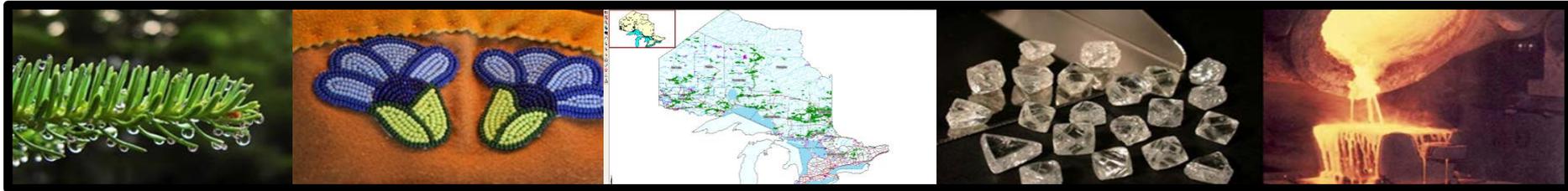


Mining Act Modernization – Phase III

Moving Ontario forward

An update on Map Staking and Online Management of Mining Lands

Date: February 12th through 26th, 2015



OPA Workshops:

Timmins, **Kirkland Lake**, Sioux Lookout,
Thunder Bay, Sudbury, Sault Ste. Marie,
Tweed

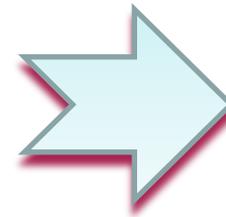
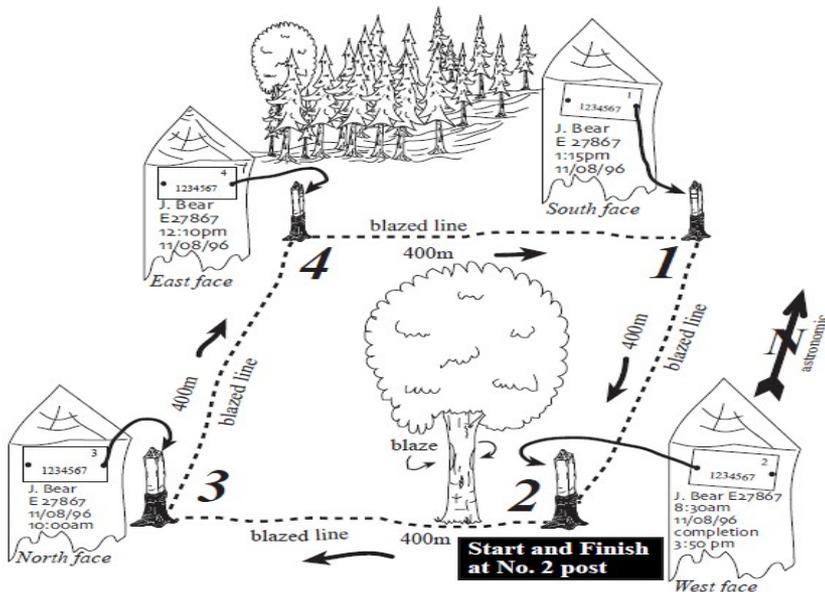


Today's Discussion

- Project update
- Stakeholder outreach
- Proposed legislative and regulatory changes
- Georeferencing and transition
- Proposed conversion process
- Stakeholder issues and proposed solutions

Purpose of MAM Phase 3

Introduce an IT system to enable online staking and streamline mining lands administration



Project Update

The MAM project team has been focused on:

- stakeholder discussions/workshops
- analysis of project issues
- delivering on transition
- developing the claim conversion process
- reviewing and developing business processes (*e.g.* applying for a prospector's licence)
- Looking at options to assist prospectors

Recent Stakeholder Discussions

- Industry (***Claim holders who hold over 10,000 mining claims***)
 - One on one's with claim holders in Ontario
 - Toronto Stock Exchange and Ontario Securities Commission
 - LMAF (representatives from prospectors to majors; OMA, OPA, PDAC)
 - industry legal counsel review
 - Two Toronto workshops
 - Two Sudbury workshops
 - Two Vancouver workshops
- Public:
 - Ontario Exploration Geoscience Symposium - Nov. 5, 2014
 - update to ER/RR posting - **Nov. 7, 2014** (Closed Dec. 22)
 - shared with OPA, OMA, PDAC for distribution to members
 - original ER/RR posting Nov. 29, 2013 - Jan. 31, 2014

Proposed Mining Act Changes

- Would move Ontario from ground-staking to online acquisition of Crown land for mineral exploration
- Would enable conversion of ground-staked claims to cell-based claims
- Would allow for electronic administration of documents and transactions
- Would introduce new terminology into the Mining Act (*e.g.* cell claim)

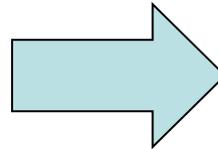
Proposed Regulatory Changes

- **‘Conversion Regulation’**
 - rules for converting existing claims to cell-based claims
- **Staking Regulation (O. Reg. 43/11)**
 - direction for mining claims to be staked online
- **Survey Regulation (Regulation 768)**
 - direction for cell-based surveys and surveying of legacy claims
- **General Regulation (O. Reg. 45/11)**
 - new rules for filing of documents, partial abandonment of claims, *etc.*
- **Assessment Regulation (O. Reg. 6/96)**
 - new rules for filing assessment work
 - detailed technical requirements in a separate standards document

Migration of Services

8 systems

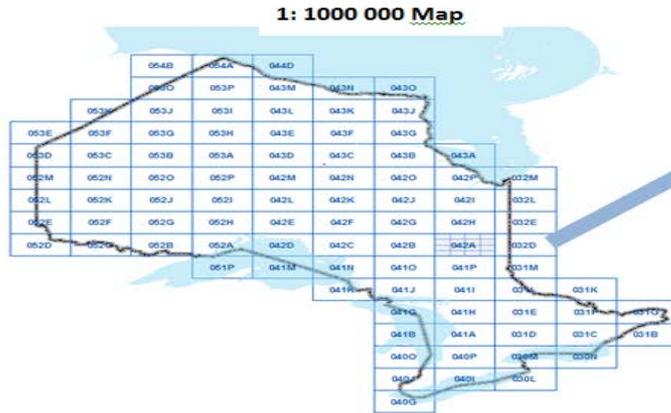
CLAIMS	CLAIMaps
Plans and permits	Notification of First Nations
Automated Claim Map Mgmt System	Mining Claims Information
Electronic Assessment System	Mining Act Awareness Program



