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JUNIOR EXPLORATION ASSISTANCE (JEA) 2023 GUIDELINES

JUNIOR EXPLORATION ASSISTANCE GUIDELINES 2023

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1. Program Objective

The objective of Junior Exploration Assistance (JEA) is to grow the mineral inventory of the Province through the discovery of new mineral districts, occurrences, prospects, and deposits. JEA aims to advance mineral discoveries through the stages of defining National Instrument (NI) 43-101 compliant mineral resources, and to enhance Newfoundland and Labrador's competitiveness as a world-class mineral exploration destination.

Beginning in 2023, JEA will also provide focused support for critical mineral exploration through Critical Mineral Assistance (CMA). CMA is funded by the Atlantic Canada Opportunities Agency (ACOA) through an annual \$1.3 million contribution for three years to JEA to provide funding in the form of rebates for eligible exploration activities. Eligible Critical Minerals are based on Canada's Critical Minerals List and are identified in Appendix A.

2. Form and Amount of Assistance

Beginning in 2023, JEA is a combination of \$1.3 million from Provincial Grant funds and \$1.3 million in CMA, and will provide funding in the form of rebates for eligible exploration activities.

Eligible exploration activities are as categorized below:

A. Grassroots Activities

Grassroots activities as defined in the Program refers to regional geochemical and geophysical surveys only.

- i. **For exploration companies not in receipt of mineral revenue**, JEA provides 75% of eligible grassroots costs up to a maximum (including any applicable CMA) of \$150,000 per project on the Island of Newfoundland, and up to \$225,000 per project in Labrador.
- ii. **For companies receiving money from mineral operations**, JEA provides 50% of eligible grassroots costs up to a maximum (including any applicable CMA) of \$150,000 per project on the Island of Newfoundland, and up to \$225,000 per project in Labrador.

B. Non-Grassroots Activities

Non-Grassroots Activities as defined in the Program refers to all exploration activities that are not regional geochemical and geophysical surveys.

- i. **For exploration companies not in receipt of mineral revenue**, JEA provides 50% of eligible costs up to a maximum (including any applicable CMA) of \$150,000 per project on the Island of Newfoundland, and up to \$225,000 per project in Labrador.
- ii. **For companies receiving money from mineral operations**, JEA provides 40% of eligible costs up to a maximum (including any applicable CMA) of \$150,000 per project on the Island of Newfoundland and up to \$225,000 per project in Labrador.

Companies can combine both grassroots and non-grassroots activities on an exploration project up to a maximum grant amount (including any applicable CMA) of \$150,000 on the Island of Newfoundland and \$225,000 in Labrador.

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The actual rebate is dependent on the number of JEA Final Reports for each category, and eligible expenses in each JEA Final Report individually. As a result, the rebate calculation takes place after all JEA Final Reports have been reviewed.

Funding will be allocated across three categories of exploration projects:

- i. Non-Critical Minerals as the Exploration Target
- ii. Critical Minerals as a Primary Exploration Target
- iii. Critical Minerals as a Secondary Exploration Target

The CMA budget will be applied first to projects with critical minerals as a primary exploration target. If all these projects are fully funded, the remaining CMA budget will be allocated to projects with critical minerals as a secondary exploration target. If primary or secondary critical mineral projects receive less than the maximum allowable grant through CMA, they would also be available for funding under the Provincial Grant component up to the lesser of an amount to bring their total rebate to the maximum or the prorated Provincial Grant component.

If the total eligible JEA funding request (net of CMA funding) for all projects (non-critical mineral and critical mineral primary and secondary target) meeting the requirements of the JEA Guidelines exceeds the available Provincial Grant budget, all projects will receive prorated rebates based on what the company spent up to that required to receive maximum allowable funding.

An illustration of possible funding scenarios is available in the FAQs section of the JEA website.

3. Eligibility Period

Pending JEA Program approval in Budget 2023, the Program will provide financial assistance for exploration programs conducted from January 1st, 2023 to December 31st, 2023. Only expenditures for eligible exploration activities incurred **AFTER** the later of, January 1, 2023 and Letter of Intent (**LOI**) submission date will be considered for funding.

4. Letter of Intent (LOI)

To be considered for financial assistance, companies **MUST** submit a completed [JEA 2023 Letter of Intent](#) to the Mineral Incentive Program (**MIP**) no later than **June 23rd, 2023**. The MIP must be notified of any significant changes to the exploration activities described in the Letter of Intent. **Failure to notify the MIP will result in funding being limited to only those activities described in the Letter of Intent.**

Companies may seek JEA funding for multiple properties by submitting an LOI for each property.

