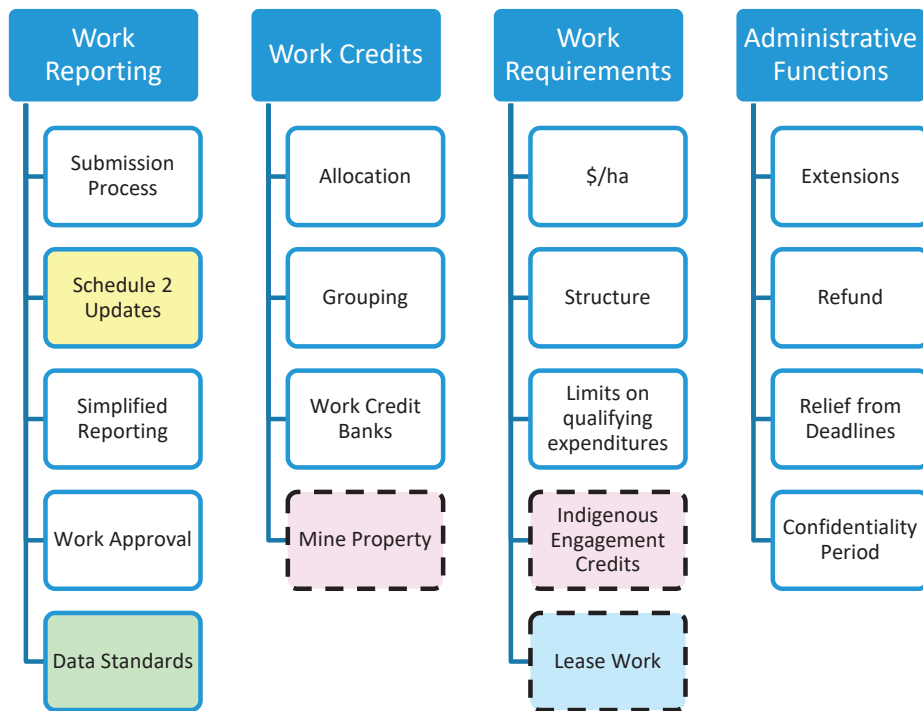


Claim Life

Duration of claim life has been extended to a maximum duration of 30 years

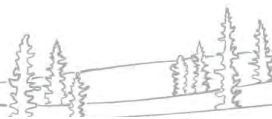
- Lengthened to allow for new lease issuance requirements
- Ability to apply for lease once E.O.D technical requirements have been met





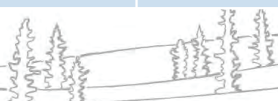
Work Requirements

- Values proposed are in line with Canadian median
- Structured to enhance prospector participation with relatively accessible values in first 10 years
- Push back to first reporting requirement to second anniversary
 - Adequate time to for engagement
 - Adequate time for first pass geology work
 - Takes into account seasonality and remoteness of NWT



Work Assessment Requirements

Year	\$/ha - requirement	Total Cost – Full Size Claim
2	\$10	\$12,500
3 – 4	\$5	\$6,250
5 – 9	\$10	\$12,500
10 - 14	\$20	\$25,000
15 - 19	\$25	\$31,250
20 - 24	\$30	\$37,500
25 - 29	\$35	\$43,750

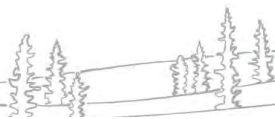


Data Standards

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

How it solves the problem:

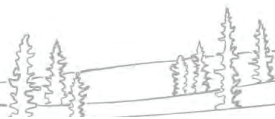
- Will minimize data loss and maximize data integrity
- Modifications will be done within a larger working group including representatives from geological surveys across western Canada
- Looking to find reporting and filing efficiencies for these large datasets



Drilling - Reporting

Reporting Requirements

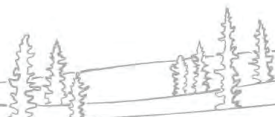
- Required Reporting for all exploration Drill Cores of:
- Location,
- Hole ID, Campaign (where appropriate)
- Azimuth, dip and downhill survey data (method and all relevant readings)
- Depth of holes
- Guidelines requesting Core Logs with Litho Unit guide as best practice
- reporting