1 system

Account Management	Prospector Licencing
Claim Acquisition and Maintenance	Exploration and Development
Claim Management	Lease Management
Disposition and Tenure	Mining Act Awareness Program

Ontario Mineral Tenure Grid



1:250 000 Map

13	14	15	15
12	11	10	09
05	06	07	08
04	03	02	01

Group - 1:50 000 Map

L	K	J	I
E	F 042A16	G	H
D	C	B	A

Block

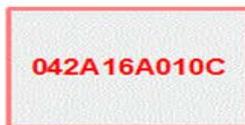
091	092	093	094	095	096	097	098	099	100
090	089	088	087	086	085	084	083	082	081
071	072	073	074	075	076	077	078	079	080
070	069	068	067	066	065	064	063	062	061
051	051	053	054	055	056	057	058	059	060
050	049	048	047	042A16A	045	044	043	042	041
031	032	033	034	035	036	037	038	039	040
030	029	028	027	026	025	024	023	022	021
011	012	013	014	015	016	017	018	019	020
010	009	008	007	006	005	004	003	002	001



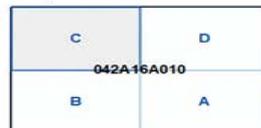
Ontario Mineral Tenure Grid

Unit

1 Unit = 17.7 to 24 ha.

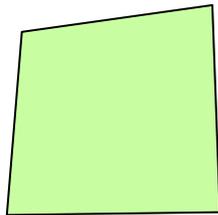


Quarter



Ground-staked Claims vs. Cell-based Claims

Ground-staked claims



1 unit = 16ha

Max. size of ground-staked claims is 16 units or 256 ha.

Cell-based claims



1 cell = 17.7ha - 24ha

Max. size of cell-based claims is 25 cells or 600 ha., depending on the size of the cells

Transition

Ontario has been in transition since Nov. 2012

- ‘transition’ is the process for accurately referencing the location of active mining claims before conversion
- **new applications to record** mining claims must include GPS coordinates; gap/overlap issues are dealt with immediately
- reviewing GPS coordinates submitted for **assessment credit**; gap/overlap issues prioritized by mining division and township
- as issues are resolved, claims will be displayed on the map based on their georeferenced coordinates

Transition

Tier 1 - applications to record mining claims:

- new claims are plotted by GPS coordinates; issues resolved immediately

Tier 2 - georeferencing assessment work reports:

- resolving issues in assessment work submissions; issues prioritized
- coordinates may be assigned to resolve issues based on available data; opportunity for client to present better evidence/data

Tier 3 - resolving/mediating disagreements:

- Mining Recorder may request an inspection of post locations
- Mining Recorder may issue orders for post movement, if necessary

Georeferencing Statistics

As of Oct. 2014:

- 34,608 active mining claims in Ontario
- 24,383 are in un-surveyed areas; 7,207 have been georeferenced (29%)
- 9,825 claims are within surveyed areas (28%)
- **17,032 claims (49%) have been georeferenced or are in surveyed areas**

Conversion Principles

- Fairness for all claimholders; same rules for everyone
- Avoid an ongoing conversion process.
- No winners and losers
- Certainty of tenure
- Accuracy of claim locations
- No disputes about claim boundaries
- No loss of rights or tenure

Pre-conversion

Phase 1 – Proposed that clients would be able to:

- set up accounts
- update profile data

Phase 2 – Proposed that clients would be able to:

- set up agents, permissions, *etc.*
- view their existing claims and the grid to understand their claims' conversion
- discuss conversion and any issues or requirements with the Ministry
- Delineate boundaries to be maintained between claims
 - Client driven

