

JUNIOR EXPLORATION ASSISTANCE GUIDELINES 2016

JUNIOR EXPLORATION ASSISTANCE

GUIDELINES

1. Program Objective:

The objective of the Junior Exploration Assistance Program is to grow the mineral inventory of the Province through the discovery of new mineral districts, occurrences, prospects and deposits. The program also aims to advance mineral discoveries through the stage of defining NI 43-101 compliant mineral resources.

2. Eligible Recipients:

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

3. Eligibility Period:

The program will provide a rebate of eligible exploration expenses incurred from January 1st, 2016 to December 31st, 2016.

4. Form and Amount of Assistance:

Funding under the Junior Exploration Assistance program is in the form of a non-repayable grant.

(i) Grassroots exploration.

(a) Grassroots exploration refers to regional geochemical and geophysical surveys.

(b) For exploration companies not in receipt of mineral revenue, the program provides 75% of eligible grassroots costs up to a maximum of \$150,000 per project on the Island of Newfoundland and up to \$225,000 per project in Labrador.

(c) For companies receiving money from mineral operations, the program provides 50% of eligible grassroots costs up to a maximum of \$150,000 per project on the Island of Newfoundland and up to \$225,000 per project in Labrador.

(ii) Non-grassroots exploration.

(a) For exploration companies not in receipt of mineral revenue, the program provides 50% of eligible costs up to a maximum of \$150,000 per project on the Island of Newfoundland and up to \$225,000 per project in Labrador.

(b) For companies receiving money from mineral operations, the program provides 40% of eligible costs up to a maximum of \$150,000 per project on the Island of Newfoundland and up to \$225,000 per project in Labrador.

Both grassroots and non-grassroots activities may be funded for the same project (up to grant maximums). Assistance will be paid out proportionately to all validated projects.

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5. Registration:

Companies must be registered with the Registry of Companies as per the *Corporations Act (RSNL 1990, Chapter C-36)* to carry on business in Newfoundland and Labrador. Companies must have an agent in the Province if the company does not have a presence in the Province upon which legal service can be made.

6. Mineral Rights:

Unless work is completed on Crown Lands open for staking (not Exempt Mineral Lands), recipients shall hold mineral rights to the lands on which the exploration was conducted or have had a registered option agreement with the holder of the mineral rights filed with the Mineral Lands Division of the Department of Natural Resources.

7. Exploration Approval:

At the time the exploration program was conducted, recipients must have been in possession of Exploration Approval from the Mineral Lands Division. The exploration program must have been conducted according to the terms and conditions of the approval. If Exploration Approval was not in place or the terms of the Approval not met, funding may be denied.

8. Letter of Intent:

Companies intending to avail of Junior Exploration Assistance (JEA) funds in 2016 must submit a Letter of Intent to the JEA Program Manager no later than **July 11th, 2016**. Should the exploration program start before July 11th, the Letter of Intent must be submitted in advance of the start of the program. The Letter of Intent shall contain the following information:

- Name of company
- Name of property
- License numbers (if applicable)
- Commodity
- Brief description and rationale of anticipated exploration program
- Anticipated start/completion date
- Anticipated program expenditures
- Signed acknowledgment that the potential recipient has read and understood the Program Guidelines.
- Signed acknowledgement that the potential recipient will comply with all terms and conditions as expressed within these Guidelines.

The JEA Program Manager must be notified of any significant changes to the proposed program.

The Department of Natural Resources reserves the right to request clarification of any item included in the Letter of Intent.

On July 22, 2016, a list of companies that submit Letters of Intent and their proposed budgets will be e-mailed to all companies as well as posted to the Mines Branch webpage.

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9. Notice of Program Start:

In order to allow site visits by a departmental representative, companies are **required** to provide Notice to the JEA Program Manager at least 24 hours in advance of mobilization to the exploration property noted in the Letter of Intent as well as the expected duration of the program. The Program Manager must be notified of any changes to the intended property or program.

