

Ministry of Mines

Assessment Work - Costs



Mining Lands Section
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Purpose

The purpose of this policy is to provide direction to claim holders and decision makers with respect to the costs and expenses that shall be included when reporting the amount of assessment work performed on mining lands pursuant to the *Mining Act*, R.S.O. 1990 M.14 (the Act) and Ontario Regulation 65/18 (the Regulation).¹

Background

Claim holders must satisfy required annual units of assessment work to keep their claims in good standing. They must submit an assessment work report through the Mining Lands Administration System (MLAS). The minister reviews the report and assigns assessment work credit as set out in the Regulation. Assessment work credits are measured in terms of dollars. The Regulation sets out the costs and expenses that will be used to determine the amount of assessment work credits to assign to the work. This policy provides further details of the costs and expenses that are eligible for assessment work credits.

The costs and expenses claimed for assessment work must be for a work type that is eligible for credits and must be for the exploration work that is being submitted for credits. Aboriginal consultation costs must be submitted with a work type that is eligible for credits.

Costs and Expenses

Supporting Documents for Costs and Expenses

The [Technical Standards for Reporting Assessment Work](#) lists the information required when submitting a report for assessment work credits. All reports must include copies of receipts and invoices documenting the costs and expenses incurred during the performance of assessment work for the assessment work credits claimed. A summary report or a table that details all receipts and invoices and the specific costs being claimed is required to be included in the work report submission. The summary report/table must clearly reconcile with the costs entered in the report of work submission in MLAS.

Where the claim holder's own labour is claimed for assessment work credits, the claim holder's labour costs must not exceed the costs they would have reasonably paid for a contractor to perform the same work to a maximum of \$350 per day. The assessment

¹ All statements regarding legislative and regulatory requirements are accurate as of the publication date of this Policy. However, legislation and regulations may change from time to time. Up-to-date copies of the *Mining Act* and O. Reg 65/18 are available at the following links:

Mining Act: <https://www.ontario.ca/laws/statute/90m14>

O. Reg. 65/18: Assessment Work: <https://www.ontario.ca/laws/regulation/180065>

work submission must include receipts that support expenses claimed such as food and lodging, if applicable, and the costs associated with the transportation of persons within Ontario during the same period of time the work was performed.

Where the claim holder's use of owned equipment is claimed for assessment work credits, the costs claimed for credit must not exceed the costs they would have reasonably paid for a contractor or the rental of equipment (see below Cost of Supplies Consumed and Equipment Rental).

The assessment work submission must include receipts that support expenses claimed associated with consumables to operate the equipment such as gas and diesel. Consumables will only be recognized to the extent that the equipment was used to perform work eligible for assessment work credits during the same period of time the work was performed.

If the requirements of the Technical Standards are not met with respect to costs claimed, a Notice of Determination will be issued requesting additional information. If the assessment work claimed is deficient and remains deficient after a Notice of Determination, the work will be assigned a reduced amount of assessment work credits or may not be eligible for credits.

The minister will review the receipts and invoices submitted with the assessment work report, determine the eligibility of the work and the related costs and expenses that have been claimed. The appropriate amount of assessment work credits for the approved work and related costs will be determined. If the costs and expenses claimed in relation to assessment work are unreasonably high, a reduced amount of assessment work credits that is equal to the amount of money the minister believes should reasonably have been paid for the work will be assigned.

Invoices and receipts will not be made public when the assessment work report is published.

Labour Costs and Field Supervision Costs

The costs and expenses paid for field labour and field supervision while performing exploration work are eligible for assessment work credits.

Fees for Contractors and Consultants

The fees for contractors and consultants to perform exploration work and related work such as providing an interpretation and recommendations as well as report writing are eligible for assessment work credits.

For the purpose of this policy:

- The role of a contractor is to provide materials and/or labour to perform a service and/or execute exploration work in exchange for payment.
- The role of a consultant is to provide expert and professional advice on a temporary basis, on the performance of the exploration project. During the performance of assessment work, a consultant may provide advice on issues affecting the client and the contractor.

Cost of Supplies Consumed and Equipment Rental

For the purpose of this policy:

- Consumables are products or goods that are used by individuals or companies that must be replaced regularly because they are consumed during the performance of the assessment work. Unlike assets that can be reused, consumables are items that get used-up or discarded.
- Equipment rental is defined as paying a supplier for the rental of equipment and tools to a user for a set period.

