



**ACQUIRING MINERAL RIGHTS
AND
MANAGING YOUR MINERAL EXPLORATION LICENCE**



*Prepared by
Mineral Claims Recorder's Office
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STAKING

GENERAL

The acquisition of Mineral Rights in the province is by online map staking using the Province's Mineral Rights Administration System-Miriad.

Every natural person, nineteen years of age or more, and every corporation has the right to obtain mineral exploration licences.

All persons or corporations intending to stake claims must be registered with the Mineral Claims Recorders office. Registration forms @ <http://www.gov.nl.ca/mines&en/> must be completed in full and mailed. Activation of staking accounts will be completed in one to two days. Upon account activation the Mineral Claims Recorder's office will supply a client number, user name and user password. Note that all stakers will be required to change their user password when first accessing the system.

MAP STAKING ON LINE

The basic unit in map staking is the claim. In map staking, a claim is a 500 metre square being one quarter of a UTM grid square - bounded by one corner of a UTM grid square. The UTM grid square referred to is the one thousand metre grid used on the 1:50,000 National Topographic Map Series NAD 27.

There is no restriction on the shape of an area being applied for; an application for a Map Staked Licence can be for a maximum of 256 claims and all the claims in the electronic application must be coterminous.

Details on the procedures to stake claims online as well as descriptions of the navigational tools to be used can be reviewed using the online staking help page www.claimstaking.gov.nl.ca.

FEES

A fee of \$60/claim is required and must be paid online using either Visa or Mastercard. Note that credit card numbers are never saved by Miriad.

The \$60/claim fee consists of a \$10/claim staking recording fee and a \$50/claim staking security deposit.

The staking security deposit is refunded upon submission and acceptance of the report covering the first year work requirements. However, designated prospectors may stake up to thirty claims in no more than five licences in a calendar year without posting a staking security deposit.

MAINTENANCE

GENERAL

A mineral exploration licence is issued for a term of five years. However a mineral exploration licence may be held for a maximum of twenty years provided the required annual assessment work is completed and reported upon and the mineral exploration licence is renewed every five years.

The minimum annual assessment work required to be done on a licence is:

*\$200/claim in the first year
\$250/claim in the second year
\$300/claim in the third year
\$350/claim in the fourth year
\$400/claim in the fifth year
\$600/claim/year for years six to ten inclusive
\$900/claim/year for years eleven to fifteen inclusive
\$1200/claim/year for years sixteen to twenty inclusive.*

The renewal fees are:

*for year five \$25/claim
for year ten \$50/claim
for year fifteen \$100/claim.*

In each year of the licence the minimum annual assessment work must be completed on or before the anniversary date. The assessment report must then be submitted within 60 days after the anniversary date. If a report cannot be completed and submitted on schedule, a partial report acceptable to the Mineral Claims Recorder may be submitted and a (Condition 3) sixty day extension of time applied for in order to submit the completed report. The partial report, at a minimum, must contain a title page, a table of contents, a brief description of work completed and a ballpark statement of expenditures. Excess assessment work completed in any one year is carried forward for a maximum of nine years and it is automatically credited to the licence. Excess assessment work credit is the amount of work completed and reported above what is required to be done during any twelve-month period of the licence.

When a licence holder is unable to complete the assessment work required to be done in any twelve month period an application for a (Condition 2) twelve month extension of time in which to complete the work may be approved. An extension of time does not relieve a licence holder from performing and reporting the assessment work for the ensuing twelve months on schedule.

An extension of time (Condition 2) requires that the licence holder post a security deposit in the form of cash, cheque or an irrevocable letter of credit for the amount of the deficiency. The security deposit must be delivered to the Mineral Claims Recorder prior to the anniversary date of the year for which the extension is requested. When the deficient work is completed and accepted the security deposit will be refunded, otherwise, the security deposit will be forfeited.

For map staked licences, a (Condition 2) twelve month extension of time for the first year will result in the staking security deposit of \$50/claim being refunded.

Where approved work cannot be completed in any year and the delay is caused by environmental considerations imposed under the exploration permit, the requirement for delivery of the security deposit for a (Condition 2) twelve month extension of time shall be waived at the request of the licensee. Note that the staking security deposit of \$50/claim will not be refunded in this situation.

SECURITY DEPOSIT

The security deposit submitted with the application for a map staked licence will be refunded to the current licence holder upon the completion and acceptance of the first year assessment work. As well, if a map staked licence has been partially surrendered in the first year and the assessment work required to be done has not been completed, a portion of the deposit, in proportion to the partial surrender shall be forfeited. As well, if a map staked licence is cancelled or surrendered in the first year, the security deposit is forfeited.

EXPLORATION APPROVAL

Any person who intends to conduct an exploration program must submit prior notice with a detailed description of the activity to the Department of Natural Resources. An exploration program that may result in major ground disturbance or disruption to wild life or wild life habitat must have an Exploration Approval from the department before the activity can commence.