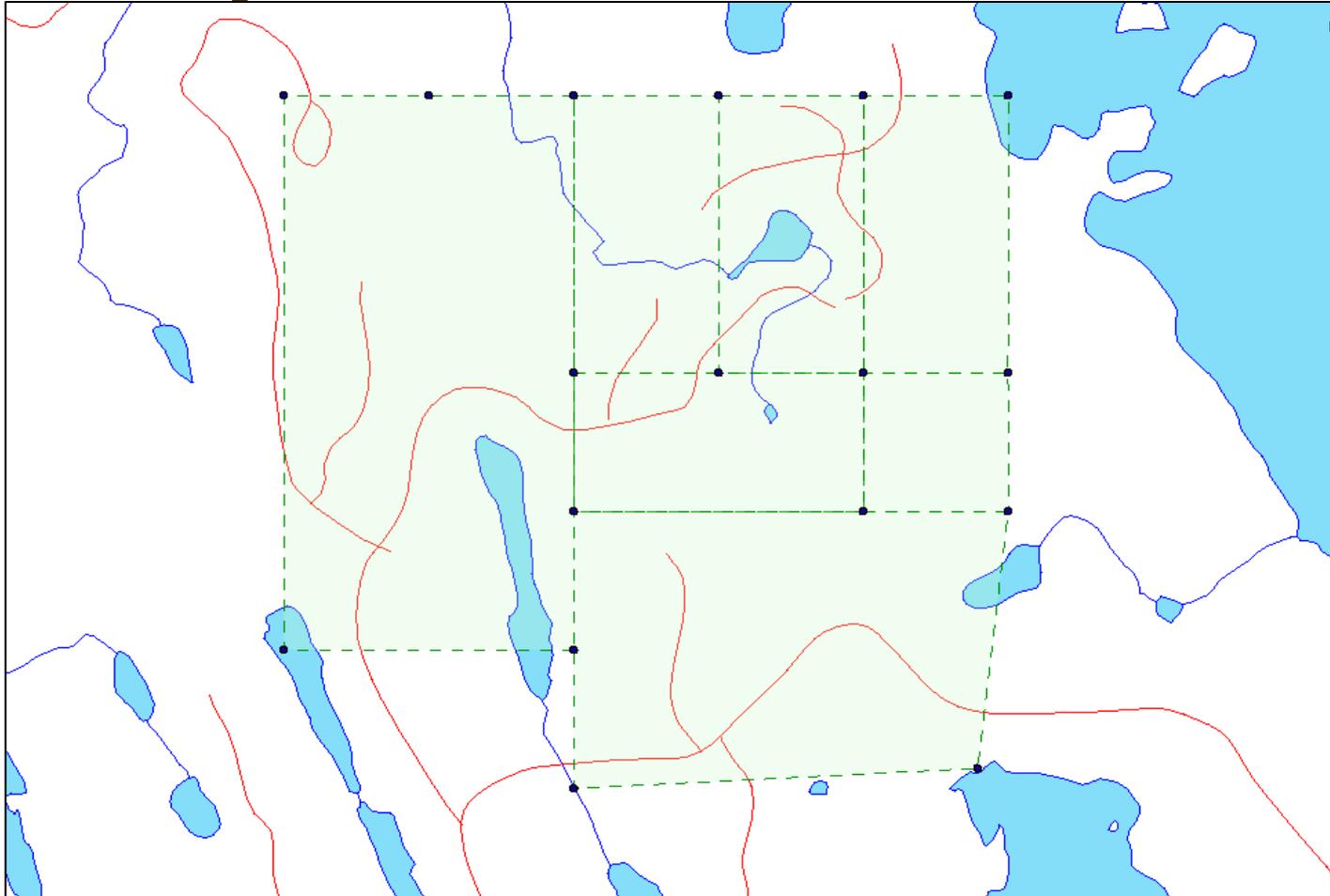
Map Freeze

- 60 days prior to “map freeze” (Delineation) staking and georeferencing would be suspended
- Applications to Record / georeference data could be submitted up to 30 days after the suspension.
- Mining Recorder would record all applications to record, map all georeferenced data

Map Freeze (Delineation)

- 60 days after staking suspension:
 - map freeze (Delineation) would occur
 - boundaries of all mining claims would be legally defined by their map locations and lat./long. coordinates
- The final map would show all existing mining claims
- Ministry would produce final abstracts for each legacy claim
- Final map and abstracts would be electronically archived but still retrievable

Map Freeze (Delineation)



Conversion (Spatial Data)

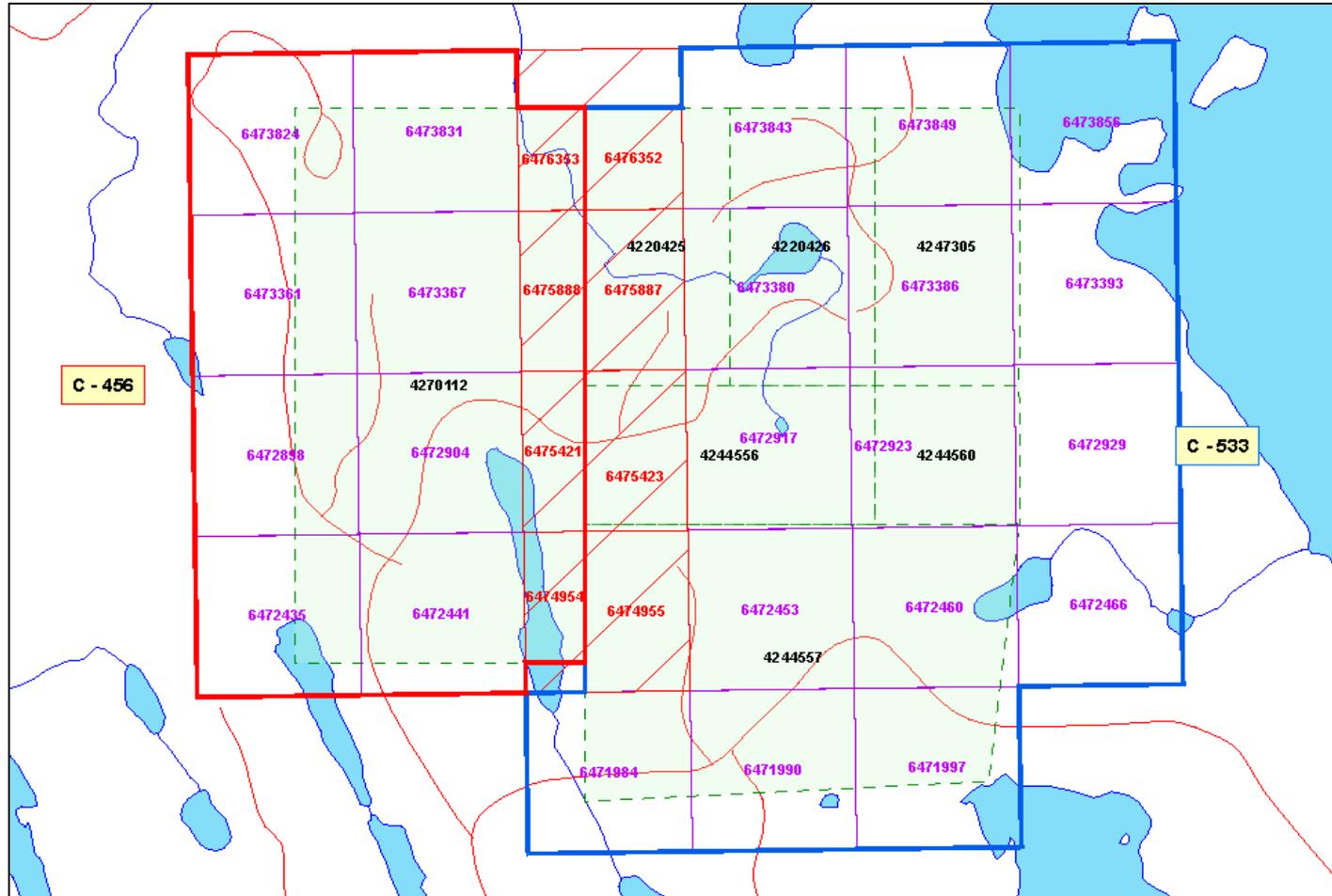
Conversion of Ground staked Mining Claims:

- one cell claim will be created if all intersecting legacy claims have the same recorded holder
- where two or more holders claim a cell, boundary claims would be registered for each legacy claim holder; each boundary claim's extent would be the portion of the cell covered by the legacy claim
- Where a claim holder had selected a legacy claim boundary to be maintained in a cell, boundary claims would be created with the same registered claim holder, for each of the pre-determined legacy claims
 - Client driven process