The costs and expenses of equipment rentals are only eligible for assessment work credits for the time spent performing the work that is eligible for assessment work credits. The costs for equipment maintenance of the rentals are not eligible for credits.

Business transactions may occur between related parties. The costs claimed for credits must not exceed the costs that would have been reasonably paid a contractor to perform the same work.

Cost of Food and Lodging

Expenses for food and lodging are eligible for assessment work credits. Expenses for food are eligible during the same period of time that the field work being reported was performed. The costs of food or meals may be claimed when copies of receipts are provided otherwise a per diem rate of \$50.00 per day per person for food is eligible for the days during which time is spent performing the work.

Expenses for lodging are eligible for the duration of the field work being reported. Costs for commercial accommodation may be claimed when copies of receipts are provided; without receipts, the costs of lodging in the field are limited to a maximum of \$50 per night per person.

Cost for the Transportation of Supplies, Equipment and Persons within Ontario to and from the Mining Lands

The costs for the transportation of supplies, equipment and persons within Ontario to and from mining lands are eligible for assessment work credits when the transportation is required, and the costs and expenses are related to the work claimed for credits. Persons using their own vehicle to travel within Ontario to and from mining lands may claim mileage costs consistent with the Government of Canada's Automobile and Motor Vehicle Allowances.

Cost of Shipping Samples

The cost of shipping samples is eligible for assessment work credits if the results of analysis are provided for the samples shipped and the costs are related to eligible assessment work being claimed for credits. NOTE: Cost for shipping samples outside Ontario are eligible for credits providing that the analysis is performed at an accredited facility.

Cost of Assays and Chemical Analysis of Samples

The cost related to analyzing samples are eligible for assessment work credits. The results of assays and chemical analysis must be submitted at the same time the eligible work type is submitted. The results of assays and chemical analysis are not a standalone work type and cannot be submitted on their own. All analysis must be performed at an accredited facility.

Cost of Building a Trail

The costs of building a trail to and on the mining lands where assessment work is performed is eligible for assessment work credits however, the costs of building and maintaining a road (including snow plowing) are not eligible for assessment work credits.

For the purpose of this policy, a trail is defined as a track, path, passage or route used for the mobilization/demobilization of equipment and crew required to perform the reported assessment work, where the trail does not meet the definition of road.

For the purpose of this policy, a road is defined as a paved or gravel route or way on land or ice primarily used or intended to be used for the passage of motor vehicles, not solely developed for the mobilization/demobilization of equipment and crew required to perform the reported assessment work.

Cost of Industrial Mineral Marketing

For the purpose of this policy, industrial minerals are minerals that are mined and processed for use in a wide range of industrial and domestic applications.

Cost of Aboriginal Consultation Related Expenses Carried Out with Respect to Exploration Activities that are Being Carried Out or are Proposed to be Carried Out on Mining Lands

For the purpose of this policy, exploration means prospecting and mineral exploration activities that require the submission of an Exploration Plan or an Exploration Permit. For exploration activities, the ministry generally fulfills its Aboriginal consultation obligations by consulting directly with Aboriginal communities. There may be instances where the ministry would require the involvement of a proponent in support of the ministry's consultation process, or where a Director of Exploration may delegate procedural aspects of the consultation process to a proponent. For those instances, assessment work credits will be granted for costs incurred by claim holders in connection with the consultation process.

Credits will be granted only for costs related to Aboriginal consultation conducted with those Aboriginal communities identified by the ministry for consultation. Proponents should keep detailed records of the costs of activities associated with Aboriginal consultation. Ultimately the minister must be satisfied that costs incurred are related to a proponent's involvement in Aboriginal consultation. These costs typically relate to providing information and support to an Aboriginal community to help inform them about the proposed exploration activities, or to support the capacity of an Aboriginal community to understand or consider a proposed project and how it might adversely affect the community's asserted or established Aboriginal and/or treaty rights, as part of a consultation process. Where proponents decline to share details regarding these types of costs, citing, for instance, privilege or confidentiality concerns, the ministry will determine the eligibility of costs in its discretion based on available information submitted by the proponent.