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

Notice of start 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.

10. Technical Reports:

Technical reports containing all required technical and financial information (see section 13 below) must be submitted on or before **January 31st, 2017**.

Technical reports will not be accepted and funding will not be provided for projects that did not provide a Letter of Intent and/or proper Notice in accordance with these guidelines or did not submit a technical report by January 31st, 2017.

Technical reports will be reviewed by an internal technical review committee. Reports will be validated based upon the quality and technical merit of the program as related to the JEA objectives, completeness, eligibility criteria and clarity of information provided.

11. Payment:

Upon receipt and review of all technical reports, assistance will be paid out proportionately to all validated projects with a maximum of \$150,000 for Island based projects and \$225,000 for Labrador based projects.

Companies may submit reports for multiple properties; however subsequent requests for funding will only be considered after first submissions from all participating companies have received full funding. Multiple grants will not be awarded for the same property in a single year (properties with contiguous claims or in the same general area).

12. Eligible Activities and Expenses:

- (i) Surface drilling and underground core drilling or other drilling.
- (ii) Borehole geophysical surveys.
- (iii) Surface and underground bulk hard-rock sampling. The bulk sample cannot be used to generate revenue and must have been collected from a deposit with a NI 43-101 compliant resource estimate.

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- (iv) Geochemical analysis (from accredited commercial laboratories) of samples collected through eligible activities.
- (v) Typical exploration activities including prospecting, trenching, ground and airborne geophysical surveys, soil, till, biogeochemical and lake sediment geochemical surveys. Other activities not listed above must be approved by the Program Manager in advance.
- (vi) Services of one *Qualified Person*¹ (for project field supervision, mapping, core logging, final report writing). The *Qualified Person* must be licensed in the province of Newfoundland and Labrador.
- (vii) Diamond drill programs: Services of one assistant.
- (viii) Prospecting/geochemical surveys: Services of two assistants or prospectors.
- (ix) Field support by fixed or rotary winged aircraft.
- (x) Fuel and propane.
- (xi) Rental of one vehicle (excluding company owned/leased vehicles or owned/leased by affiliate companies).
- (xii) Rental of one ATV or snowmobile (excluding company owned/leased vehicles or owned/leased by affiliated companies).
- (xiii) On-site accommodations and meals from dealers/individuals not affiliated with the applicant.
- (xiv) Miscellaneous expenses such as core saw rental, core shed rental, etc. shall also be exclusive of company/applicant owned/rented/leased facilities or equipment.
- (xv) All eligible expenses are exclusive of GST and HST.
- (xvi) Quotations for purchased services are not required. A fee schedule listing maximum allowable expenditures per service will be [posted](#) at a later date.

13. Restrictions on Funding:

- (i) Only approved expenses incurred after the latter of January 1st, 2016 and the date of receipt of the Letter of Intent are eligible.
- (ii) Only approved expenses incurred before December 31st, 2016 will be eligible.
- (iii) Recipients must not have received additional funding from other Government agencies or departments to conduct the project.

¹ *Qualified Person* as defined in National Instrument 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.

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- (iv) Administrative and in-house expenses are not eligible for funding (e.g. office overhead, field office communications etc.).
- (v) Harmonized Sales Tax (HST) will not be refundable.
- (vi) Costs incurred in the staking and maintenance of mineral lands e.g., recording fees, security deposits, government permitting fees, etc. are not eligible for funding.
- (vii) One round trip flight to and from the Province (from within Canada) is allowable for a non-resident *Qualified Person*¹ involved with the project and/or field staff.
- (viii) Geophysical surveys shall be carried out by registered geophysical contractors and be conducted in accordance with industry standards. Mobilization/demobilization of survey crews and equipment may be eligible.
- (ix) Geochemical surveys shall also be conducted in accordance with industry standards and a minimum ICP-11 multi-element analysis is required on all geochemical samples to allow for a reasonable level of integration with existing datasets.
- (x) In the event the payment is made of a greater contribution to the cost of the project than is eligible under these Guidelines, the Recipient shall repay forthwith the amount of overpayment as determined by the Department.