Drilling – Storage and Preservation

Preservation of Core through setting requirements for:

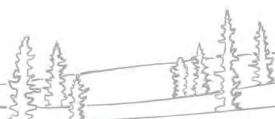
- Core storage
- Labelling
- Compliance to GNWT best practise document
- Sampling requirements for secondary owners and public use (lab certificates submitted to GNWT)



Drilling – Transportation and Disposal

Transportation of Core off claim

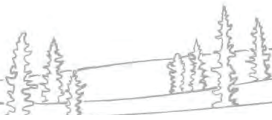
- Notification
- Prescribed Form
- Mining Recorder Notification for leaving NWT
- Application for the disposal of core



Evidence of Deposit

EoD will see leases issued when a project hits the CIM definition of an “Advanced Project” to

- PFS reports and equivalents will be used (A signed reserve statement is the core technical requirement)
- Similar to the regulations of Newfoundland and Quebec minus the requirement to be in production within a specified time period.



Lease Duration

Leases and renewals of leases will be issued for 21 years



Increased Tenure Management Tools

Tenure System changes necessitate an expansion of administrative tools to manage lands responsibly.

Proposed New Tools - MRA Implementation

- Subdivision of leases
- Amalgamation of leases

Proposed New Tools - OMS Implementation

- Subdivision of claims
- Amalgamation of claims



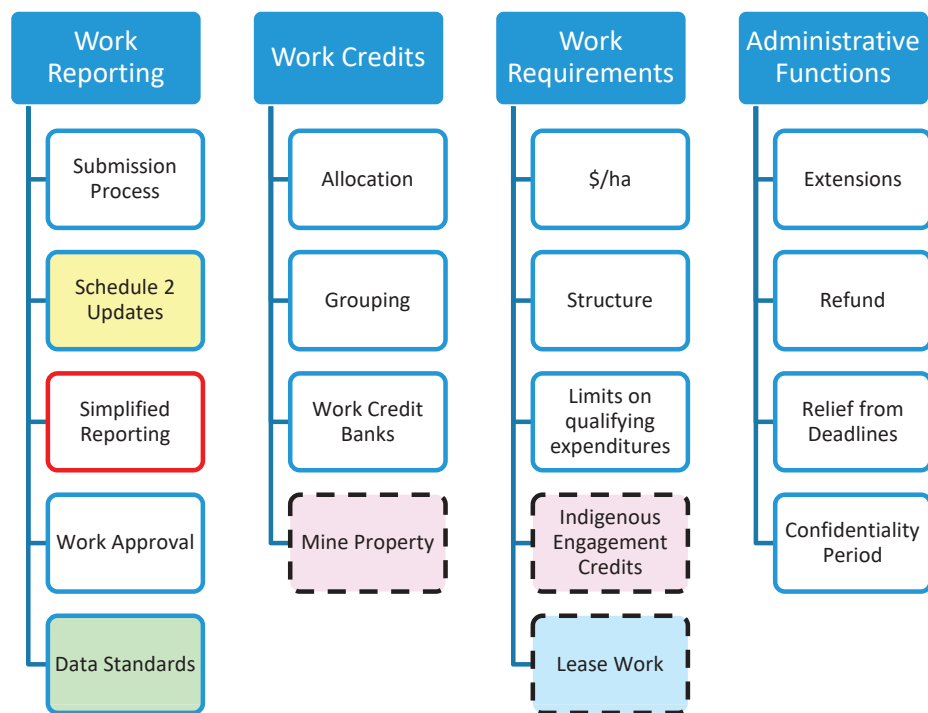


Simplified Reporting

May 17th, 2022



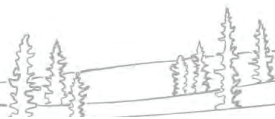
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Issue

Current Mining Regulations have provisions for simplified reporting that address needs of current work requirements structure and amounts

Modernization of simplified reporting process will create a mechanism for the small individual prospector to hold mineral tenure in good standing without the use of a professional geologist or engineer in balance with maintaining a standard of quality for information being submitted.