The following are the categories of costs related to Aboriginal consultation that may be eligible for assessment work credits:

- Administrative expenses - actual costs incurred for postage and courier charges; long distance charges; photocopying, etc., associated with consultation activities.
- Document preparation - maps and other documents, not produced in the usual course of business, that are required to assist in information sharing with communities and translation costs, where necessary.
- Travel expenses - for the claim holder or proponent to travel to one or more communities or for community members to travel to other locations (site visits, meeting locations) and related accommodation costs for the purpose of consultation.
- Consultation meeting costs - facilities, catering, translation, associated expenses.

- Technical expertise/Professional services – e.g. for third-party reviews of technical documents where agreed to as necessary or appropriate, in order to support an Aboriginal community’s understanding of a project as part of a consultation process.
- Honoraria - for elders or other designated community members directly participating in a consultation process due to their special knowledge or experience and status in the community.
- Other expenses - where clearly linked to the consultation process and which the minister considers reasonable.

For greater clarity, the following is a non-exhaustive list of costs that are not eligible for assessment work credits:

- Fees or monies paid by way of “access” or to simply enter a consultation process, unless directly attributable to supporting the capacity of a community to participate in the consultation process.
- Goodwill contributions: donations to local institutions or cultural events; donations of goods or services (e.g., sporting goods to community teams; company jackets to community members, scholarships), etc.
- Asset purchases (e.g., software, site licenses).

Environmental Baseline Studies

The purpose of an environmental baseline study is to establish an information base against which to monitor and assess the impact of exploration and mining activities on the environment.

The costs and expenses to determine the environmental baseline before the commencement of early exploration activities are eligible for assessment work credits where the exploration activities are not part of a closure plan or mine production. The continued monitoring of a site is not eligible for assessment work credits.

Rehabilitation Required or Permitted to Be Done Under the Act

Progressive Rehabilitation

For the purpose of this policy, a proponent who submits to the Director two copies of a progressive rehabilitation report under subsection 139.1 (2) of the Act may claim assessment work credits if the same progressive rehabilitation report is submitted for credits in MLAS.

Voluntary Rehabilitation

For the purpose of this policy, a person who is granted written approval by the Director for the rehabilitation of the mine hazard and rehabilitates the mine hazard in accordance with the rehabilitation plan under 139.2 (6) of the Act may claim assessment work credits if the same voluntary rehabilitation plan is submitted for credits in MLAS.

Costs and Expenses That Are Not Eligible for Assessment Work Credits

Assessment work credits are measured by the amount of money spent on the assessment work however, not all costs and expenses are eligible for assessment work credits.

The following list identifies some items that are not eligible for assessment work credits based on commonly asked questions regarding the eligibility of costs and expenses under the Regulation. The list is not an exhaustive list of non-eligible costs.

- Asset purchases and leases including, but not restricted to, office equipment and field equipment (e.g., office furniture, tents, chainsaws, axes, GPS units, boats, ATVs).
- Repair and maintenance costs for equipment used (e.g., repairs to vehicles, snow machines, chainsaws, ATVs, drills).
- The establishment and maintenance of any structure on the property; (e.g., core shack, permanent exploration camps, storage facilities).
- Purchase of computers and software, rentals of software licenses and agreements.
- Purchase of publications and data sets.
- Costs incurred by the Resident and/or District Geologist for a site (property) visit or sample analysis.
- Research in the office of the Resident and/or District Geologist, consultation with the Resident and/or District Geologist.
- Activities related to program planning, investment meetings, promoting properties and public relations.
- Compilation reports that include previously published material, reports determining reserves/resources, ore grade and tonnage calculations and National Instrument (NI) 43-101 report writing and reporting.
- The continued maintenance and monitoring of environmental baseline study sites.
- Applying for a lease of a mining claim or acquiring other mining lands.
- Preparation of legal surveys to acquire a mining lease and the cost of surveys.
- Fees paid for the registration of mining claims or other mining land transactions (e.g. recording an agreement on a mining claim abstract, extensions of time, relief from forfeiture).
- Government fees, rents and taxes.
- Canadian Federal and Provincial taxes (i.e.: HST, GST, Carbon Tax).
- Monies paid out for fines or penalties under any court or tribunal order.

- Road building and road maintenance (as noted in a previous section).
- Snow plowing (as noted in a previous section).
- Cutting and re-cutting of claim boundary lines.
- Activities performed on mining land in relation to an active aggregate license or permit, where the work is not performed for mineral exploration purposes (e.g., costs associated with site plan requirements under the *Aggregate Resources Act*, stripping, trenching, blasting, crushing, associated with pre-production work or production, construction of pads, access roads and berms), sampling and removing aggregates.
- Work performed in accordance with an active closure plan.
- Mileage costs above the latest published mileage costs for business kilometres driven as set by the Government of Canada's Automobile and Motor Vehicle Allowances.