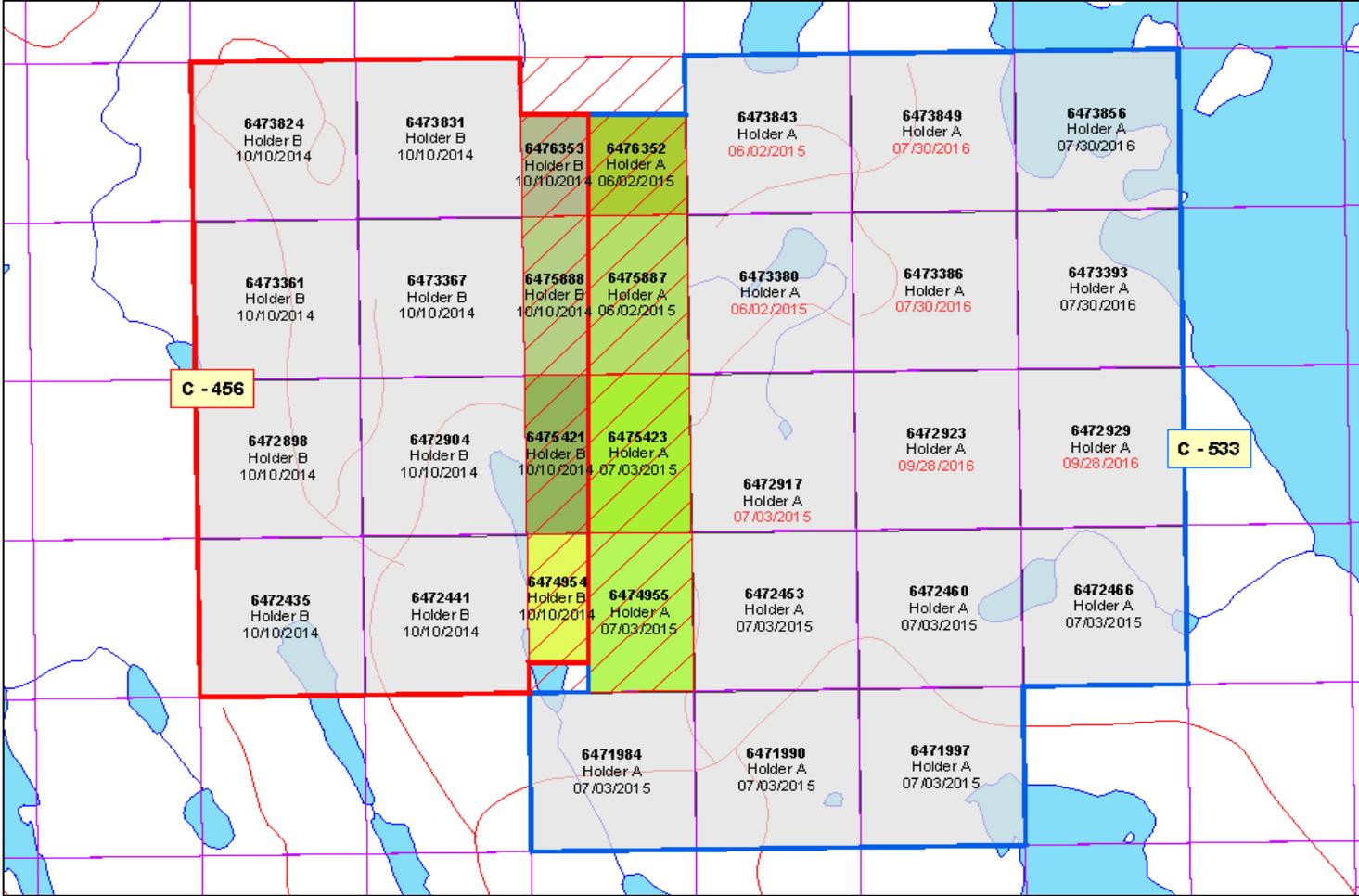
Conversion (Spatial Data)

- Cell claims or boundary claims would be assigned:
 - the same due date as the former legacy claims, or
 - the latest due date of any commonly held legacy claim if there is more than one legacy claim overlapping a cell
- Legacy claim records with conversion dates would be retrievable through the proposed system
- Legacy claims do not cancel, they would be converted and continue in the cell or boundary claim

Conversion (Spatial)



Conversion (Spatial)



Conversion (Tabular)

Abstracts for cell/boundary claims would include an abstract header:

- claim number
- registered holder
- the anniversary date
- work performed
- conversion credit reserve
- cells composing the claim
- registration date
- work requirement
- assessment credit reserve

Abstracts would also include transactions:

- conversion of legacy claims
- plans/permits, liens, *etc.* in effect at conversion
- assignment of conversion credit reserve

Conversion Reserve

- Reserve credits from a legacy claim would be banked on a designated cell
- Claim holders would have time to assign credits from this bank into reserves of cell claims
- After time, unassigned credits would be apportioned equally to the reserve of cells made up from the legacy claim

Post Conversion

- Upon the creation of cell claims and boundary cell claims, Mining Recorder will reopen lands to staking
- Ministry will provide:
 - notices with maps to Aboriginal communities
 - notices to surface rights owners whose properties if impacted by conversion.
 - client reports of registered cell and boundary claims, with guidelines for management
 - notice confirming the nature and extent or exploration plan or permit authorization

Post Conversion

Amalgamation

- Clients would be able to amalgamate individual cell claims into multi-cell claims, up to 25 cells per multi-cell claim
 - amalgamation would permit common dating to the earliest anniversary date of the claims amalgamated.
 - boundary claims would not be able to be amalgamated
- Clients could amalgamate single-cell claims to approximate the extents of former legacy claims, or
- Reconstitute multi-cell mining claim in different configurations to meet business and land management needs

Post Conversion

Abandonment

- At conversion, mining claims may increase in size to include the whole of any cell partially overlapped by a legacy claim
- A client could voluntarily surrender or allow cancellation of any cells deemed surplus
- Partial abandonments must be whole cells
- Any claim would forfeit on its due date if the required work is not performed and filed or credits have not been assigned

Lessons Learned from Other Jurisdictions

Quebec – Implementation 1998 - Voluntary Conversion Process

- Conversion still not complete after 17 years
- Large staking parks, and two staking methods.

British Columbia - Implementation 2005 – Voluntary Conversion Process

- Over 1,000,000 ha. of mining claims still not converted
- Many mining claims cannot convert without losing land

Saskatchewan - Implementation 2012 Voluntary Conversion Process

- Very little take-up on conversion of legacy claims
- Exceptional rules to accommodate legacy claims and cell claims

New Brunswick – Implementation 2010 – Voluntary/Mandatory:

- Conversion process complete, few issues, smooth post conversion processes.

Proposed Solutions to Issues

Prospectors:

- Prospectors are a small but important part of the exploration cycle.
- They use revenue from ground staking to partially finance their own properties.
- Online land acquisition may reduce the amount of revenue prospectors have to fund their projects.
- Two workshops were held one each in Timmins and Thunder Bay to discuss issues and solutions to help prospectors as we move to online acquisition.

