



Mining Royalty Return – Canada Mining Regulations

This return, and attached schedules with reconciliation to Company's financial statements, and with all information required by Sections 65 to 69 of the Canada Mining Regulations, shall be delivered to the Director, Mineral Resources and Environmental Branch of the Department of Indian and Northern Development, on or before the last day of the fourth month after the end of each fiscal year of the mine.

Name and Description of the Mine

Name and Address of the Operator

Name(s) of Smelter, Refinery or Mill (if applicable)

Certificate

Name of Company

Position of Authorized Officer

I, the undersigned, do hereby certify that the statements contained in this Mining Royalty Return are true and accurate, are in accordance with the accounts and records of the aforementioned Company and to the best of my knowledge comply with the requirements of the Canada Mining Regulations.

Dated at _____ this _____ day of _____ 20____

Signature _____

Output Statistics

Weight of the minerals or mineral-bearing substances from the mine that were:

	Weight*
A Produced during the fiscal year of mine	_____

Weight and value of the minerals or mineral-bearing substances produced from the mine that were:

	Weight	Value
A Sold or transferred during the fiscal year of the mine to:		
Persons not related to the operator	_____	_____
Persons related to the operator	_____	_____
B In inventory at the beginning of the fiscal year of the mine	_____	_____
C In inventory at the end of the fiscal year of the mine	_____	_____

* Per subsection 64(2) of CMR where a mineral or mineral-bearing substance shall be considered to the produced and part of the output of a mine if the mineral or mineral-bearing substance is in a saleable form or has been removed from the mine. The weight above should be denominated accordingly.



**MINING ROYALTY RETURN
CANADA MINING REGULATIONS**

Calculation of Royalty Payable

Value of Output of Mine – per page 3 \$ _____ x 13% = \$ _____		Total Royalty A	
	Value of Output of Mine \$	Rate	Royalty
On the first \$10,000		0%	
In excess of \$ 10,000 But not exceeding \$ 5,000,000	_____	5%	_____
In excess of \$ 5,000,000 But not exceeding \$10,000,000	_____	6%	_____
In excess of \$10,000,000 But not exceeding \$15,000,000	_____	7%	_____
In excess of \$15,000,000 But not exceeding \$20,000,000	_____	8%	_____
In excess of \$20,000,000 But not exceeding \$25,000,000	_____	9%	_____
In excess of \$25,000,000 But not exceeding \$30,000,000	_____	10%	_____
In excess of \$30,000,000 But not exceeding \$35,000,000	_____	11%	_____
In excess of \$35,000,000 But not exceeding \$40,000,000	_____	12%	_____
In excess of \$40,000,000 But not exceeding \$45,000,000	_____	13%	_____
In excess of \$45,000,000	_____	14%	_____
Total Value of Output of Mine, per page 3	_____		
Total Royalty B			_____

Note: Percentages should be pro-rated when a fiscal year is less than 12 months

Cheque enclosed for Royalty payable

Lesser of A or B \$ _____



**MINING ROYALTY RETURN
CANADA MINING REGULATIONS**

Calculation of Value of Output of Mine

Proceeds from the sales, during the fiscal year, of minerals or mineral-bearing produced from the mine to persons not related to the operator	\$ _____	
Add: Market value of any minerals or mineral-bearing substances produced from the mine that were otherwise sold or transferred during the fiscal year, determined under subsection 65(5) of the Canada Mining Regulations (CMR)	\$ _____	\$ _____ A
Add: Market value of any inventories of minerals or mineral-bearing substances produced from the mine, as at the end of the fiscal year, determined under subsection 65(5) of the CMR		\$ _____ B
Less: Market value of any inventories of minerals or mineral-bearing substances produced from the mine, as at the beginning of the fiscal year, determined under subsection 65(5) of the CMR		\$ _____ C
Add: the lesser of		
(a) Payments received during the fiscal year related to a cost that has been claimed as a deduction or allowance per subsection 65(4)	\$ _____	
(b) The cost related to payment above	\$ _____	\$ _____ D
Add: Any excess amount referred to in paragraph 65.1(5)(b) of the CMR		\$ _____ E
Add: Amounts withdrawn during the fiscal year from a qualifying environmental trust established in respect of the mine, up to a maximum of the aggregate of the amounts contributed to the trust per subsection 65(4)		\$ _____ F
Add: Any proceeds received during the fiscal year from insurance on minerals or mineral-bearing substances produced from the mine per subsection 65(4)		\$ _____ G
Add: Amount of any grants or loans in respect of the mine that were made to the operator in respect of the mine that were forgiven, by the federal government in the fiscal year per subsection 65(4)		\$ _____ H
Less: Total of deductions and allowances claimed under subsection 65.1(1) of CMR (per page 4)		\$ _____ I
		\$ _____
Value of Output of Mine		



