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METALLIC AND INDUSTRIAL MINERALS INFORMATION BULLETIN 2022-01

Subject: Metallic and industrial mineral tenure changes

On December 21, 2022, amendments to the Metallic and Industrial Minerals Tenure Regulation were approved by Cabinet. A new Metallic and Industrial Minerals Tenure Regulation will be in force as of January 1, 2023. These amendments include significant changes to Alberta's metallic and industrial minerals tenure regime.

This information bulletin provides an overview of the changes. For detailed information please see the Metallic and Industrial Minerals Tenure Regulation (https://kings-printer.alberta.ca/Laws_Online.cfm) and the Minerals page of Alberta.ca (www.alberta.ca/minerals.aspx).

Metallic and industrial minerals split into brine-hosted and rock-hosted rights

In the 2005 regulation, rights were issued as metallic and industrial minerals. This new regulation divides metallic and industrial minerals into rock-hosted (RH) and brine-hosted (BH) metallic and industrial mineral rights, which are now issued separately under different agreements with different requirements.

Please see Appendix 1 for a summary of the different agreements included in the regulation and Appendix 2 for a summary of changes to the various agreement types in the new regulation.

Metallic and industrial minerals permits and brine-hosted mineral rights

Under the new regulation, brine-hosted mineral rights are granted through new agreements: brine-hosted minerals licence and brine-hosted minerals lease.

When the new regulation comes into force, all metallic and industrial minerals permits will become rock-hosted minerals permits. All brine-hosted rights will be removed from these agreements. During the first year of the new regulation, eligible rock-hosted minerals permit holders will be provided the option to apply for a brine-hosted minerals licence (no application fee required) within the location of their permit. This allows the holder to maintain the brine-hosted rights that were previously included in the metallic and industrial minerals permit. Only rock-hosted minerals permits that were issued prior to the coming into force date of the regulation will be eligible for a brine-hosted minerals licence. For each rock-hosted minerals permit, the permit holder has three options:

Option 1 Keep both RH and BH rights	Option 2 Keep only BH rights	Option 3 Keep only RH rights
Accept offer for BH minerals licence. <ul style="list-style-type: none"> • BH rights moved to BH licence. • New licence issued. • Annual rental required. RH rights held in RH permit. <ul style="list-style-type: none"> • RH permit maintains same work period. 	Accept offer for BH minerals licence. <ul style="list-style-type: none"> • BH rights moved to BH licence. • New licence issued. • Annual rental required. Request surrender of RH permit. <ul style="list-style-type: none"> • No further action required. • RH permit cancelled. 	Do not accept offer for BH minerals licence. <ul style="list-style-type: none"> • No further action required. RH rights held in RH permit. <ul style="list-style-type: none"> • RH permit maintains the same work period.

Beginning in January 2023 each eligible rock-hosted minerals permit holder will receive a letter with detailed information about the application process and the rights and obligations they have with respect to brine-hosted mineral rights. Eligible permittees will need to apply within the timeline specified in order to acquire a brine-hosted minerals licence. If no application is submitted, the brine-hosted minerals licence will no longer be available.

Any permit holders that believe they are entitled to brine-hosted mineral rights and do not receive correspondence by March 31, 2023 should contact cmd.energy@gov.ab.ca with the subject line brine-hosted mineral rights entitlement. This email should include a list of rock-hosted minerals permits that the permittee believes should be eligible for a brine-hosted minerals licence.

Brine-hosted minerals licences are in place to aid the transition of brine-hosted mineral rights into a separate tenure regime and will only be issued with the area of rock-hosted mineral permits that are eligible. No other brine-hosted minerals licences will be issued.

Brine-hosted minerals leases

All new brine-hosted mineral rights will be issued under a brine-hosted minerals lease. New leases will be issued through a public offering. Each parcel in a public offering will be issued to the applicant that provides the highest bonus bid (in addition to the application fee and first year rental).