Proposed Solutions to Issues

Prospectors (Potential Solutions):

- Provide a prospectors assistance program that would help prospectors continue to work their own properties, or ask the OPA to revamp the OEC program to make it more attractive to prospectors.
- Have a reduced land acquisition fee for prospectors (or a rebate program).
- Education credits for re-training of prospectors in mining related fields.
- Provide a Prospectors training program to increase the number of prospectors in Ontario
- Allow companies to receive double assessment credit for work carried out by prospectors on the companies property.
- Provide Assay coupon vouchers, so that prospectors can get free assays.
- Provide subsidies to prospectors to attend PDAC convention or other symposia, to access to investors.

Concerns Raised by Stakeholders

- Timing of roll-out
 - proposed launch-date of Jan. 2016 not enough time for industry to fully review implications of claim conversion
- MNDM response:
 - extending launch-date to **spring 2017**
 - adding approx. 15 months to prepare for claim conversion
 - claim holders would have more than two and half years to review their claim holdings and prepare

Concerns Raised by Stakeholders

- Capacity
 - concern about capacity for some companies to fully evaluate and mobilize for conversion
- MNDM response:
 - would make the proposed staking grid and rules for conversion available well ahead of time
 - considering providing clients early access to the system to set up accounts, add agents, assign privileges, *etc.*
 - would ensure staff are trained to assist claim holders leading up to and through the conversion process

Concerns Raised by Stakeholders

- Agreements, NSRs, etc.
 - concerns about the legal impact of claim conversion on agreements, NSRs etc.
- MNM response:
 - proposed amendments to the Mining Act would provide for continuity of agreements post-conversion
 - would provide tools to maintain integrity of agreements (*e.g.* ‘boundary claims’)
 - would retain legacy claims data

Concerns Raised by Stakeholders

- ‘Boundary claims’ and assessment work requirements:
 - concern that MNDM will require the same amount of assessment work for full cell claims and boundary claims
- MNDM response:
 - considering modified assessment work requirements for ‘boundary claims’

Concerns Raised by Stakeholders

Potential four month hiatus period for conversion:

- Some industry stakeholders feel that a four month hiatus is significant.
- Any discovery during the hiatus period would require immediate disclosure to OSC and a public notice which could compromise a companies ability to secure any required land holdings.

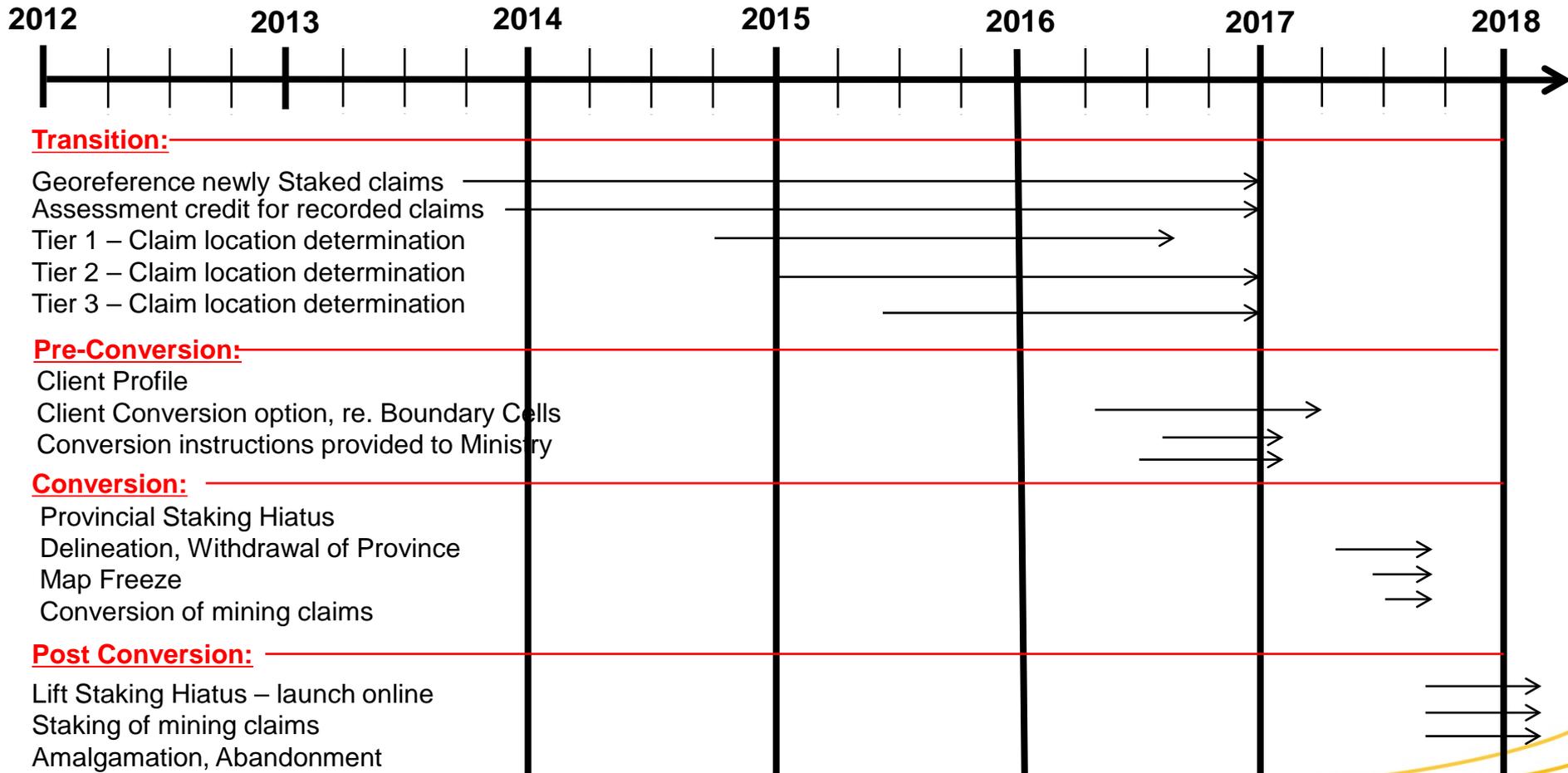
Ministry Response:

- While the potential for this appears to be low, the Ministry will carry out further discussion with the OSC to determine the best approach for companies should this occur.

