

JUNIOR EXPLORATION ASSISTANCE
GUIDELINES
2010

Effective: April 01, 2010

(Pending funding approval in the 2010-11 Budget)

JUNIOR EXPLORATION ASSISTANCE

GUIDELINES

1. ***Program Objective:***

Junior Exploration Assistance funding is designed to encourage junior exploration companies and local prospectors to conduct advanced exploration in the province and carry mineral prospects to a more advanced stage. It will also encourage and promote a greater involvement by local entrepreneurs in the mining industry.

2. ***Form and Amount of Assistance:***

Funding under the Junior Exploration Assistance is in the form of a non-repayable grant. The program provides 50% of eligible costs up to \$100,000 per project in Newfoundland and up to \$150,000 per project in Labrador.

While a portion of the *Junior Exploration Assistance* budget will be allocated for grassroots projects, preference will be given to advanced projects; the actual amounts to be allocated is dependent upon funding approval in the 2010-11 budget.

3. ***Program Evaluation Criteria:***

Applications will be accepted and reviewed on a monthly basis until all funds are allocated. Only **COMPLETELY** documented proposals submitted on the *Junior Exploration Assistance Application Form* will be accepted and the ***Application Checklist*** must be completed and included with the application. Applications indicating information to be forwarded when received will not be considered and will be promptly returned to the applicant.

Applications will be accepted beginning at 8:30 AM on the first business day in ***March***, and all applications will be date and time stamped and given a ticket number when received at the Mineral Development Division, 3rd Floor, Natural Resources Building.

Only ***one*** application may be submitted per month from each applicant. Additional applications (again, only one per applicant) may be submitted beginning at 8:30 AM on the first business day of each subsequent month, and will only be reviewed pending availability of funds.

JUNIOR EXPLORATION ASSISTANCE

Application review will begin in *April*. If funds are still available after all applications received in the preceding month have been reviewed, we will review more applications (one per applicant) received from the beginning of the current month, as above. Applications will be prioritized based on the date the complete proposal was received by the Department of Natural Resources.

All applications will be evaluated on the quality and merit of the proposal as related to the program objectives, eligibility criteria and information provided, and the proponent's ability to complete the project. An internal committee will screen applications.

4. *Eligible Applicants:*

- (i) The applicant shall be an independent junior exploration company (not a subsidiary of a major corporation) or individual who are primarily engaged in mineral exploration and development, and *not receiving direct revenues* from mineral/mining operations.
- (ii) Companies shall be registered to carry on business in Newfoundland and Labrador and in addition, shall have an agent in the Province if the company does not have a presence in the Province upon which legal service can be made.
- (iii) Applicants shall hold mineral rights to the lands considered in the application or have a registered option agreement on file with the Mineral Lands Division.
- (iv) Applicants shall provide proof of sufficient funds to undertake at least one half of the cost of the proposed project.

5. *Eligible Activities and Expenses:*

- (i) Surface and underground core drilling or other drilling.
- (ii) Surface and underground bulk sampling for the purpose of exploration (including de-watering or rehabilitating old mine workings).
- (ii) Chemical analysis of samples collected through eligible activities.

JUNIOR EXPLORATION ASSISTANCE

- (iv) Certain other exploration activities as may be approved, including trenching, ground and airborne geophysics, and soil and “in-fill” lake sediment geochemical surveys.
- (v) Services of a Qualified Person¹ (for project supervision, core logging, report writing/drafting) to a maximum of **\$450** per day.
- (vi) Services of one assistant to a maximum of **\$225** per day.
- (vii) Rental vehicle to a maximum of **\$60** per day (*excluding company/applicant owned/leased vehicles*).
- (viii) ATV or snowmobile rental to a maximum of **\$40** per day (*excluding company/applicant owned/leased ATV's and snowmobiles*).
- (ix) On-site accommodations and meals from dealers/individuals not affiliated with the applicant.
- (ix) Miscellaneous expenses such as core saw rental, core shed rental, etc. shall also be *exclusive of company/applicant owned/rented/leased facilities or equipment*.
- (x) All eligible expenses are exclusive of GST and HST.

6. *Information to be included in Application:*

All applications shall be signed by a Qualified Person and contain detailed information on the proposal, including the following (refer to Application Checklist at the end of this document for any further clarification):

- (i) History of land tenure and mineral exploration on the mineral prospect.
- (ii) Description of planned exploration work, including headings and other information.

¹ Qualified Person as defined in National Instruments 43-101, Section 1.2. Where the applicant intends to include the services of a Qualified Person in the list of eligible expenses, that Qualified Person cannot be a director or officer of the company applying for the grant, or an affiliated company, nor in the case of an individual applicant can it be the individual.

JUNIOR EXPLORATION ASSISTANCE

- (iii) Maps showing location of proposed work, claim boundaries, and an index map showing approximate location of the project area within the province.
- (iv) Coloured maps at appropriate scale showing detailed geology, structural data, relevant geophysical/geochemical data and previous drill collar locations (including a Longitudinal Section if applicable).
- (v) Detailed analysis of proposed expenditures (as per **Proposed Budget** on page 3 of the *Application Form*).
- (vi) Where the cost of goods and services exceed \$10,000 the *Applicant* shall invite **at least three (3) quotations** from service contractors and where reasonably possible, purchases will be made from the contractors submitting the lowest quote. *Preference shall be given to Newfoundland & Labrador -based suppliers of goods and services where those goods and services are competitive with respect to price, quality and delivery.*
- (vii) Evidence of sufficient funds to carry out at least half of the proposed project, in the form of a current *Financial Statement* or official bank statement.
- (viii) Exploration Permit on file with Mineral Lands Division.