Amount of Credits for Work

Work included in an assessment work report is not eligible for assessment work credits if the work was performed more than 60 months before the day the report is submitted to the minister. The costs of consultations with Aboriginal communities are eligible for assessment work credits even though the consultations occurred more than 60 months before the assessment work report listing the cost is submitted to the minister if they are included in an assessment work report in which other assessment work related to the consultation is being reported.

Work performed on a registered mining claim:

Costs and expenses for assessment work, other than labour costs for grass roots prospecting, shall be credited at,

- 100 per cent of the amount expended if the assessment work report is submitted to the minister within 24 months after the work was performed, and
- 50 per cent of the amount expended if the assessment work report is submitted to the minister more than 24 months but within 60 months after the work was performed.

Labour costs for grass roots prospecting shall be credited at,

- 200 per cent of the amount expended if the assessment work report is submitted to the minister within 24 months after the work was performed, and
- 100 per cent of the amount expended if the assessment work report is submitted to the minister more than 24 months but within 60 months after the work was performed.

Work performed on Crown lands before the registration of a mining claim:

Costs and expenses for grass roots prospecting and regional surveys performed on Crown lands that is eligible for assessment work credits shall be credited as follows (see Grass roots prospecting and/or Airborne geophysical survey work in the Assessment Work – Work Types policy):

- For all costs and expenses other than labour costs for grass roots prospecting, 50 per cent of the amount expended.
- For labour costs for grass roots prospecting, 100 per cent of the amount expended.

Contact Mining Lands Section

For all inquiries about assessment costs please contact:

Ministry of Mines
Mining Lands Section
Land Tenure and Assessment Unit
B-3, 933 Ramsey Lake Road
Willet Green Miller Centre
Sudbury, ON P3E 6B5
Toll Free Telephone: 1-888-415-9845
Email: mlas.ltau@ontario.ca

Authority Detail

Mining Act R.S.O. 1990 M. 14

Assessment work or payments

65 (1) After a mining claim is registered, the claim holder shall perform or cause to be performed the annual units of assessment work required in accordance with the regulations or may, in the prescribed circumstances and to the extent permitted by regulation, make payments in place of assessment work in accordance with the regulations. 2017, c. 6, Sched. 2, s. 42 (1).

Report

(2) Every mining claim holder shall submit a report of the assessment work done and of any payments made for the purpose of complying with subsection (1), together with such other information as may be prescribed. 2009, c. 21, s. 33.

Credits measured in dollars spent

(5) For the purpose of subsection (1), assessment work credits shall be measured in terms of dollars spent. 2009, c. 21, s. 33.

Types of work eligible for credits, etc.

66 (1) The types of work that are eligible for assessment work credits, the method of calculating and approving the credits for work performed or payments made in place of assessment work, and the distribution of assessment work credits to mining claims shall be determined in accordance with the regulations. 2009, c. 21, s. 34 (1); 2017, c. 6, Sched. 2, s. 43 (1).

Prospecting and regional surveys

(2) Prospecting and regional surveys performed on Crown lands before the registration of a mining claim are eligible for assessment work credits in such manner as is prescribed. R.S.O. 1990, c. M.14, s. 66 (2); 1996, c. 1, Sched. O, s. 17; 2009, c. 21, s. 34 (2); 2017, c. 6, Sched. 2, s. 43 (2).

Decision

(4) With respect to any report of assessment work or payments made under section 65 by a mining claim holder, the Minister shall, based on the prescribed rules, determine,

(a) whether the type of work reported is eligible for assessment work credits; and

(b) the amount of assessment work credits to be assigned to the work reported and the distribution of the credits to mining claims. 2017, c. 6, Sched. 2, s. 43 (3).