Concerns Raised by Stakeholders

- One-time conversion process:
 - MNDM is proposing a one-time conversion process for all claim holders
- Ministry's proposal has evolved based on:
 - lessons learned from other jurisdictions
 - analysis of the existing claim fabric and numerous scenarios
 - stakeholder feedback and technical concerns
 - principles for phase 3

Transition and Conversion



Thank-you

If you have any questions contact

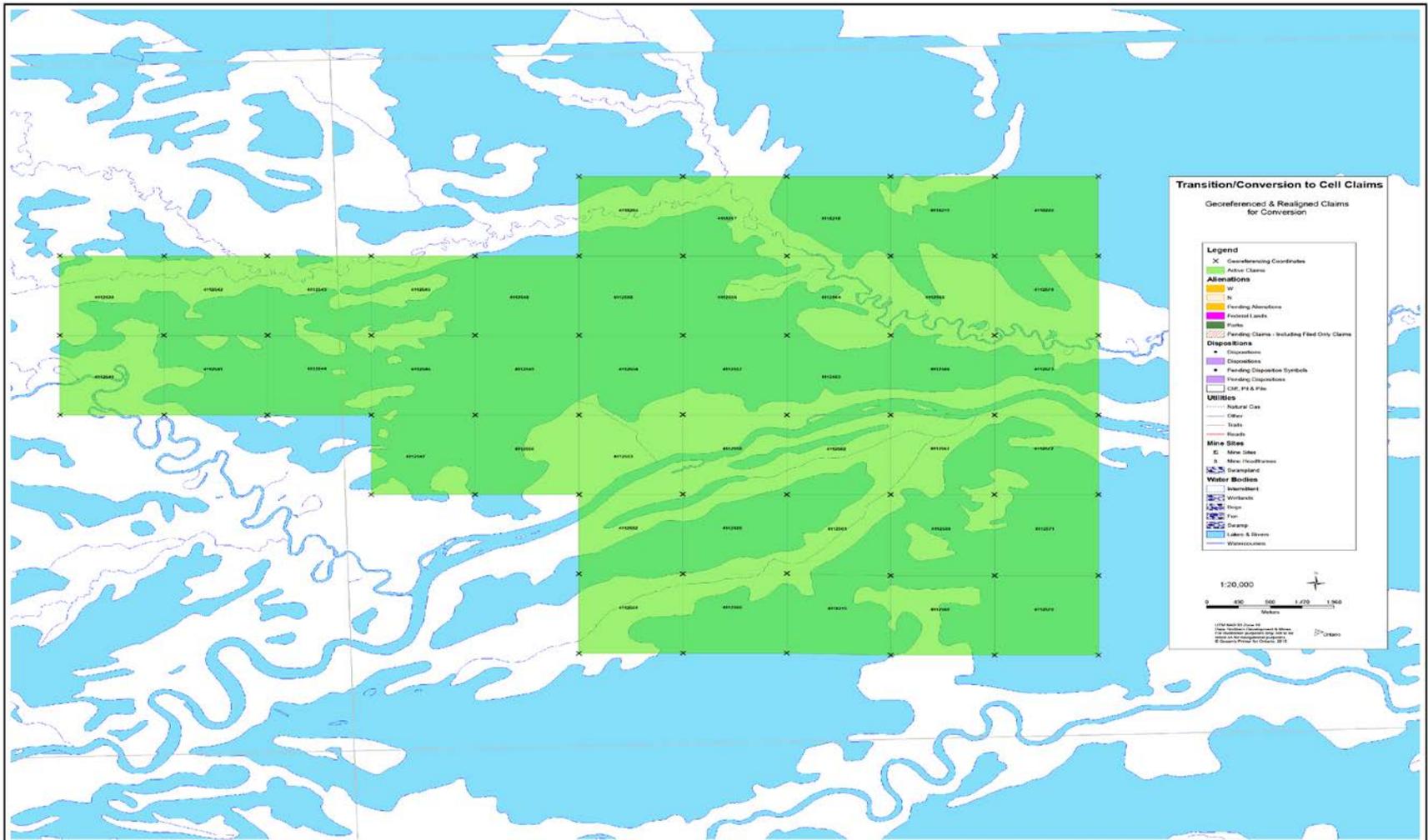
Roy Denomme
Director, Project lead
Mining Act Modernization

