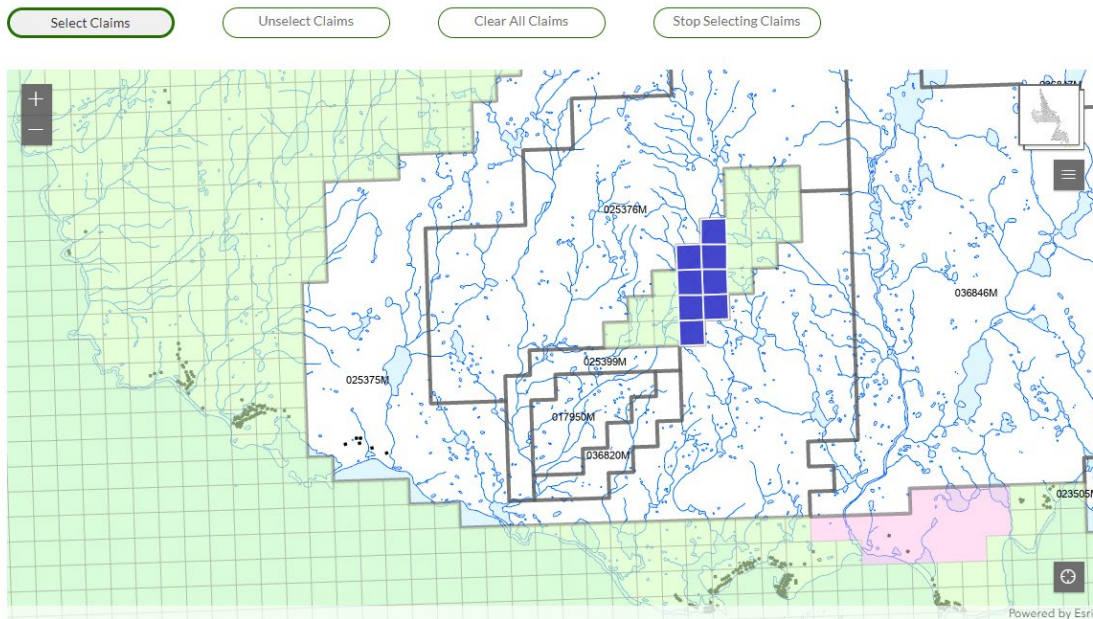




ACQUIRING AND MANAGING YOUR MINERAL EXPLORATION LICENCES



Prepared by:

Mineral Rights Section
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STAKING

GENERAL

The acquisition of mineral rights in the Province is by online map staking using the Province's **Mineral Lands Administration Portal** ([MinLAP](#)).

Individuals aged 19 years or older and corporations registered in the Province have the right to obtain mineral licences ('licences') granting the exclusive right to explore for minerals over the area of the licence.

Individuals or companies intending to apply for a mineral licence (stake claims) must have a MinLAP account. This account allows you to stake claims, submit work reports, request extensions and add additional stakers (if applicable) online. Activation of a MinLAP account is typically completed within ten business days.

MAP STAKING ONLINE

The basic unit of map staking in Newfoundland and Labrador is the claim. A claim is a 25 ha (500m x 500m) 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.

An application for a mineral licence can be for a maximum of 256 claims and all the claims in the electronic application must be coterminous. Coterminous is defined as having at least one part of the licence boundary in common. There are no restrictions on the shape of mineral licences. Licences extended past year twenty cannot exceed a size of 100 claims.

FEES

Each claim staked as part of an application for a mineral licence requires a fee of \$65. This includes a non-fundable \$15 recording fee and a \$50 security deposit that is refunded upon submission and acceptance of the report covering the first year work requirements. However, individuals with Genuine Prospector designation may stake up to thirty claims in no more than five different licences in a calendar year without posting a staking security deposit. Staking fees are payable at the end of the application process by VISA or Mastercard. Please note that MinLAP does not save credit card numbers.

MAINTENANCE

GENERAL

A mineral licence is issued for a term of five years. However a mineral licence may be renewed provided the required annual assessment work is completed and reported upon and renewal fees are paid by the required renewal date.