- i. Only the first LOI received will be considered. If more than one LOI is submitted, the company must identify the order of preference.
- ii. All additional LOIs will be considered after all first preference LOIs have received full funding.

Staff of Mining and Mineral Development, IET, will review each LOI and confirm eligibility of the proposed activity for JEA and CMA funding. IET reserves the right to request clarification of information provided in the Letter of Intent. Companies will receive a response letter confirming eligibility for JEA and CMA funding on or before July 14, 2023. Should a company not agree with the assessment of eligibility for CMA, information addressing the basis of the assessment must be received by MineralIncentive@gov.nl.ca by July 21, 2023.

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On **July 28, 2023**, a list of companies that have submitted an LOI (including their proposed budgets) will be e-mailed to all participating companies, and posted to the Department of Industry, Energy and Technology website.

5. Eligibility Requirements for Companies

Companies primarily engaged in mineral exploration may be eligible for funding. Companies can be in receipt of direct and/or indirect revenues from mineral/mining operations however, exploration activities conducted on Mining Leases with active operations are ineligible.

A. Registration

Companies **MUST** be registered with the [Provincial Registry of Companies](#). As per the Corporations Act (RSNL 1990, Chapter C-36), companies must be registered to conduct business in Newfoundland and Labrador. Companies shall have an agent in the Province if the company does not have a presence in Newfoundland and Labrador upon which legal service can be made. Companies can register using the above link.

B. Registry of Companies and Deeds Status

Companies must be **“In Good Standing”** with the Provincial Registry of Companies. Companies with a status of **“Not in Good Standing”** cannot receive monies from the Government of Newfoundland and Labrador. A Certificate of Good Standing is required when submitting a Technical Report and associated documentation for review. [Companies may check their status at this link](#).

C. Supplier Number

Companies **MUST** have a Supplier Number from the Department of Finance, Financial Systems Control Division. Companies can obtain a supplier number by completing the [Supplier Setup and Maintenance Form for New Suppliers](#). Companies need to be set up in this system in order to receive monies (Direct Deposit) from the Government of Newfoundland and Labrador.

D. Mineral Rights

Mineral tenure for exploration within the Province is administered by the Mineral Lands Division of the Department of Industry, Energy and Technology.

For the purposes of the Program, companies **MUST** abide by the following conditions with respect to the mineral rights of the property:

- i. Hold the mineral rights to the lands on which the exploration is to be conducted, **or**
- ii. Have a **registered agreement** with the holder of the mineral rights **on file** with the Mineral Lands Division of the Department of Industry, Energy and Technology prior to commencing work. Note: any transfer or other conveyance, assignment or licence agreement, is not valid and does not have an effect in law in the Province of Newfoundland and Labrador until it is registered with the Mineral Claims Recorder.
- iii. Mineral rights are not necessary if the work is being completed on Crown Lands open for staking, excluding Exempt Mineral Lands and/or other prohibited areas.

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E. Exploration Approval

Companies **MUST** have received Exploration Approval from the Mineral Lands Division **before** the start of exploration activities. It is recommended that an Application for Exploration Approval be submitted for work on Crown Land so that a review of the proposed program can be completed by at minimum the Provincial Archaeology office, and in the case of Labrador-based projects, the Indigenous and Labrador Affairs Secretariats as well.

Exploration activities must have been conducted in accordance with the terms and conditions of the approval. If Exploration Approval was not in place and/or the terms of the approval not met, funding may be denied. [Companies can submit an Application for Exploration Approval](#) using this link.

6. Notice of Program Start

In order to facilitate site visits by an MIP representative, companies **MUST** notify the Program Manager no more than 14 days and no less than 24 hours before mobilization to the exploration property as noted in the LOI. This notice must also detail the expected duration of the program.

It is recommended that a single email be used to notify both the Program Manager and Exploration Approvals Geologist of program start. However, notice of program start solely to the Program Manager does not relieve the company of the obligation to also notify the Exploration Approvals Geologist (Mineral Lands Division) as required per the Exploration Approval.

Notices of program start, and any site visits by an MIP representative, are additional opportunities to discuss any changes to the intended exploration activities. However, formal notification, in writing, is still required.

FAILURE TO PROVIDE NOTICE OF THE EXACT PROGRAM START WILL RESULT IN THE PROJECT BEING INELIGIBLE FOR FUNDING.

7. Payment

Upon receipt and review of all Technical Reports, assistance will be paid proportionately to all validated projects to a maximum of \$150,000 for island-based projects and \$225,000 for Labrador-based projects.