Within the first year of the new regulation, Alberta Energy will accept public offering requests for brine-hosted mineral rights in areas that do not have active metallic and industrial mineral rights. After the first year, offering requests can be made for any area where the brine-hosted mineral rights are undisposed and not otherwise restricted.

Brine-hosted minerals licences

The holder of a brine-hosted minerals licence will have the exclusive right to apply for a brine-hosted minerals lease within the location of their licence. The lease application will

require an application fee, first year of rent, and a bonus payment that will be based on an average of prior bonuses from public offerings (subject to a minimum).

Brine-hosted rights held in metallic and industrial minerals lease

Where a metallic and industrial minerals lease was issued under the previous regulation for brine-hosted minerals, it will be replaced with a brine-hosted minerals lease. Alberta Energy will be reviewing all metallic and industrial minerals leases to determine which are issued for brine-hosted mineral rights. The affected lessees will be contacted.

Rock-hosted metallic and industrial minerals permits

Metallic and industrial minerals permits are now call rock-hosted minerals permits and no longer include any rights to brine-hosted minerals. Please see Appendix 3 for a summary of the changes to rock-hosted minerals permits.

Removal of term limit, increased spending requirements, new grouping rules for rock-hosted minerals permits

Rock-hosted minerals permits are now limited to the right to explore rock-hosted metallic and industrial minerals. While the requirement for exploration work in lieu of cash rental continues, there are a number of additional changes to the terms and requirements to hold a rock-hosted minerals permit.

Indefinite term length

The term length of a rock-hosted minerals permit is now indefinite—a change from the previous 14-year limit. As long as the minimum exploration spending requirements are being met, a rock-hosted minerals permit can be maintained.

Minimum spending requirement

The new regulation has a modest increase to the minimum spending requirement for each work period. The minimum requirement will now begin at \$7 per hectare in the first work period and increase to \$20 per hectare for the fourth and all subsequent work periods.

Limit to grouping size and change to group expiry

Permit groups for mineral assessment reports are now limited to a maximum size of 18,432 hectares. Permits within a group will still need to be contiguous (adjoining by an edge or corner).

Previously, a permit group expired when a mineral assessment report for that group was submitted. Permit groups now expire after the final decision on a mineral assessment report review is issued or when the confidentiality period for the mineral assessment report is reached, whichever comes first. Permits will continue to be restricted to inclusion in one active group at a time.

Top up payments and payments in lieu of expenditures

Making a cash payment to top up a shortfall of the minimum spending requirement for a work period and a complete payment in lieu of exploration work are still allowed. Payments for each are now two times the requirement.

Payments in lieu of expenditures are now allowed more than once in the life a permit (previously it was restricted to once). However, a payment in lieu can not be made for the first work period of a permit and can not be made for two consecutive work periods.

Rock-hosted minerals leases

Metallic and industrial minerals leases are now called rock-hosted minerals leases and no longer grant rights to brine-hosted minerals. Applications for rock-hosted minerals leases will still require satisfactory evidence of a rock-hosted mineral deposit in the application area.

Rock-hosted minerals leases will no longer be issued for 15-year, renewable terms—they now include primary, intermediate, and continued terms.

All existing and new rock-hosted minerals leases will start in the primary term. As of January 1, 2023 all existing leases will be in the primary term year that is equal to the year of the existing lease term. For example, a lease that is in the fourth year as of January 1, 2023 will transition into the new regulation in the fourth year of its primary term. Standard rental will be payable in the primary term.

The intermediate term is a 15 year term, which begins at the end of the primary term. Escalating rental will be payable in addition to the standard annual rental through the intermediate term. The escalating rental begins at \$3 per hectare and gradually increases, based on a set schedule, to \$40 per hectare for the final year of the intermediate term.

If a lease is in production, it will be eligible to enter the continued term, which will have an indefinite term as long as the lease remains in production. A lessee can apply for continuation at any time during the primary or intermediate term.