705-670-3019

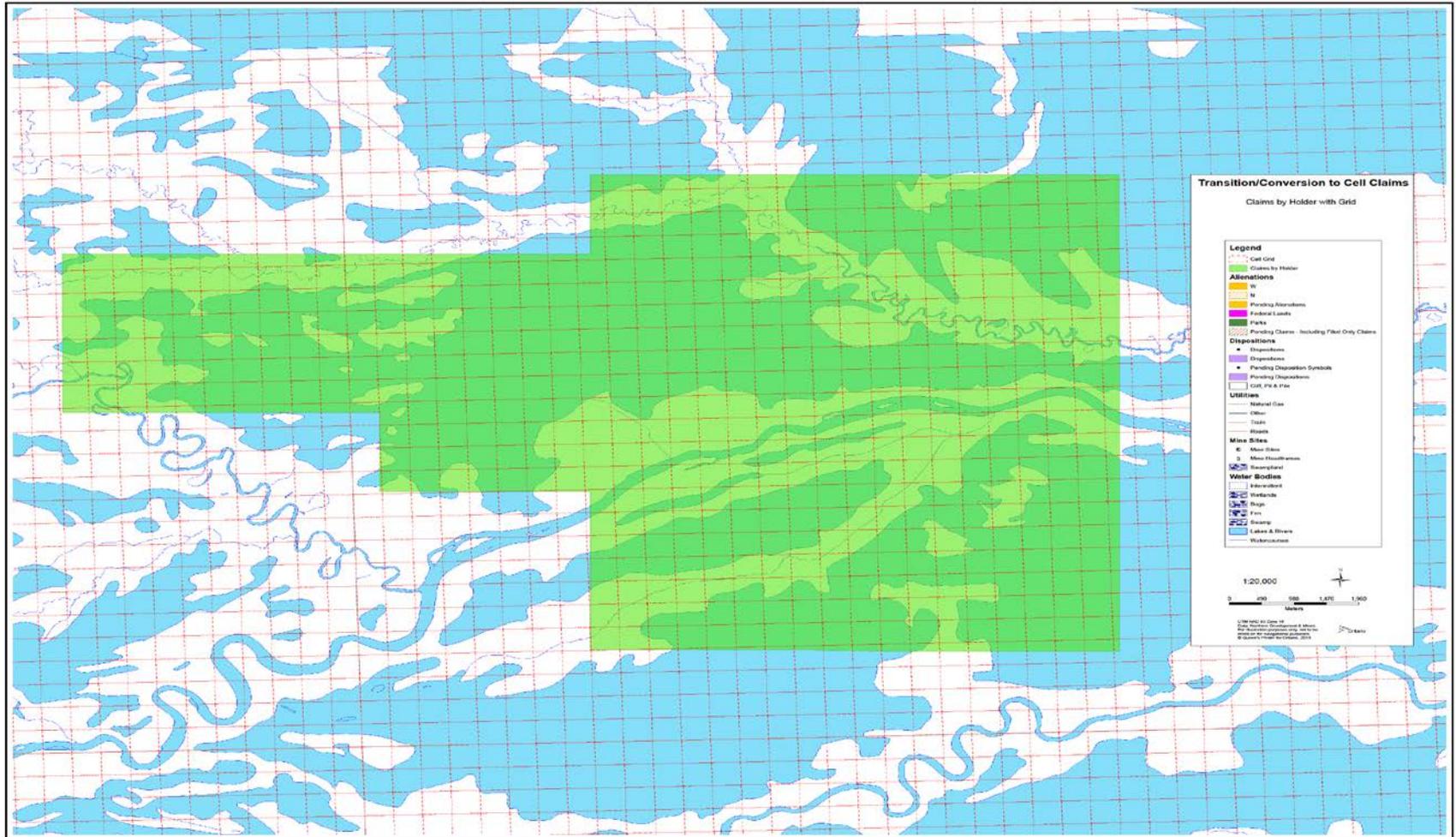
roy.denomme@ontario.ca

Appendix

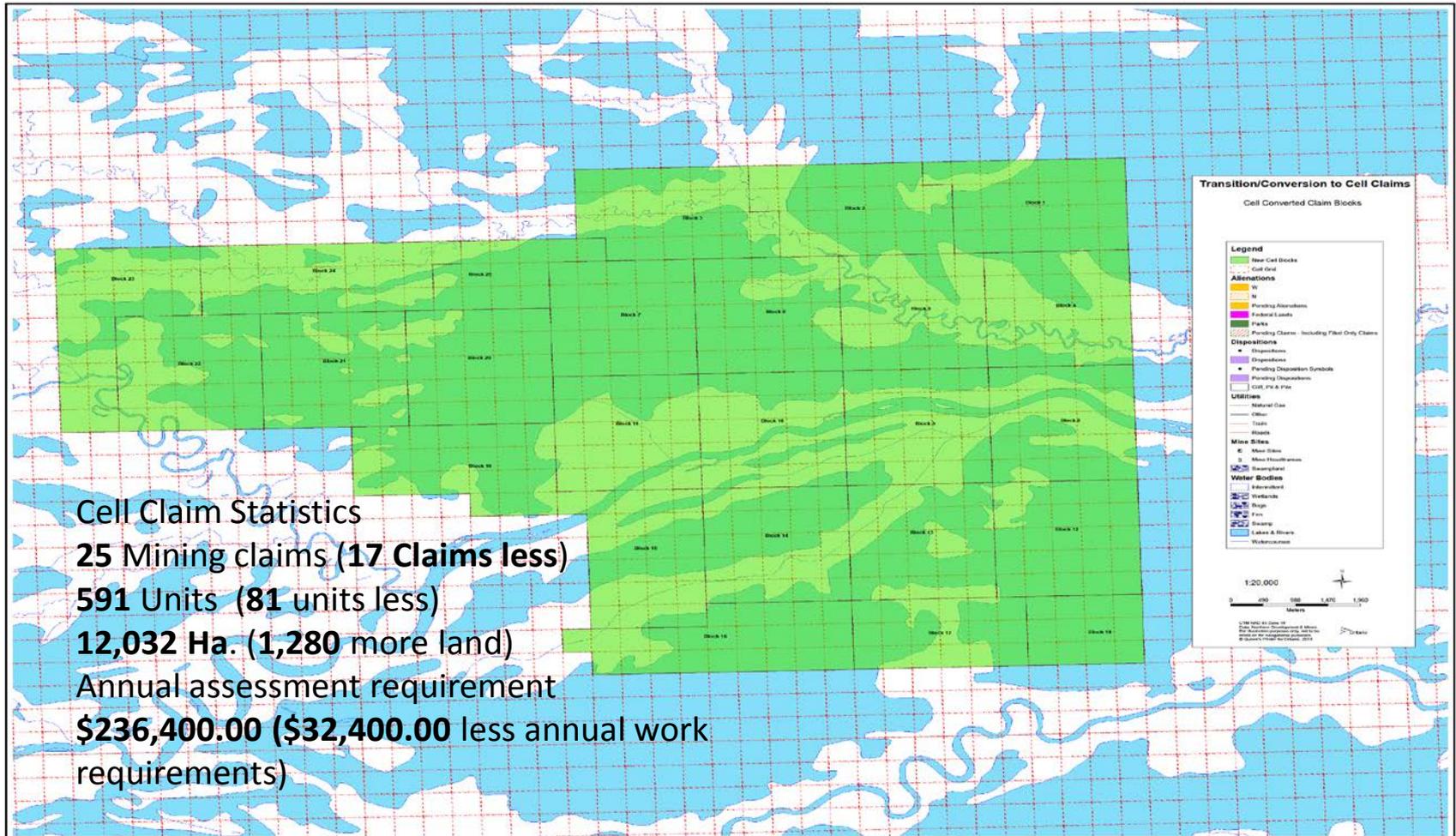
Delineation (Map freeze)