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
- \$2000/claim/year for years twenty-one to twenty-five inclusive
- \$2500/claim/year for years twenty-six to thirty inclusive.
- \$3000/claim/year for years thirty-one onward

The renewal fees are:

- for year five \$25/claim
- for year ten \$50/claim
- for year fifteen \$100/claim
- for years twenty onward \$200/claim/year

Excess assessment work expenditures, above what is required to be completed on the licence in any given year, is credited to the licence and can be carried forward to satisfy the expenditure requirements in future years. Excess expenditures incurred in years one to twenty can be carried forward for a maximum of nine years; however, no excess expenditures can be carried past year twenty. Excess expenditures incurred in years twenty-one onward can be carried forward for a maximum of five years.

STAKING SECURITY DEPOSIT REFUND

The security deposit submitted with the application for a mineral licence will be refunded to the current licence holder upon the completion and acceptance of the first year assessment work report. If a mineral licence has been partially surrendered in the first year prior to the submission and acceptance of a work report, a portion of the deposit in proportion to the partial surrender is forfeited. If a mineral licence is cancelled or surrendered in the first year prior to the submission and acceptance of a work report, the security deposit is forfeited.

Note: Individuals or companies must register as a '[Supplier](#)' with the Government of Newfoundland and Labrador in order to receive refunds through direct deposit.

EXPLORATION PERMITTING

Any licence holder who intends to conduct an exploration program must obtain an exploration approval and/or a letter of acceptance from the Department of Industry, Energy and Technology before the activity can commence. Forms and further information can be found at [Exploration and Prospecting Forms and Applications](#).

ASSESSMENT WORK

Expenditures on the following activities are eligible for assessment credit:

- (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 Industry, Energy and Technology
- (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
- (n) feasibility and other economic studies
- (o) labor and field supervision of mineral exploration
- (p) supplies, consumables and maintenance, used directly in carrying out exploration surveys
- (q) all reasonable costs associated with conducting assessment work on mineral lands
- (r) access road construction where necessary and reasonable
- (s) cost of producing assessment reports
- (t) head office supervision and expenditures to a maximum of 15% of the submitted expenditures. This is intended to include non-cash items such as amortization and depreciation, and
- (u) others as may be approved by the Minister

Expenditures on the following activities are NOT eligible for assessment credit:

- (a) Harmonized Sales Tax (HST) is accepted on individual items, but must not be duplicated on the total value of assessment
- (b) costs incurred in the staking and maintenance of mineral lands (e.g., recording fees, security deposits, government permitting fees, etc.)
- (c) transportation costs incurred outside the province for visits which produce no new geoscientific information

- (d) purchase of major assets (vehicles, ATVs, boats, etc.)
- (e) vehicle and heavy equipment repairs other than routine maintenance
- (f) costs incurred for drill core storage within the facilities of the Department of Industry, Energy and Technology
- (g) legal surveys to bring mineral lands to mining and/or surface lease status
- (h) option payments, property acquisition costs and legal expenses associated with acquisition of properties
- (i) promotion of mineral properties, preparation and distribution of promotional materials
- (j) consultation and site visits by government geologists, without remuneration;
- (k) community consultations
- (l) more than one compilation report (dealing with the same datasets) over the life of the mineral licence
- (m) other expenditures which do not directly affect the assessment of mineral lands.

For further information on assessment report requirements please refer to the Guide for the Forms of Reports and Illustrations, which can be found at [Guidelines for Exploration and Assessment Reporting](#).

Note: Reports on licences held in the name of an individual and not subject to an option agreement with a company that is registered with the Mineral Lands Division shall be submitted using the "Prospector Assessment Report Form", which can be found at [Guidelines for Exploration and Assessment Reporting](#).

CONDITION 2 (12-month) WORK EXTENSION

When a licence holder is unable to complete the assessment work required for the work year, an application for a Condition 2 (12-month) extension of time in which to complete the work may be requested. A Condition 2 extension requires that the licence holder post a security deposit for the amount of the deficiency for that work year. The application and security deposit must be submitted prior to the anniversary date of the year for which the Condition 2 extension is requested. This process is completed directly through MinLAP.

When a Condition 2 extension is granted for first year work requirements, the staking security deposit associated with the licence(s) will normally be refunded.

However, where assessment work cannot be completed in any particular work year due to environmental considerations imposed under the exploration approval or letter of acceptance, the requirement for payment of the Condition 2 security deposit may be waived. Note that the staking security deposit associated with the licence(s) will not be refunded in this situation.