**MINING ROYALTY RETURN
CANADA MINING REGULATIONS**

Allowable Deductions and Allowances

(a) The costs incurred during the fiscal year of sorting, valuing, marketing and selling the minerals or mineral-bearing substances produced from the mine	\$ _____
(b) The costs incurred during the fiscal year, of insurance, storage, handling and transportation to the smelter, treatment plant or refinery or to market of, and any duties payable in respect of, minerals or mineral-bearing substances produced from the mine	\$ _____
(c) The costs incurred during the fiscal year of mining and processing ore or mineral-bearing substances from the mine or of reprocessing tailings from the mine	\$ _____
(d) The costs incurred during the fiscal year of repair and maintenance at the mine	\$ _____
(e) General and indirect costs incurred during the fiscal year for property, employees or operations at the mine that are not otherwise allocated to operating costs	\$ _____
(f) Deduction for exploration costs per page 5	\$ _____
(g) Depreciation allowance per page 6	\$ _____
(h) Development allowance per page 7	\$ _____
(i) Qualifying environmental trust contribution allowance per page 8	\$ _____
(j) Processing allowance per page 9	\$ _____
Total Allowable Deductions and Allowances	\$ _____

Note: Deductions and allowances do not include those items set-out in paragraph 65.1(10)



**MINING ROYALTY RETURN
CANADA MINING REGULATIONS**

Calculation of Deduction for Exploration Costs

Value of output of the mine, calculated after deduction of the amounts referred to in paragraphs 65.1(1)(a) to 65.1(1)(e) and before deduction of any depreciation allowance, qualifying environmental trust contribution allowance, development allowance or processing allowance

(A) \$ _____

10% of (A) (B) \$ _____

(i)* Name of Owner	(ii) Percentage Ownership of the Mine	(iii) Column (ii) x B	(iv) Actual exploration costs incurred during the year as per paragraph 65.1(1)(f)	(v) Lesser column (iii) and column (iv)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Eligible for exploration deduction (sum of column (v)) (C) \$ _____

Lessor of (B) or (C) are Costs eligible for deduction \$ _____

Note: Amounts claimed as exploration costs should not have been previously claimed as either an exploration deduction or as part of a development allowance of another mine.

*For each owner please attach a list of claims and leases and specify the exploration costs incurred on each.



**MINING ROYALTY RETURN
CANADA MINING REGULATIONS**

Calculation of Depreciation Allowance

Undeducted balance of depreciable assets at the beginning of the fiscal year **\$ _____

Add:
Cost of additions during the fiscal year to depreciable assets \$ _____

Less: the lesser of
 *(a) Proceeds from the disposition during the fiscal year of depreciable assets or insurance proceeds as the case may be or
 (b) The original cost of the assets *\$ _____
 (If the balance is negative add amount to income)

Undeducted balance of depreciable assets at the end of the fiscal year prior to deduction of a depreciation allowance (A) \$ _____

Amount of depreciation claimed for the current fiscal year (cannot exceed amount in A) (B) \$ _____

Undeducted balance of depreciable assets allowance at the end of the fiscal year after deduction of a depreciation allowance (A) - (B) \$ _____

* If proceeds from disposition of depreciable assets exceeds the value of assets eligible depreciation the excess should be reported on page 3

Note: Interest is not allowed as part of the cost of an asset eligible for depreciation as per paragraph 65(10)(d).

Note: If depreciable assets are used for processing mineral or mineral-bearing substances produced at another mine see sections 65.1(8)(c) and 65.1(9).