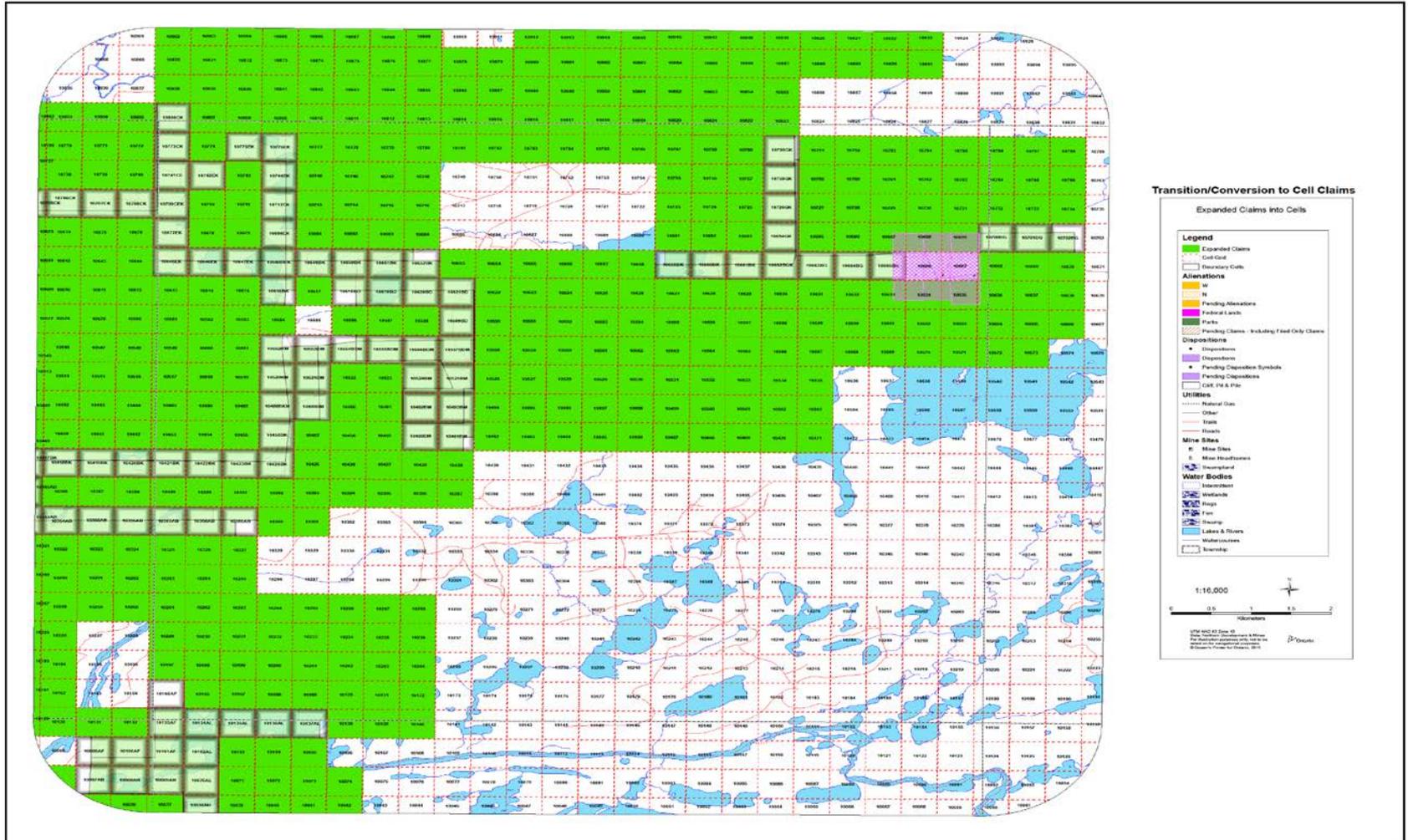
Overlay on grid



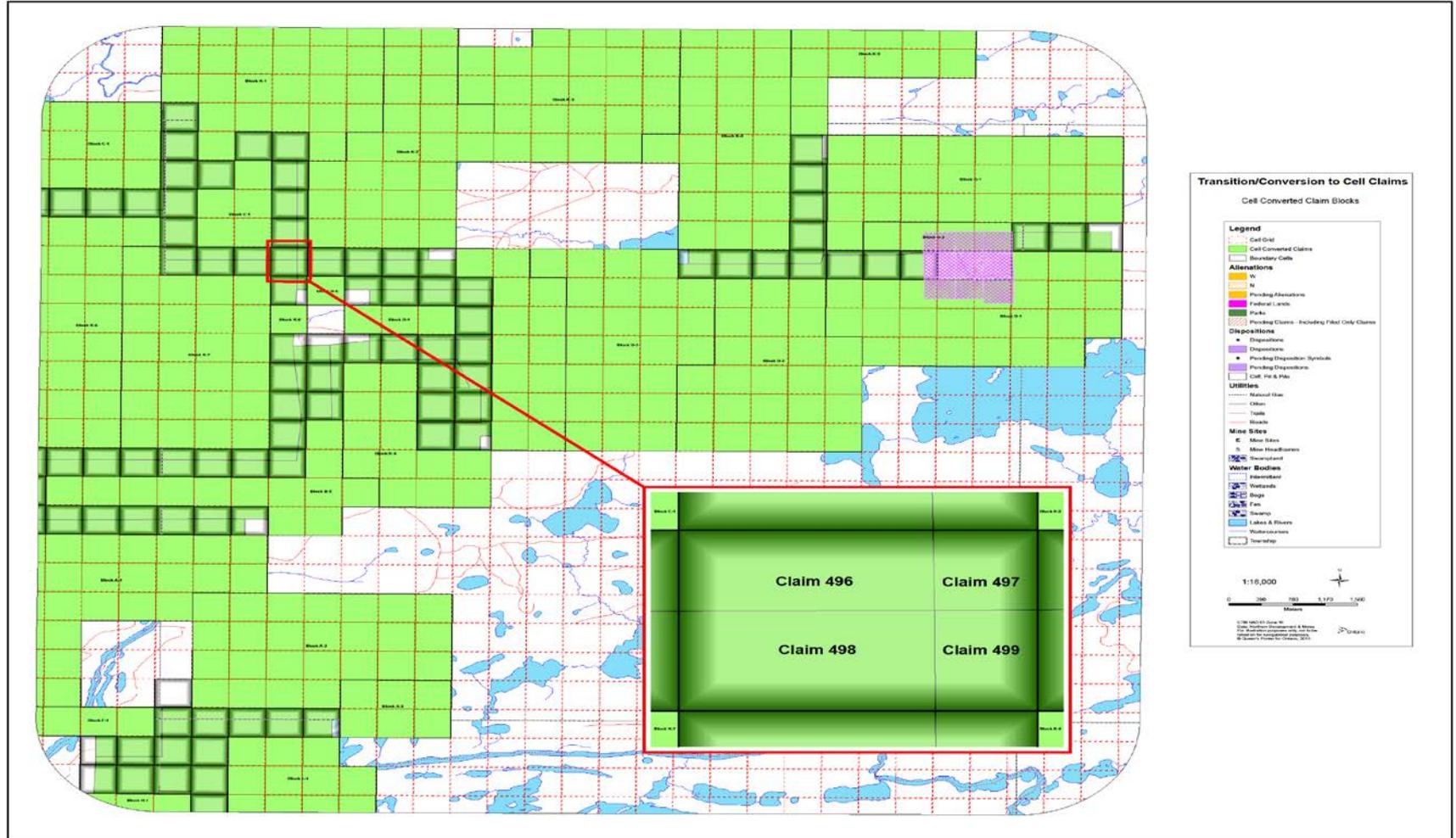
Post conversion



Conversion to Cell and Boundary Claims



Boundary Cells and Boundary Claims



Boundary Cells and Boundary claims