Multiple grants will not be awarded for the same project (project with contiguous claims but deemed by the company(s) as separate properties and/or in the same general area) in a single year unless all other first preference projects have received full funding.

8. Eligible Exploration Activities and Associated Expenditures

Expenditures incurred for Professional Services must be accompanied by a signed deliverable (e.g., report, certificate of analysis, etc.).

For expenditures claimed under JEA as part of the Final Report filing, documentation to prove the expense was incurred (i.e. invoice, timesheets, etc.) and actually paid (receipt, cancelled/cleared cheque, etc.) are required.

The activities and associated expenditures eligible for assistance under the Program include, but are not limited to:

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A. Qualified Person

For the purposes of the Program:

- i. Qualified Person as defined in NI 43-101, Section 1.2. The Qualified Person must also be licensed in the Province of Newfoundland and Labrador.
- ii. The services of ONE Qualified Person are allowed for project field supervision and/or the completion of the activities listed elsewhere in Section 8, as well as final report writing.
- iii. Where the applicant intends to include the services of a Qualified Person in the list of eligible expenses, that Qualified Person cannot:
 - 1. Be a director or officer of the company applying for the grant or an affiliated company.
 - 2. In the case of an individual applicant, it cannot be the individual.
- iv. Eligible travel costs associated with one round trip to and from the Province (from within Canada) is allowable for a non-resident Qualified Person.

B. Surface Drilling, Underground Core Drilling, Other Drilling

- i. Invoices and proof of payment from drilling contractor(s) are required.
- ii. Wages for ONE assistant employed directly by the company, to help with labour, core sampling, borehole surveys, etc.
- iii. Core shed and saw rental.

C. Borehole Surveys (electromagnetic, radiometric, televiewer, etc.)

- i. Invoices and proof of payment from geophysical services/consultant companies are required.
- ii. Surveys by a contractor must be conducted in accordance with industry standards. Mobilization/demobilization costs of survey crews and equipment are eligible. The contractors must provide a deliverable to be included as an appendix in the Technical Report.
- iii. Rental of borehole survey equipment for the company to conduct the survey using in-house personnel/expertise.

D. Surface and Underground Bulk Hard Rock Sampling

- i. Invoices and proof of payment from geological services/consultant companies are required.
- ii. Invoices and proof of payment from companies providing associated services (e.g., excavator, blasting, etc.) are required.
- iii. The bulk sample cannot be used to generate revenue and must have been collected from a deposit with an NI 43-101 compliant resource estimate.

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E. Property-scale Prospecting, Geological Mapping, Bio-geochemical Sampling, Soil Sampling, Till Sampling, Lake Sediment Sampling, Ground Geophysical Surveys, and Trenching.

- i. Invoices and proof of payment from contractors hired to conduct the activities are required.
- ii. Wages of two field assistants or prospectors employed directly by the company.
- iii. Eligible travel costs associated with one round trip to and from the Province (from within Canada) is allowable for two field assistants or prospectors.
- iv. Rental of ONE vehicle (excluding company owned/leased vehicles; owned/leased vehicles by affiliate companies; and/or personal vehicles of contactors or employees).
- v. Rental of ONE ATV or snowmobile (excluding company owned/leased vehicles; owned/leased vehicles by affiliate companies; and/or personal vehicles of contactors or employees).
- vi. On-site accommodations and meals from dealers/individuals not affiliated with the applicant.
- vii. Supplies typically consumed during the completion of eligible activities.
- viii. Geochemical, bio-geochemical, and lithochemical analysis of samples collected through eligible activities.
- ix. Field support by fixed-wing and rotary-winged aircraft.
- x. Fuel and propane to support fixed-wing and rotary-winged aircraft.

9. Not Eligible for Funding

All eligible expenses are exclusive of GST and HST. Quotations for professional and purchased services are not required. A fee schedule listing maximum allowable expenditures per service is contained in the JEA 2023 Letter of Intent Guide and JEA 2023 Final Report Guide.

The activities and associated expenditures that are **NOT** eligible for assistance under the Program include, but are not limited to:

A. Administrative/in-house/overhead expenditures

For the purposes of the Program, expenditures considered to be administrative in nature can include, but are not limited to:

- i. Office administration (e.g., office overhead, wages of office staff, rental of office space, costs of typical office supplies, etc.).
- ii. Computer - IT hardware and/or software licence purchases and/or subscriptions.
- iii. Communication hardware and/or service subscriptions (e.g., cell phones, satellite phones, Spot devices, field office communications, etc.).