Recreational placer mining licence

The formal name of the metallic and industrial minerals licence has changed to placer minerals licence. There have been no other substantial changes to the rules relating to recreational placer mining.

Secondary mineral leases

No substantive changes have been made to secondary mineral leases.

Subsurface reservoir leases.

No substantive changes have been made to subsurface reservoir leases.

Pause on new agreements

As Alberta Energy prepares for implementation of the new tenure rules before the regulation comes into force (between December 21, 2022 and January 3, 2023), no new applications for metallic and industrial mineral, rock-hosted mineral, or brine-hosted mineral rights will be processed.

Questions regarding this Information Bulletin may be directed to:

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Appendix 1 – Summary of MIM agreements

New agreement	Previous agreement	Rights granted
Brine-hosted minerals licence	n/a	Exploration for brine-hosted MIM
Brine-hosted minerals lease	n/a	Work, win, and recover brine-hosted MIM
Rock-hosted minerals permit	Metallic and industrial minerals permit	Exploration for MIM
Rock-hosted minerals lease	Metallic and industrial minerals lease	Work, win, and recover rock-hosted MIM
Placer minerals licence	Metallic and industrial minerals licence	Recovery of gold through recreational placer mining
Secondary mineral lease	Secondary mineral lease	Recovery of gold through commercial processing of surface materials
Subsurface reservoir lease	Subsurface mineral lease	Create and use subsurface salt caverns for subsurface storage

Appendix 2 – Changes to agreement requirements

New agreement	Previous requirements	New requirements
Brine-hosted minerals licence	n/a	5-year, non-renewable, term Annual rental: \$3.50/ha
Brine-hosted minerals lease	n/a	10-year primary term Indefinite continuation if producing Annual rental: \$3.50/ha Application fee: \$625 Bonus: minimum \$10/ha
Rock-hosted minerals permit	14-year, non-renewable term. Divided into seven 2-year work periods with work requirements Application fee: \$625 Annual rental: none	Indefinite term Divided into 2-year work periods with work requirements Spending requirements increased Application fee: \$625 Annual rental: none
Rock-hosted minerals lease	15-year, renewable, term Annual rental: \$3.50/ha Application fee: \$625	15-year initial term 15-year intermediate term, subject to escalating rental Indefinite continued term if producing Annual rental: \$3.50/ha Application fee: \$625
Placer minerals licence	5-year, non-renewable, term Annual rental: none Application fee: \$50	5-year, non-renewable, term Annual rental: none Application fee: \$50
Secondary mineral lease	5-year, renewable term Annual rental: none Application fee: \$625	5-year, renewable term Annual rental: none Application fee: \$625
Subsurface reservoir lease	15-year, renewable, term Annual rental: \$12.50/ha Application fee: \$625	15-year, renewable, term Annual rental: \$12.50/ha Application fee: \$625

Appendix 3 – Change to rock-hosted minerals permits and mineral assessment requirements

Requirement	OLD: Metallic and industrial minerals permit	NEW: Rock-hosted minerals permit		
Term length	14-years, non-renewable	Indefinite		
Minimum spending requirement	Work period	Spending requirement	Work period	Spending requirement
	1	\$5/ha	1	\$7/ha
	2	\$10/ha	2	\$13/ha
	3	\$10/ha	3	\$13/ha
	4	\$15/ha	4+	\$20/ha
	5	\$15/ha		
	6	\$15/ha		
	7	\$15/ha		
Grouping size	Unlimited, contiguous	Maximum 18,432 ha, contiguous		
Group expiry	Group expires when mineral assessment report is submitted	Group expires when final review of mineral assessment report is complete or after one-year confidentiality period ends, whichever comes first.		
Payment in lieu	Payment of required expenditure One time during permit term	Payment of double the required expenditure. Cannot use in first work period or for consecutive work periods. Can use multiple times.		
Top-up payment	Can top up any amount	Can top up any amount at double the minimum expenditure rate.		