

DISCUSSION PAPER
Mineral Tenure Act (MTA) Regulation Amendments
September 29, 2010

The Ministry of Energy, Mines and Petroleum Resources (the Ministry) is pursuing amendments to the *Mineral Tenure Act Regulation* (MTA Regulation) to establish a new fee structure and revised exploration work requirements (claim maintenance). The initial requests for change were made by mineral exploration sector (industry) representatives to address the issue of claims being acquired but not explored. Targeted information sessions are being organized to provide information to industry on the proposed changes as a follow up to consultations completed in 2008 (For a copy of the schedule, go to: www.empr.gov.bc.ca/Titles/MineralTitles).

Context

The Ministry's Mineral Titles Branch administers the *Mineral Tenure Act* (MTA) and regulations and manages the Mineral Titles Online (MTO) registry. Title to subsurface resources held under the MTA are acquired and maintained via the automated MTO registry. The launch of MTO in 2005 was a major change for the industry and a decision was made at the time to maintain the existing fees and exploration work requirement structure from the manual system to allow the industry time to adjust to MTO. A commitment was also made at that time to review mineral titles fees and administration at a later date in recognition that current fees and work exploration requirements needed modernization.

Why a new fee structure and exploration work requirements?

With the ease and lower cost of MTO to register claims as compared to the previous staking system, large tracts of the province are registered as mineral claims. In some cases, the claim holders appear to not have the ability or intent to conduct exploration. The Ministry recognizes that some degree of claim speculation is a part of the business; however, the new claim activity has not generated the amount of exploration work one would expect. Furthermore, the mineral and placer claim acquisition fee levels are 20 and 24 years old respectively, while exploration work requirements are 34 years old.

The action to review and update the fee levels and exploration work requirements will modernize the MTA Regulation in order to better implement key provincial policy principles in support of the mineral exploration sector. The key policy principle is that a claim is to be used for the exploration and development of minerals. A higher front end fee for the acquisition of new claims will require a more stringent business case for registering a mineral claim on the part of the free miner. Revising the exploration work requirements will signal that claims are expected to be explored.

What is the proposed new fee structure?

The Ministry has proposed a single new fee of \$1.75 per hectare for mineral claims and \$6.00 per hectare for placer claims.

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What are the proposed new work requirements?

For mineral claims, the current exploration work requirement is \$4.00/ha in years 1-3 and \$8.00/ha in subsequent years. It is proposed these requirements be changed to:

- \$5.00/ha for year 1
- \$10.00/ha for years 2 and 3
- \$15.00/ha for years 4 and 5
- \$20.00/ha for year 6 & 7, and
- \$25.00/ha for subsequent years

For placer claims, the current exploration work requirement of \$10.00/ha will change to \$20.00/ha per year.

In order to match the new exploration work requirements, annual lease rental fees are proposed to be increased as follows:

- For mining leases, the rental fee of \$10.00/ha will change to \$25.00/ha; and
- For placer leases, the rental fee of \$5.00/ha, will change to \$20.00/ha.

What other changes to the *Mineral Tenure Act Regulation* are being proposed at this time?

In order to enable claim holders to stake the same amount of ground with fewer claims, the maximum size of a new mineral claim is being increased to: 100 cells (the current mineral claim size is 25 cells).

For placer legacy claims, the maximum production amounts are being increased from 2,000 m³ of pay dirt to 10,000m³ of pay dirt.

For placer cell claims, the maximum production amounts are being increased from 1,000 m³ of pay dirt to 20,000 m³ of pay dirt.

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The required payment to maintain a mineral claim for an anniversary year, referred to as “PIED” (Payment instead of exploration and development) or “cash in lieu,” is being reviewed as follows:

PIED – Mineral claims

<i>Current</i>	<i>Proposed</i>
\$4.00/ha for each of the first, second, and third anniversary years;	Double the value of exploration and development that would be required to maintain the claim (see above proposed exploration work requirements).
\$8.00/ha for each subsequent anniversary year.	

PIED – Placer claims

<i>Current</i>	<i>Proposed</i>
\$10.00/ha	\$40.00/ha

Additional mechanisms are being discussed to better regulate PIED, such as restricting the amount of times it can be used and when.

Portable Assessment Credit (PAC): the proposed increases to PAC are from \$16.00/ha to \$50.00/ha.