Considerations

Under the MRA simplified reporting process will have to be modernized to account for:

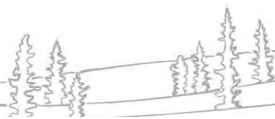
- Escalating work requirements and how simplified reporting \$/ha limits will be calculated throughout the life of the claim
- Determining who is eligible to submit a simplified report
- Determine form of submission for simplified report
- Determine what regulations within the work system need to have modifications made to meet the goals of simplified reporting



Current State

Current simplified reporting requirements are:

- Simplified reporting on a claim allows expenditures up to \$10 per hectare.
- Activities under simplified reporting are limited to:
 - Excavation
 - Sampling
 - Examination of outcrops and surficial deposits or
 - Any combination of them



Other NWT legislative considerations

Under the *Engineering and Geoscience Professions Act*, Part 2, section 11(1) says that no one other than a professional shall “...engage in the practice of professional engineering or professional geoscience...” or hold themselves out or act in a manner as to imply that they are a professional engineer or professional geoscientist.



Policy Options

Policy Option 1:

Option 1.1

Have simplified reporting values be determined through a calculated value based on area and period of claim life.

Option 1.2

Limit the use of dollar amount for 'work' claimed by **individual only** to an annual maximum dollar amount to keep claim in good standing



Policy Options (cont'd)

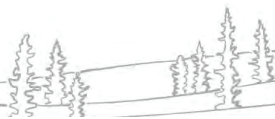
Policy Option 2:

Option 2.1

- Create clarity on work that is allowed for submission

Option 2.2

- Create modified Data Standards that apply to Simplified reporting. Necessary to align with certain aspects of data standards to maintain data integrity and minimize data loss from this reporting route.



Policy Options (cont'd)

Policy Option 3:

Option 3.1

- Allow individual prospectors to claim costs of consulting with a PGeo on the work or report (independent verification rather than a report written by PGeo).

Option 3.2

- Limit simplified reporting to individual prospector licence holders only



Policy Options (cont'd)

Policy Option 4:

- Conduct a risk analysis of allowable activities to include forms of ground geophysics

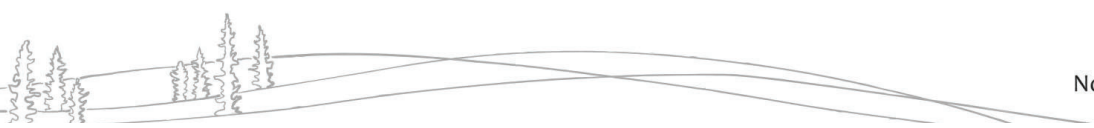




Groupings and Allocation

Work Requirements

May 17th, 2022



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What is Allocation

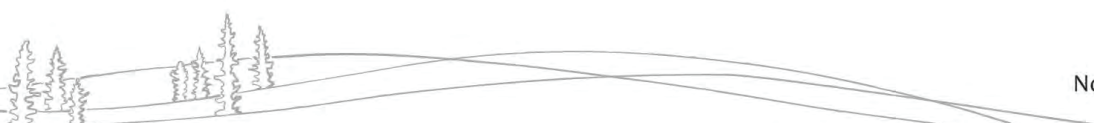
The mechanism in which approved work credits are applied to mineral tenure to remain in good standing. Includes regulations on

- Excess credits
- Forward allocation limit
- Banking of credits



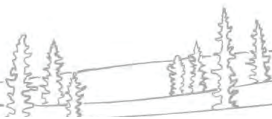
What is Grouping

Grouping of adjacent/contiguous claims (i.e. claims that have common boundaries or corners) allows tenure holders to allocate costs from work on one or more claims to surrounding claims defined in the grouping.