14. Other obligations/conditions:

- (i) 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 shall acknowledge the financial support of the Junior Exploration Assistance program.
- (ii) The grant recipient shall keep and preserve all books, accounts and records relating to the Project and keep them available for examination and audit by the Minister for a period of not less than two years after receipt of funding.
- (iii) The Minister may publicize in any form the involvement of the Junior Exploration Assistance program in these Projects, including the names of the recipients, the amount of the Junior Exploration Assistance contribution to the Projects and the Project themselves.
- (iv) 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, 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 shall 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.
- (v) 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.

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- (vi) These Guidelines and potential grant payments shall be interpreted in accordance with the laws in force in the Province of Newfoundland and Labrador.

15. Information to be included in Technical Report:

Technical reports will only be accepted in *PDF* format with accompanying digital files for geophysical surveys; signed by a *Qualified Person*; and contain detailed information on the program, including the following (refer to report checklist at the end of this document for further clarification):

- (i) History of land tenure and mineral exploration on the mineral prospect.
- (ii) Detailed description of completed exploration program. Rationale of the program clearly stated and integrated with previous exploration work, if applicable.
- (iii) Maps clearly showing location of completed work, claim boundaries, and an index map showing approximate location of the project area within the province.
- (iv) Coloured maps at appropriate scale clearly showing detailed geology, legends, structural data, relevant geophysical/geochemical data and previous drill collar locations (including longitudinal sections if applicable).
- (v) Project results, total person years of employment, recommendations and an indication of the overall success of the project. It should include an outline of future plans as they relate to the achievements of the project.
- (vi) All geochemical and geophysical data must be included in suitable digital format.

An accounting summary of the project including copies of paid invoices with appropriate proof of payment. Proof of payment can include; copies of **both sides** of cancelled (cleared) cheques, bank statements demonstrating payment of invoices, official receipts, or letters from vendors confirming payment of invoices directly related to the costs incurred. Receipts smaller than 8.5' x 11" must be affixed to 8.5" x 11" sheets and legibly scanned. Unorganized/illegible accounting summaries will be returned for improvement.

- (vii) A signed declaration that none of the Eligible Costs of the project have been fully or partially funded by any other government department or agency.
- (viii) A signed declaration that the Junior Exploration Company Recipient will not convey, share or dispose in any manner of all or any part of the funds to any other Project partner that is receiving direct revenues from mineral or mining operations.
- (ix) A completed report checklist (see below).

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All Letters of Intent, Notices, Technical Reports and general inquiries shall be submitted to:

Program 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) 729-5851
Facsimile: (709) 729-3493

jclarke@gov.nl.ca

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

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TECHNICAL REPORT CHECKLIST

Please check (✓) appropriate section.

- **MUST** be completed and submitted with your 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	_____	
▪ Geophysical results	_____	_____
▪ Geochemical results	_____	_____
4. Results:		
▪ Drill core assays	_____	_____
▪ Geochemical data	_____	_____
▪ Geophysical data	_____	_____
5. Drill collar location map(s)	_____	_____
6. Drill hole sections	_____	_____
7. Digital drill logs	_____	_____
8. Longitudinal section(s)	_____	_____
9. Interpretation of results	_____	_____
10. Recommendations	_____	
11. Future plans	_____	
12. Detailed list of expenditures	_____	
13. Copies of invoices	_____	
14. Copies of both sides of cleared cheques or confirmation of payment of invoices from vendors	_____	
15. Person years employment for this program	_____	
16. Signed and dated by a <i>Qualified Person</i>	_____	
17. Digital copy of technical report and maps in <i>pdf</i> format	_____	