The following administrative fee changes are being proposed:

<i>Item</i>	<i>Current</i>	<i>Proposed</i>
Search for, or copy of a record	\$2.50	\$5.00
Ordered through the office of the Chief Gold Commissioner, per request	\$20.00 per request	\$25.00 per request
Ordered through the office of the Chief Gold Commissioner, plus for each page of a record	\$0.05	\$1.00
Certified true copy of document	\$10.00	\$20.00
Visual examination of records, or other provisions	\$25.00 hour, or part of an hour	\$50.00 hour, or part of an hour

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The following fees are being eliminated:

<i>Item</i>	<i>Current</i>	<i>Proposed</i>
Exploration and development fee (mineral)	\$0.40/ha	zero
Exploration and development fee (placer)	\$2.00/ha	zero
PIED fee (mineral)	\$0.40 per hectare, per year	zero
PIED fee (placer)	\$2.00 per hectare, per year	zero
Amalgamation of cell claims	\$10.00/claim	zero
Reduction of cell claim	\$10.00/claim	zero
Expiry date change fee (mineral)	\$0.40 per hectare, per day	zero
Expiry date change fee (placer)	\$2.00 per hectare, per day	zero
Transfer of ownership fee	\$10.00 per claim/lease	zero

Digital Assessment Reports

The industry and the Province will benefit from the elimination of the charge to file exploration work with the Ministry. This will remove a disincentive for companies to file more or all of the geological information and data resulting from their exploration work. This will benefit the industry and geoscientists by making more of this valuable information publicly available.

The Ministry accepts digital assessment reports. This makes them more useful to clients and facilitates their processing into geological databases by the Ministry. Input on the importance of reports in digital format and ways to increase the number of digital reports filed would be appreciated.

What benefits and/or improvements will occur as a result of these proposed changes?

Simplicity and fairness – the proposed amendments streamline the current 18 different fee categories by reducing seven fees to zero and increasing 11 other fees resulting in revenue neutral total fee revenue for the Ministry.

Appropriate amount and rates – the exploration work requirements are in place to ensure that the province's mineral resources are adequately explored. New fee and exploration work requirement levels will better reflect today's costs and exploration methods.

Enhanced service – the reduction in the number of fees will serve to increase transparency and ease data entry and revenue accounting for both industry and government.

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Competitiveness – BC is currently at the very low end of cost for exploration work requirements relative to the rest of Canada. The proposed changes to these requirements will make them consistent with the average of other Canadian jurisdictions. British Columbia will remain as a very competitive jurisdiction in terms of fee levels and exploration work requirements.

More Assessment Work Filed – The elimination of fees to register exploration work will make it more attractive for companies to register all their exploration work for maximum credit and submit assessment reports that cover their total exploration work programs. This is coupled with the Ministry’s efforts to get more of the assessment reports filed digitally to benefit all users of geological information.

What input is the Ministry seeking from industry?

A series of regional meetings (consultations) were held in 2008 with the mineral exploration sector at which time a number of changes to the MTA Regulation were identified and discussed. The following industry groups have been consulted to date:

- Vancouver Island Exploration Group, Nanaimo
- East Kootenay Chamber of Mines, Cranbrook
- Boundary Mining Association, Grand Forks
- Kamloops Exploration Group, Kamloops
- Cariboo Mining Association, Quesnel
- Mineral Titles Advisory Group, Vancouver
- Four sessions with the Association for Mineral Exploration B.C. (AMEBC), Vancouver

Consultations revealed that industry recognizes that a relatively consistent title maintenance cost would be of benefit.

The planned Fall 2010 information sessions are an invitation to industry to become better informed of the specific changes to the MTA Regulation and to ensure a smooth transition as the Ministry moves forward with implementation. These sessions will also reconfirm whether the proposed changes arrived at in 2008 are still appropriate.

What other background information is available?

A 2010 Work Plan has been developed to help guide discussion with industry and outline the specific regulatory and system changes that will occur once amendments to the MTA Regulation are finalized. A “Q&A” (Question and Answer) has also been developed in response to frequently asked questions.

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Who can I contact for more information?

Comments, suggestions and questions can be submitted via email to the Ministry of Energy, Mines and Petroleum Resources, attention Lindsay McDonough, at Lindsay.McDonough@gov.bc.ca.

Please submit your comments and suggestions by Friday, October 29, 2010.