



## 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 Environment Branch of the Department of Indian and Northern Affairs Canada, 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 \_\_\_\_\_ Year \_\_\_\_\_

Signature \_\_\_\_\_

### OUTPUT STATISTICS

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

\* Weight

**A** - Produced during the fiscal year of the mine

\_\_\_\_\_

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

**A** - Sold or transferred during the fiscal year of the mine to:

	<u>Weight</u>	<u>Value</u>
- persons not related to the operator		
- persons related to the operator		
<b>B</b> - In inventory at the beginning of the fiscal year of the mine		
<b>C</b> - 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 be 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.

**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			
<b>TOTAL ROYALTY B</b>			\$

Note: Percent's should be prorated where fiscal year is less than 12 months

**CHEQUE ENCLOSED FOR ROYALTY PAYABLE**

**LESSER of A or B \$ \_\_\_\_\_**

**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	\$ _____	
<b>ADD:</b>		
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)	\$ _____	\$ _____ <b>A</b>
<b>ADD:</b>		
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>B</b>
<b>LESS:</b>		
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	\$ _____	\$ _____ <b>C</b>
<b>ADD: the lesser of</b>		
(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	\$ _____	
		\$ _____ <b>D</b>
<b>ADD:</b>		
Any excess amount referred to in paragraph 65.1(5)(b) of the CMR	\$ _____	\$ _____ <b>E</b>
<b>ADD:</b>		
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)	\$ _____	\$ _____ <b>F</b>
<b>ADD:</b>		
Any proceeds received during the fiscal year from insurance on minerals or mineral-bearing substances produced from the mine per subsection 65(4)	\$ _____	\$ _____ <b>G</b>
<b>ADD:</b>		
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)	\$ _____	\$ _____ <b>H</b>
<b>LESS:</b>		
Total of deductions and allowances claimed under subsection 65.1(1) of CMR (per page 4)	\$ _____	\$ _____ <b>I</b>
<b>Value of Output Of Mine</b>		\$ _____

**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 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)

**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) *	(ii)	(iii)	(iv)	(v)
Name of Owner	Percentage Ownership of the Mine	Column (ii) x B	Actual exploration costs incurred during the year as per paragraph 65.1(1)(f)	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 & leases and specify the exploration costs incurred on each.

**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 asset      \*\*\$ \_\_\_\_\_

(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      (B)      \$ \_\_\_\_\_  
(Cannot exceed amount in A)

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 for 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 at date of commercial production.

**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 the costs eligible for the development allowance at the end of the fiscal year prior to deduction of the 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.

**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.



**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 fiscal 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.