ASSESSMENT WORK

Expenditures on the following, within the area of the licence, shall be credited as assessment work when carried out for the purpose of exploration.

- (a) prospecting*
- (b) trenching, pitting and stripping*
- (c) line cutting and flagging*
- (d) surface and underground geological surveys*
- (e) airborne, surface underground geochemical surveys*
- (f) airborne, surface, underground geophysical surveys and borehole geophysical surveys.*
- (g) photogeological and remote imagery interpretations*
- (h) drilling, and core transportation to storage facilities of the Department of Natural Resources*

- (i) land surveys*
- (j) topographic surveys*
- (k) shaft sinking and other underground exploration work*
- (l) engineering evaluation reports*
- (m) beneficiation studies, analysis, assays and microscopic studies, and*
- (n) others as may be approved by the Minister*

Note: Staking costs are not an acceptable assessment expenditure

PARTIAL SURRENDERS

Portion(s) of a map staked licence may be surrendered at any time during its currency. This is accomplished for mapped staked licences by submitting a request containing a sketch of the area clearly showing what claims are surrendered versus the claims being retained.

Note: There are no recording fees payable when submitting applications for partial surrender. The assessment work requirements will be reduced for the twelve-month period during which the partial surrender is made; the work requirements will be based on the number of claims retained in the licence(s). Areas retained need not be coterminous and may result in more than one reduced licence being issued. Excess assessment credit will be proportioned over the area of the separate licences.

GROUPING

Any number of coterminous map staked licences may be grouped to form a single licence provided that the number of claims grouped does not exceed 256. Only licences which have passed their first anniversary date or have first year assessment reports submitted and accepted and are in good standing are eligible to be grouped. There is no formal application form; a letter of request containing the licences to be grouped is sufficient.

The issue date for the new licence will be the same as the issue date of the earliest licence in the group. The excess assessment credit for the grouped licence, if any, is calculated by taking the actual expenditure on each licence in the group and applying it to the grouped licence as if it were spent on the grouped licence from year one.

SPLIT LICENCES

A map staked licence may be split by submitting new sketches for the split areas. Excess assessment credit will be applied proportionally to all new licences produced.

The effective date of any partial surrender, grouping and splitting is the date the request is received by the Mineral Claims Recorder. Retroactive requests will not be accepted.

MINING LEASES

At any time during its currency, provided the equivalent of the first three years assessment work has been completed and acceptable reports submitted, a licence holder has a right to a mining lease for the minimum area necessary to cover an identified mineral resource. As well, the applicant for a mining lease must demonstrate to the satisfaction of the Minister of Natural Resources, that a mineral resource exists under the area of application that is of significant size and quality to be potentially economic. This must be confirmed by a qualified person. A qualified person is 1) an engineer or geoscientist with at least 5 years experience in mineral exploration, mine development or operation or mineral project assessment or a combination of these; 2) has experience relevant to the subject matter of the project and the technical report, and 3) is a member in good standing of a professional association of engineers and geoscientists. An application for a mining lease made pursuant to a map staked licence is to be accompanied by a legal survey of the area being applied for. Two original copies of the legal survey, description and sketch is required. The surveyor's notes must also be submitted.

An annual rental of \$80/ha is payable with respect to a mining lease. The first such rental being payable upon issuance of the lease.

SURFACE LEASES

In order to develop a mineral resource it is also necessary to obtain title to the surface rights to the area of the mining lease and areas for siting the required infrastructure incidental to the mineral development. The application for a surface lease is to be accompanied by a legal survey; two original copies of the legal survey description and sketch is required. The surveyor's notes must also be submitted. Upon receipt of an application the Minister of Natural Resources in consultation with the Minister appointed to administer the Lands Act shall issue a surface lease.

TRANSFERS AND OPTIONS

A licence may be transferred at any time during its currency by completing and forwarding to the Mineral Claims Recorder a duly executed transfer. As well, all options and agreements relating to minerals or rights to or in respect of minerals must be registered in registries maintained by the Mineral Claims Recorder's office, Department of Natural Resources. Otherwise the transaction is not valid and has no effect in law.

Note: For the purposes of document registration all instruments must comply with the requirements for formal validity set out in the Registration of Deeds Act. These rules for formal validity require, at a minimum, that instruments show original execution by the party from whom an interest passes or by whom an obligation is undertaken and that the execution be "proved" before a person authorized to administer oaths. Persons authorized to administer oaths include a) the Registrar of Deeds, b) a judge of the Court of Appeal or the Trial Division, c) an officer appointed under the Registration of Deeds Act, d) a commissioner of the Supreme Court, e) a justice of the peace, f) a notary public under his/her official seal or g) a commissioner of oaths in and for the province.

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This brochure is prepared for convenient reference only, the Mineral Act, RSN 1990, Chapter M-12 and the Mineral Regulations should be consulted for purposes of interpreting and applying the law.