Ontario Regulation 65/18: Assessment Work

Types of assessment work and related expenses

2 (2) Since annual units of assessment work required under section 65 of the Act and assessment work credits are measured by the amount of money spent on the assessment work, the following costs and expenses shall be included when determining the amount of assessment work credits to assign to the work:

1. Labour costs and field supervision costs.
2. Fees for contractors and consultants.
3. Cost of supplies consumed and equipment rental.
4. Cost of food and lodging.
5. Costs for the transportation of supplies, equipment and persons within Ontario to and from the mining lands.
6. Cost of shipping samples.
7. Cost of assays and chemical analysis of samples.
8. Cost of building a trail to and on the mining lands where the work is performed.
9. Cost of industrial mineral marketing.
10. Cost of consultations with Aboriginal communities carried out with respect to exploration activities that are being carried out or are proposed to be carried out on mining lands.

Assessment work reports

6. (1) An assessment work report is required,
- (b) In order for the Minister to determine whether the assessment work performed is eligible for assessment work credits and the amount of assessment work credits to be assigned to the work in accordance with Part IV.

Assessment work reports

- 6 (5) An assessment work report shall include a technical report that,
- (a) Describes the performance of the assessment work and is prepared in accordance with the requirements of the Technical Standards; and

(b) Includes such plans, maps and other supporting documents that are required by the Technical Standards and prepared in accordance with the requirements in the Technical Standards.

How system works

9. (1) The Minister shall review all assessment work reports submitted under section 6 and evaluate the assessment work described in the report in order to,

(a) determine in accordance with section 12 whether the work is eligible for assessment work credits; and

(b) determine in accordance with section 13 the amount of assessment work credits to be assigned to the work.

Determination of eligibility for credits

12. (1) The Minister shall review an assessment work report to determine whether,

(a) the work set out in the report constitutes a type of assessment work described in subsection 2 (1) and is otherwise eligible for assessment work credits under this Part; and

(b) the costs and expenses being claimed in the report in relation to assessment work are those permitted under subsection 2 (2).

(2) Work included in an assessment work report is not eligible for assessment work credits if the work was performed more than 60 months before the day the report is submitted to the Minister.

(3) The costs of consultations with Aboriginal communities referred to in paragraph 10 of subsection 2 (2),

(a) are eligible for assessment work credits even though the consultations occurred more than 60 months before the assessment work report listing the cost is submitted to the Minister, despite subsection (2); and

(b) are not eligible for assessment work credits unless they are included in an assessment work report in which assessment work is being reported.

(4) Line cutting that is associated with geoscience work referred to in paragraph 10 of subsection 2 (1) is not eligible for assessment work credits unless it is included in the same assessment work report as the geoscience work with which it is associated.

Amount of credits for work, etc.

13. (1) The amount of assessment work credits to be assigned to work that the Minister determines is eligible for assessment work credits shall be determined by the Minister in accordance with the following rules:

1. Costs and expenses for assessment work, other than labour costs for grass roots prospecting, shall be credited at,

i. 100 per cent of the amount expended if the assessment work report is submitted to the Minister within 24 months after the work was performed, and

ii. 50 per cent of the amount expended if the assessment work report is submitted to the Minister more than 24 months but within 60 months after the work was performed.

2. Labour costs for grass roots prospecting shall be credited at,

i. 200 per cent of the amount expended if the assessment work report is submitted to the Minister within 24 months after the work was performed, and

ii. 100 per cent of the amount expended if the assessment work report is submitted to the Minister more than 24 months but within 60 months after the work was performed.

3. Costs and expenses for grass roots prospecting and regional surveys performed on Crown land that is eligible for assessment work credits under paragraph 3 of subsection 11 (1) shall be credited as follows if an assessment work report is submitted to the Minister in accordance with paragraph 4 of subsection 11 (3):

i. For all costs and expenses other than labour costs for grass roots prospecting, 50 per cent of the amount expended.

ii. For labour costs for grass roots prospecting, 100 per cent of the amount expended.

(2) If, in the Minister's opinion, the costs and expenses claimed in an assessment work report in relation to assessment work are unreasonably high, the Minister may assign to the work a reduced amount of assessment work credits that is equal to the amount of money the Minister believes should reasonably have been paid for the work.

Assessment Work Technical Standard - Work Type Requirements

Costs and Expenses

Receipts and Invoices

Copies of receipts and invoices documenting the costs and expenses incurred during the performance of assessment work are to be included in the technical report for the assessment work type to which they relate.

Additionally, a summary report or table that details all the provided receipts and invoices and the specific costs being claimed is to be included in the work report submission. The summary report/table must clearly reconcile with the costs entered in the report of work submission.