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- iv. Purchased supplies and equipment that are **NOT** typically consumed during the completion of activities referenced in Section 8 (e.g., generators, water pumps and hoses, back-packs, rain gear, GPS units, etc.) and/or the cost of their replacement.
- v. Mileage paid for personal vehicles used by company employees.
- vi. Registration fees and associated expenses for conferences and trade shows.
- vii. Investor relations and associated expenses.
- viii. Site visits and associated expenses for principals within the company to visit the property that do not generate any new geoscientific information.

B. Fees Paid to the Government of Newfoundland and Labrador

For the purposes of the Program, fees Paid to the Government of Newfoundland and Labrador can include, but are not limited to: claim staking fees, security deposits, water use licence fees, application fees, etc.

10. Other Obligations/Conditions

- A.** All information material produced by or for the company and all public information activities (i.e., press releases) undertaken by the company pertaining to the Project must acknowledge the financial support of the JEA Program.

FAILURE TO PROVIDE ACKNOWLEDGEMENT OF THE FINANCIAL SUPPORT FROM THE PROGRAM WILL RESULT IN THE PROJECT BEING INELIGIBLE FOR FUNDING.

- B.** Recipients cannot receive additional funding from other Government agencies and/or departments to conduct the project.
- C.** Geochemical surveys shall be conducted in accordance with industry standards and a minimum ICP-34 multi-element analysis is required on all geochemical samples to allow for a reasonable level of integration with existing datasets. With prior approval, exceptions may be made for programs such as industrial mineral exploration, deposit delineation, metallurgical testing, etc.
- D.** First consideration shall be given to services provided from within the Province and to goods manufactured in the Province, where those services and goods are competitive in terms of fair market price, quality, and delivery. Should non-local businesses be selected, a satisfactory explanation must be provided in the Technical Report. Alternatively, clarification can be sought from the Program Manager prior to the start of the exploration program(s).
- E.** In the event a payment is made of a greater contribution than is eligible under these Guidelines, the recipient shall repay forthwith the amount of overpayment as determined by the department.
- F.** The company shall keep and preserve all books, accounts, and records relating to the Project, and keep them available for examination and audit by the Minister, and in the case of payment under CMA and/or ACOA, for a period equal to Canada Revenue Agency requirement for the retention of records.

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- G. The Minister may publicize in any form, the involvement of the JEA Program in these Projects, including the names of the recipients, the amount of the JEA contribution to the Projects, and the Projects themselves.
- H. The recipients will at all times indemnify and save harmless the Government of Newfoundland and Labrador, and the Minister from and against all claims, demands, losses, costs, damages, actions, suits, and other proceedings by whomsoever made, sustained, brought, and/or attributable to performance, part-performance or non-performance by the recipient, its servants, agents, workers, or employees, in carrying out the Project or any of the provisions of these guidelines. The recipients must have complied with all applicable Provincial and Federal laws and regulations, including those respecting mineral resources, surface rights, health, environment, safety, and conditions of labour.
- I. The recipients shall be solely responsible for any declaration required under the Income Tax Act relative to the contribution made in respect of this Program.
- J. These guidelines and potential grant payments shall be interpreted in accordance with the laws in force in the Province of Newfoundland and Labrador.
- K. No member of the Federal Senate or House of Commons or Provincial House of Assembly shall be allowed to derive any financial advantage through the program.

11. Technical Reports

Companies **MUST** submit a Technical Report containing all required technical and financial information on or before **January 31st, 2024**. Should IET's technical and or financial review identify deficiencies, the company will be granted one period of up to five days to provide additional information. For additional information, please refer to the separate [JEA 2023 Final Report Guide](#) and [JEA 2023 Final Report Form](#).

12. Program Contact Information

ALL correspondence (e.g., Inquiries, Letter of Intents, Notices, Financial and Technical Reports, etc.) must be sent to our designated email address: MineralIncentive@gov.nl.ca.

You can access information on our program at:

<https://www.gov.nl.ca/iet/mines/exploration/mip/jea/>

Mineral Incentive Program
Mineral Development Division
Department of Industry, Energy and Technology
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Canada

Appendix A

Canada's List of Critical Minerals

- Aluminum
- Antimony
- Bismuth
- Cesium
- Chromium
- Cobalt
- Copper
- Fluorspar
- Gallium
- Germanium
- Graphite
- Helium
- Indium
- Lithium
- Magnesium
- Manganese
- Molybdenum
- Nickel
- Niobium
- Platinum group metals
- Potash
- Rare Earth Elements
- Scandium
- Tantalum
- Tellurium
- Tin
- Titanium
- Tungsten
- Uranium
- Vanadium
- Zinc