Considerations for Grouping and Allocation

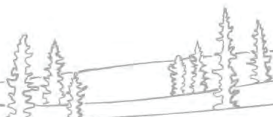
- Provide flexibility to industry to continue assessing mineral potential;
- Review linkages with increased work reporting requirements
- Review linkages with increased claim life and reasonability for extensions and suspensions
- Adoption of “Evidence of Deposit” and shift in how allocation and grouping will be used by industry to advance tenure under the new system



Current State - Grouping

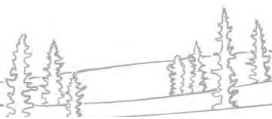
Groupings

- Prospecting Permits can be grouped if:
 - No more than 4 permits in group
 - Zones of grouped permits are wholly or partially within a circle having a radius of 32 kilometres
- Claims can be grouped if:
 - They are contiguous
 - Area less than 5,000 ha
 - None of the claims are leased



Current State – Forward Allocation of Credit

- Excess credits can be applied forward to the end of the term of the claim (10 years) with no limitations
- All excess credit is banked



Cross Jurisdictional Scan - Allocation

Application of excess work to future years			
Jurisdiction	Limit	Jurisdiction	Limit
Yukon	Up to 4 years	Quebec	Up to 12 years
Nunavut	Up to end of term	Newfoundland	Up to 20 years
British Columbia	Up to 10 years	New Brunswick	Up to 3 terms beyond next ann. date
Alberta	Up to end of term	Nova Scotia	Up to 10 years
Ontario	Up to 5 years	Saskatchewan	Up to 21 years

Yukon
 Nunavut
 British Columbia
 Alberta
 Ontario

Cross Jurisdictional Analysis - Grouping

Jurisdiction	Grouping	Limits
Yukon	Yes	750 adjoining claims (15,675 ha)
Nunavut	Yes	500 units (6,250 ha)
Saskatchewan	Yes	18,000 ha
Alberta	Yes	Unlimited as long as contiguous
Manitoba	Yes	3,200 ha
Quebec	Yes	Within a 4.5 km radius or 6,326 ha
New Brunswick	Yes	Unlimited as long as it is contiguous



Cross Jurisdictional Analysis - Excess Credit

Jurisdiction	Regulations
British Columbia	Portable assessment credit (PAC) can be used for 30% of assessment work, can apply up to 5 yrs PAC credit once during the life of a claim for any claim that has at least ten yrs of work recorded on it.
Saskatchewan	Existing work credits applied automatically annually unless work is filed
Manitoba	Banked credit can be applied to the claim at any time
Newfoundland and Labrador	Applied to future years
Yukon	No bank and no forward allocation beyond 4 year limits

Handwritten notes:
 British Columbia: 30% of assessment work, 5 yrs PAC credit, 10 yrs work
 Saskatchewan: Existing work credits applied automatically annually unless work is filed
 Manitoba: Banked credit can be applied to the claim at any time
 Newfoundland and Labrador: Applied to future years
 Yukon: No bank and no forward allocation beyond 4 year limits

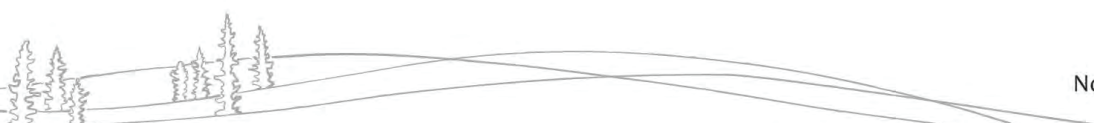
Relationships

As grouping and forward allocation both serve the same purpose, we see that across Canada grouping and allocation tools are generally balanced by being conservative in one area and much more flexible in the other.