7. Restrictions on Funding:

- (i) Expenses incurred under the Junior Exploration Assistance are eligible commencing on the latter of either the date the **complete** application is received by the department **or** the date the project is initiated. Costs incurred prior to the Contract Agreement, and costs in excess of the agreed maximum will not be eligible.
- (ii) Under the Junior Exploration Assistance, proponents cannot receive additional funding from other Government agencies or departments to carry out the project.
- (iii) Administrative and in-house expenses are not eligible for funding.

JUNIOR EXPLORATION ASSISTANCE

- (iv) Geophysical surveys shall be carried out by registered geophysical contractors and be conducted in accordance with industry standards.
- (v) Geochemical surveys shall also be conducted in accordance with industry standards and a minimum ICP-11 element analysis is required on all geochemical samples to allow for a reasonable level of integration with existing data.

8. *Method and Timing of Disbursements:*

Before any payment is made under the Junior Exploration Assistance, the following documentation must be on file with the Department of Natural Resources:

- (i) Successful applicants shall enter into a Contribution Agreement with the Minister of Natural Resources and this agreement will govern such items as eligible costs, timing of payments and authorized changes to an original proposal. All terms and conditions of the agreement must be satisfied.
- (ii) An accounting summary of the project including paid invoices (with copies of cancelled cheques and/or official receipts, or letters from the vendors confirming payment of invoices) directly related to the costs incurred. (Refer to *Sample Expenditure Summary* attached.)
- (iii) A completely documented report (refer to *Final Report Checklist* at end of this document) signed by a Qualified Person outlining the implementation of the project, results, recommendations and an indication of the overall success of the project. Also include an outline of future plans as they relate to the achievements of the project.

JUNIOR EXPLORATION ASSISTANCE

IMPORTANT

Projects shall be completed by *December 31st* of the current calendar year, unless otherwise approved by the Minister. Failure to submit *properly documented* progress and final reports as per dates outlined in the Contribution Agreement will result in future proposals being given lower priority.

Contact for further information:

MANAGER, Mineral Incentive Program
Dept. of Natural Resources
P.O. Box 8700
3rd Floor, Natural Resources Building
50 Elizabeth Avenue
St. John's, NL A1B 4J6

Telephone: (709) 729-6439

Facsimile: (709) 729-3493

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<http://www.nr.gov.nl.ca/mines&en/programs/#financial>

JUNIOR EXPLORATION ASSISTANCE

FINAL REPORT CHECKLIST

- Please check (✓) appropriate section.
- **MUST** be completed and submitted with your final report.
- Ensure all required information is attached to prevent unnecessary delays in processing your **Claim for Payment**.

INFORMATION	INCLUDED	NOT APPLICABLE
1. Description/implementation of work	_____	
2. Maps showing location of completed work	_____	
3. Coloured maps at adequate scale showing		
- Geology	_____	
- Geophysics	_____	_____
- Geochemistry	_____	_____
4. Results		
- Drill core assays	_____	_____
- Geochemistry data	_____	_____
- Geophysical data	_____	_____
5. Drill collar location map(s)	_____	_____
6. Drill hole sections	_____	_____
7. Typewritten drill logs	_____	_____
8. Longitudinal Section(s)	_____	_____
9. Recommendations	_____	
10. Future Plans	_____	
11. Detailed list of expenditures (Refer to <i>Sample Expenditure Summary</i> attached)	_____	
12. Copies of <i>cancelled cheques</i> or official receipts or confirmation of payment from the vendor	_____	
13. Signed and dated by a Qualified Person	_____	
14. Digital copy of final report and maps in <i>PDF</i> format	_____	

JUNIOR EXPLORATION ASSISTANCE

Sample Project Expenditure Summary (To be included with Final Report)

Applicant:						
Project:						
Contract File #:						
Supplier	Invoice #	Invoice Date (mm/dd/yyyy)	Description of Activity	Total Expenditure	Amount Claimed less GST/HST	Cheque # or Receipt
Excavator Inc.	A123	07/18/2009	Site Preparation	\$2,825.00	\$2,500.00	9855
ABC Drilliers	678	08/15/2009	Holes 1 to 5	\$96,050.00	\$85,000.00	9876
ABC Drilliers	689	08/31/2009	Holes 6 to 7	\$90,400.00	\$80,000.00	9925
ABC Drilliers	701	09/15/2009	Holes 8 to 10	\$79,100.00	\$70,000.00	9962
Geo Inc	L-0922	10/15/2009	QP services	\$20,250.00	\$20,250.00	9971
Joe Smith	A-11	10/15/2009	Assistant	\$10,125.00	\$10,125.00	9976
Acme Car rental	9443	10/15/2009	Truck rental	\$3,051.00	\$2,700.00	9985
John Doe	Qw34	10/24/2009	ATV Rental	\$600.00	\$600.00	9988
Geo Inc	L-0928	10/30/2009	Map & report writing	\$1,350.00	\$1,350.00	9991
Excavator Inc.	A147	10/30/2009	Site Reclamation	\$2,825.00	\$2,500.00	9995
			Subtotals	\$306,576.00	\$275,025.00	
			Max. JEA Eligible (50%)		\$137,510.00	
			JEA Commitment		\$100,000.00	