



# Mineral Titles *Information Update*

## No. 40 – Mining and Placer Leases Explained

March 28, 2017

### **WHAT IS A MINING LEASE? WHAT IS A PLACER LEASE?**

A mining lease is a form of mineral title that conveys a right to minerals for which there is no limit on production of minerals. A mineral claim allows the recorded holder to explore for and develop minerals up to a bulk sample limit of 1,000 tonnes of ore in a year from each unit of a claim. A bulk sample of up to 10,000 tonnes of ore may be extracted from a mineral claim not more than once every five years. Moving from exploration for minerals to production of minerals and ore, as one would encounter in a fully operational mine, requires a mineral claim to be converted to a mining lease.

Each adjoining mineral claim from which minerals are proposed to be mined, must be converted to one or more mining leases. To apply for a mining lease, a recorded holder applies to have their mineral claim replaced with a mining lease under Section 42 of the *Mineral Tenure Act*.

The decision to issue a mining lease is a statutory decision delegated to the chief gold commissioner under Section 42(5) of the *Mineral Tenure Act*. Mining leases are issued according to a survey plan and for a pre-defined term of no more than 30 years, and on conditions the chief gold commissioner considers necessary. A mining lease is maintained by payment of annual rent of \$20 per hectare. There are no exploration work requirements to maintain a lease in good standing as exist for a mineral claim. The presumption is that the lessee will be engaged in mine production and/or mine reclamation subsequent to production. Royalties under the *Mineral Tax Act* are paid on the volume of ore and/or minerals produced from a lease.

A placer lease serves essentially the same purpose as a mining lease, but it differs in several ways:

- A placer claim may be converted to a placer lease and a mineral claim may be converted to a mining lease.
- Placer leases convey a right to placer minerals, whereas mining leases convey rights to “hard rock”, and “minerals in place” minerals. “Minerals” and “placer minerals” are defined in section 1 of the *Mineral Tenure Act*.
- Production on a placer claim or lease is expressed in cubic meters of “pay dirt”. The annual production limit on a placer claim is 20,000 cubic meters. If more than

In the event of a discrepancy between this information and the provisions in the *Mineral Tenure Act* and Regulation, the provisions in the statute and regulations will apply.

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20,000 m<sup>3</sup>/year of pay dirt will be mined, the recorded holder must apply to convert the placer claim to a placer lease.

- Placer leases are issued pursuant to section 45 of the *Mineral Tenure Act*. Placer leases are issued for a term of no more than 10 years, and the term may be extended for additional terms up to 10 years each.
- As part of the application for a placer lease, the applicant may submit either a survey plan or a technical survey plan as described in Section 18 of the Mineral Tenure Act Regulation.

When a mining or placer lease expires, the area subject to the lease may become available to a recorded holder of a cell claim if some portion of the lease area overlaps some portion of an existing cell claim. Once a lease expires, it is not eligible for renewal unless an application was registered in mineral titles online to extend the term prior to the lease expiry. If a term extension application is not registered, the area may become available for subsequent claim registration.

A lease does not authorise any mining activity. It conveys the exclusive right to minerals or placer minerals within the lease area. A claim is a chattel interest; whereas a lease is an interest in land as per Section 48 of the *Mineral Tenure Act*. Section 48 also notes that if a lease is issued over a mineral claim or group of mineral claims, the title of those claims is extinguished. A lease may not be converted back into a claim.

Leases may be bought and sold in the same manner as claims. A sale transaction must be registered in the Mineral Titles Online registry.

## **APPLICATION FOR A LEASE**

The recorded holder or authorized agent of a claim may register an application for a lease online using the Mineral Titles Online registry. There is a registration fee of \$100 per application.

One or more adjoining claims may be replaced with a lease, and the claims may be legacy claims, cell claims or a combination of the two types, provided all claims are adjoining. A definition of adjoining is provided in Section 1 of the *Mineral Tenure Act*.

Upon registration of a lease application, Mineral Titles Branch contacts the applicant respecting the type of survey that must be completed. Upon approval of the survey, the lease application must be advertised according to the requirements in section 42(2) of the *Mineral Tenure Act* for a mining lease, or section 18 of the Mineral Tenure Act Regulation for a placer lease. As the issuance of both mining and placer leases are statutory decisions, the province is required to consult with and, if necessary, accommodate First Nations. Lease applications are also referred to other provincial ministries and agencies as well as to municipal and local government agencies.

## **PAYMENT OF ANNUAL RENT ON A LEASE**

A lease is maintained by payment of the annual rent of \$20 per hectare for a mining lease or \$20 per hectare for a placer lease. The recorded holder or authorized agent registers the payment in Mineral Titles Online. Payment is due at the start of the anniversary year of the lease. If payment is not made on or before the anniversary date, Mineral Titles Branch will send a notice requiring payment within 30 days. If no payment is made after notification that payment is due, the Chief Gold Commissioner may order the forfeiture of the lease, pursuant to Section 50 of the *Mineral Tenure Act*.

## **REGISTERING A TERM EXTENSION APPLICATION FOR A LEASE**

A mining lease is issued for a specific term up to maximum of 30 years while placer leases are issued for a maximum 10 year term. The recorded holder of a lease may register a term extension at any time prior to the expiry of the lease, but typically the application for an extension is made during the last year of the existing term. If a term extension application is not registered, the lease automatically terminates on the anniversary date ending the last year of the term.

When applying for an extension of the term of a lease the chief gold commissioner must be satisfied that the lease is required for a mining activity. It is recommended that application for a term renewal be registered early in the last anniversary year. Mineral Titles Branch will contact the recorded holder following registration of the application for a term extension in order to obtain the necessary information to evaluate the application.

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For more information on *Applying for a Placer Lease*, please review [Information Update No. 6](#)

For more information on *Claim and Lease*, please review [Information Update No. 16](#)