Next Steps

- Workshop will be held in late June with selected participants at all levels of industry and as many regions as possible to ensure proper representation
- Technical participants will be engaged on flexibility needed to support needs with the increased work requirements including:
 - Cash in lieu requirements
 - Groupings
 - Allocation





Production Licences

Statistical Reporting

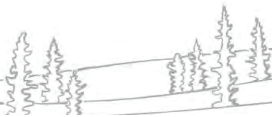
May 17, 2022



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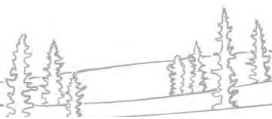
Background

- Under the *Mineral Resources Act* (MRA) a production licence is required to “commence production from a mine”.
- Production Licences will be give proponents the ability to sell minerals and file royalties reports and will also be a tool for requiring benefits commitments and statistical reporting data.
- Section 61 of the MRA requires every operator of a mine to submit a statistical return annually; on a more frequent basis, if requested by the Minister



Principles

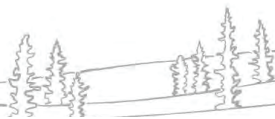
- The need for a statistical return was first identified as a means to ensure production information would be collected during the production phase of the mine life. The current *Mining Regulations* do not require any reporting after a lease is issued.
- Regulations for statistical reporting would provide information that would result in a better geological understanding of the NWT, validate royalty data, enhance forecast of future royalties, and allow the ITI to gain a better understanding of the current and future state of operating mines within the NWT.



Statistical Reports – Requirement

s. 61.(1) of Mineral Resources Act

Every operator of a mine shall submit to the Minister a statistical return containing the prescribed information.

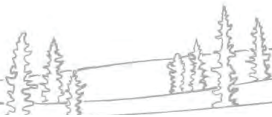


Statistical Reports - Frequency

s. 61.(2) of Mineral Resources Act

A statistical return must be submitted in accordance with the regulations

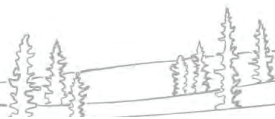
- (a) annually;
- (b) on a more frequent basis, if requested by the Minister;
- and
- (c) in the event of the bankruptcy or winding-up of the holder of a mineral lease or operator of a mine, if requested by the Minister.



Confidentiality

s. 61.(3) of Mineral Resources Act

Subject to subsection (4), a statistical return submitted under this section is confidential information.

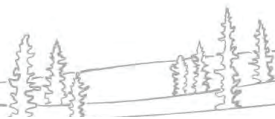


Disclosure of Information

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The Minister shall authorize the disclosure of information contained in a statistical return submitted under this section where 15 years have passed since the date that the return was filed, unless the disclosure of that information could reasonably be expected to prejudice the commercial interest of the operator or the holder of the applicable mineral lease or a third party, or earlier than 15 years since the date that the return was filed if

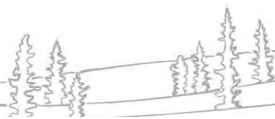
- (a) the holder of the applicable mineral lease and the operator consent in writing to the release of information;
- (b) the holder of the applicable mineral lease or the operator has released to the public the information contained in the return;
- (c) the mineral lease has expired or is cancelled or the mine to which the statistical return relates is abandoned or closed; or
- (d) the regulations authorize the disclosure.



Reporting Requirements

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- Annual reporting of mined ore, recovered, and sold material by commodity, by mass, by mineral deposit;
- Annual reporting of sales by commodity.
- Annual reporting of royalty relevant expenditures, which would be captured in the audited financial.



Reporting – Initial Considerations

Timing

What considerations must feed into setting reporting timelines? Understanding that the reporting cycle varies from project to project and that there may be requirements to allow for reporting to shareholders prior to data being submitted to the GNWT.

Disclosure of Information

- the holder of the applicable mineral lease or the operator has released to the public the information contained in the return;
- the regulations authorize the disclosure

Disclosure of information will require engagement on specific reporting requirements to find the balance between transparency, business needs and functionality

Implementation of Reporting Requirements

Lead time necessary to meet reporting requirements? How agile are the onsite reporting system?

For those looking towards Operational Readiness are there unique concerns ?

Preferred form of reporting

Open to feedback on how reporting can be streamlined to minimize duplicative efforts in order to meet multiple reporting requirements