**Where this is the first return this amount should be the balance as of the date of commercial production.



**MINING ROYALTY RETURN
CANADA MINING REGULATIONS**

Development Allowance

Undeducted balance of the costs eligible for a development allowance *\$ _____

Add:
Exploration costs incurred on the mining property, after the date of commencement of production, during the fiscal year \$ _____

Add:
Costs incurred after the date of commencement of production, during the fiscal year at the mine for workings designed for continuing use, including the clearing, removing or stripping of overburden from a new deposit at the mine, the sinking, excavation or extension of a mine shaft, main haulage way or similar underground work, the construction of an adit or other underground entry and the construction of a road or tailings disposal structures \$ _____

Add: the lesser of
(a) Costs referred to in subparagraph 65.1(1)(h)(i) and (ii) that were incurred by a previous owner on a recorded claim or lease that has been incorporated into the existing property.
(b) The purchase price of the claim or lease. **\$ _____

Undeducted balance of costs eligible for the development allowance at the end of the fiscal year after deduction of a development allowance (A) \$ _____

Amount of development allowance claimed for the fiscal year (B) \$ _____
(Amount claimed cannot exceed (a) above)

Undeducted balance of costs eligible for the development allowance at the end of the fiscal year after deduction of a development allowance (A) - (B) \$ _____

* If this is the first mining royalty return for the mine, attach a schedule indicating the balances of costs incurred up to the date of commercial production as identified in subsections 65.1(1)(h)(i) and (ii) which make up this amount.

** Only to be included when production commenced from that property in reasonable commercial quantities and only if those expenses have not been previously claimed as a deduction or allowance under these Regulations.

Note: 1) Exploration and development cost incurred above must include the recorded claim and lease numbers upon which the costs were incurred.
2) Amounts claimed as exploration costs should not have been previously claimed as either an exploration deduction or as part of a development allowance of another mine and must be net of the value of any mineral or mineral-bearing substances taken from the recorded claims or leases.



**MINING ROYALTY RETURN
CANADA MINING REGULATIONS**

Qualifying Environmental Trust Contribution Allowance

Undeducted balance of contributions to the qualifying environmental trust at the beginning of the fiscal year \$ _____

Add:
The amounts contributed to the qualifying environmental trust during the fiscal year \$ _____

Undeducted balance of contributions to the qualifying environmental trust at the end of the fiscal year prior to any deduction of a qualifying environmental trust contribution allowance \$ _____

Less:
Amount of qualifying environmental trust contribution allowance claimed for the fiscal year \$ _____

Undeducted balance of contributions to the qualifying environmental trust at the end of the fiscal year after deduction of a qualifying environmental trust contribution allowance \$ _____

Qualifying Environmental Trust

The total of all amounts contributed to the qualifying environmental trust including current year \$ _____

The total of all amounts withdrawn from the qualifying environmental trust prior to the current year \$ _____

Current year withdrawal from the qualifying environmental \$ _____

* Any amount withdrawn during the fiscal year from a qualifying environmental trust established in respect of the mine, up to a maximum of the aggregate of the amounts contributed to the trust must be included in the value of output for that fiscal year.



**MINING ROYALTY RETURN
CANADA MINING REGULATIONS**

Processing Allowance

Original cost of the processing assets at the beginning of the fiscal year \$ _____ \$ _____

Add: original cost of processing assets added during the fiscal year

(a) new \$ _____

(b) substituted \$ _____ → \$ _____

Less: original cost of:

Assets for which other assets were substituted by (b) above \$ _____

Assets sold, discarded or disposed during the fiscal year \$ _____ → \$ _____

Original cost of the processing assets at the end of the fiscal year (A) \$ _____

Less: original cost of processing assets included in item (A) above but not used during the fiscal year \$ _____

Original cost of processing assets eligible for a processing allowance at the end of the year (B) \$ _____

8% of value of (B) above (C) \$ _____

Value of output per page 3 \$ _____

Less: allowable deductions and allowances per page 4 item (a) to (i) \$ _____

(D) Total \$ _____

65% of item (D) above (E) \$ _____

Processing allowance: the lesser of (C) or (E) above \$ _____

Note: Where a mine is in production for less than 12 months in a fiscal year or a fiscal year of a mine is less than 12 months, the item (C) above shall be prorated based on the number of months in a fiscal year that the mine is in production,

Note: Where in a fiscal year the operator of a mine uses processing assets at a mine to process mineral or mineral-bearing substances produced at another mine the asset base used for the calculation of the processing allowance shall be reduced by a percentage equal to the proportion of the mill operating costs attributable to the processing of the mineral or mineral-bearing substance from the other mine.