Upon submission and acceptance of a work report covering the deficient expenditures, the Condition 2 security deposit will be refunded; otherwise, the security deposit is forfeited.

Note: A Condition 2 extension does not relieve a licence holder from performing and reporting the assessment work for the subsequent work year.

CONDITION 3 (60-day) WORK REPORT EXTENSION

In each work year of the licence, the minimum annual assessment work must be completed on or before the anniversary date. The assessment work report must be submitted no later than 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 (60-day) extension of time requested in order to submit the completed assessment report. A partial report, at a minimum, must contain a title page, table of contents, brief description of work completed, and an estimate of expenditures. Applications for a Condition 3 extension are completed through MinLAP.

MINERAL LICENCE REINSTATMENTS

For mineral licences that are cancelled or expired, there is an application process that provides for reinstatement of a licence(s) in certain circumstances. If eligible, the minimum reinstatement fee is \$100 per claim or \$1000, whichever is greater. Application for reinstatement must be done within 30 days of the licence(s) being cancelled or expired and must be submitted in writing to the [Mineral Lands Division](#).

To complete the reinstatement process for expired licences, the licence holder must pay the licence renewal fee and the reinstatement fee. To complete the reinstatement process for cancelled licences where assessment work has been completed, the holder must submit the assessment report and pay the reinstatement fee.

Note: Licences for which required assessment work has not been done will not be reinstated to allow for payment of a security deposit. Those deposits remain due on or before the anniversary date of the licence.

PARTIAL SURRENDERS

Portion(s) of a mineral licence may be surrendered at any time during its currency. This process is completed through MinLAP.

Note: There are no fees required when completing a partial surrender. The assessment work requirements will be reduced for the work year during which the partial surrender is made, based on the number of claims retained in the licence(s). Areas retained need not be coterminous and may result in more than one licence being issued. Any assessment credit will be proportioned to the retained licence(s) based on the number of claims retained in each.

GROUPING

Grouping mineral licences is completed through MinLAP. Any number of coterminous mineral licences may be grouped to form a single licence subject to the following conditions:

- (a) the total number of claims grouped does not exceed 256
- (b) licences being grouped must all be held by the same licence holder
- (c) licences being grouped have passed their first anniversary date or have had first year assessment reports submitted and accepted and are in good standing
- (d) licences being grouped have no active Condition 2 security deposits
- (e) licences being grouped do not extend past twenty years

The new licence will inherit the oldest issuance date from the licences that were grouped. Work requirements and assessment credits for the new licence will be adjusted accordingly.

SPLIT LICENCES

Splitting a mineral licence is completed through MinLAP. Work report requirements and assessment credits will be applied proportionally based on the number of claims in each new licence.

The effective date of any partial surrender, grouping, and splitting is the date the request is received in MinLAP. Retroactive requests will not be accepted.

TRANSFERS AND OPTIONS

A mineral licence may be transferred at any time during its currency by submitting to the Mineral Claims Recorder a duly executed licence transfer form, which can be found at [Exploration and Prospecting Forms and Applications](#).

All options and agreements relating to minerals or rights to or in respect of minerals must be registered in the Registry maintained by the Mineral Claims Recorder's Office, Department of Industry, Energy and Technology. Otherwise the transaction 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 their official seal or g) a commissioner for oaths in and for the Province.

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 mineral licence holder has the right to apply for a mining lease for the minimum area necessary to cover an identified mineral resource. The application for a mining lease must demonstrate to the satisfaction of the Minister of Industry, Energy and Technology that a mineral resource exists under the area of application and 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 mineral 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 are required. The surveyor's notes must also be submitted.

Mining leases are charged an annual rental of \$120/ha, payable in advance. The first year rental must be paid before the lease is issued.

SURFACE LEASES

In order to operate a mine, it is also necessary to obtain title to the surface rights of the mining lease and any other required areas to site infrastructure. The application for a surface lease is to be accompanied by a legal survey; two original copies of the legal survey description and sketch along with the surveyor's notes must also be submitted. Upon receipt of an application, the Minister of Industry, Energy and Technology in consultation with the Minister appointed to administer the **Lands Act** shall issue a surface lease.

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Web page: [Guidelines for Exploration and Assessment Reporting](#)

This brochure is prepared for 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.