

The Nova Scotia Mineral Incentive Program 2012

G. A. O'Reilly

Introduction

The Government of Nova Scotia in the Throne Speech of March 29, 2012, announced support for the province's mineral exploration and mining industries through creation of the Nova Scotia Mineral Incentive Program (NSMIP). The government allocated \$700,000 for the NSMIP to increase and promote mineral exploration in the province, leading to further development of mineral properties and new producing mines. Following the announcement, the Mineral Resources Branch of the Department of Natural Resources worked with the Mining Association of Nova Scotia (MANS) and the Nova Scotia Prospectors Association (NSPA) to design the details of the program. In the interest of expediency, it was decided for the first year of the program to adopt a structure and features similar to that used in the highly successful and popular mineral incentive programs of New Brunswick and Newfoundland, that have been active for several years. A four-component program was developed consisting of: (1) Prospector Grants, (2) Advanced Project Grants, (3) Prospector Marketing Support and (4) Prospector Training.

Prospector Grants

Prospector Grants are direct grants of up to \$15,000 per year for grass roots exploration activities on mineral licences held by registered prospectors. These grants provide support for on-the-ground exploration activities that include, but are not limited to, trenching, assays, surveys (geophysical, geochemical) diamond-drilling, equipment rentals, and landowner access and compensation fees. Charges such as salary, gas, vehicle rentals and accommodation for the grant holder are not applicable toward the grants. In the interest of supporting and promoting safe exploration practices, costs related to obtaining certified first

aid training as well as GPS and satellite safety devices were deemed allowable expenses. Other activities not listed here may be considered applicable to the grants if approved by the NSMIP Review and Selection Committee of the Department of Natural Resources prior to the expenditure.

Advanced Project Grants

Advanced Project Grants are for exploration projects beyond a grass-roots level and include activities all the way up to and including determining NI 43-101 compliant resource estimates. These grants are available to mineral rights holders or exploration companies holding an option agreement on a property licenced to another party. With these grants the NSMIP may contribute up to 50% of the cost of an approved project to a maximum government input of \$100,000. As with the Prospector Grants, the NSMIP will fund on-the-ground exploration activities. These include, but are not limited to, geophysical or geochemical surveys, trenching, diamond drilling, reverse-circulation drilling, assays, metallurgical process testing, bulk samples, determination of NI 43-101 compliant resource estimates, landowner access and compensation fees, and activities related to community engagement regarding a particular property.

Advanced Project Grants funds are not applicable to paying the salary costs of the mineral-rights holder(s), those deemed as staff of the joint venture partner, or junior employees of either of these parties hired to explore the property, nor the cost of renting and maintaining an office or field camp. Some activities not listed here may be allowable toward the grants if prior approval is given by the NSMIP Review and Selection Committee of the Department of Natural Resources.

Prospector Marketing Support

The Mineral Resources Branch of the Department of Natural Resources has long recognized the importance of promoting the mineral exploration potential of the province to the global mineral exploration community. On an annual basis the department attends major exploration industry conferences and trade shows such as the Prospectors and Developers Association of Canada Annual Convention and Trade Show in Toronto and the AMC Mineral Exploration Roundup Conference in Vancouver. As well, the branch has provided limited support for prospectors to promote and market their mineral properties at these conferences. This support consists of paying for conference registration and display space, aid in preparation of display materials and reimbursement for some of the travel and accommodation expenses incurred by attendee prospectors. The branch considers this marketing support for prospectors to be of prime importance. The new NSMIP allows the branch to enlarge on this component considerably by committing \$35,000 toward these efforts. In 2012, the NSMIP provided Prospector Marketing Grants of up to \$1,250 per year per prospector to attend major conferences or trade shows. As well, the NSMIP is allowing the branch to expand the amount of display space rented and increase the number of prospectors funded to go to these events.

Prospector Training

From 1996 to 2004 the Nova Scotia Department of Natural Resources funded successful and very popular, classroom-style, prospector training courses as part of a Prospector Assistance Program (PAP). These courses trained many of the prospectors that are currently active in the province today and also resulted in formation of the very active Nova Scotia Prospectors Association. With the demise of the PAP in 2004, however, these training courses ceased, but it has always been the wish of the department, MANS and the NSPA to re-establish some form of prospector training. The NSMIP has budgeted \$50,000 for fiscal year 2012-2013 to begin development of an online prospector

training course. The course will train entry level prospectors by way of an online, module-based product that is supplemented by a component of field training for those who have successfully completed the earlier modules. During the first year of the NSMIP, the course format, design and module content will be defined and the first few modules will be developed. Subsequent NSMIPs will fund development of the remaining modules and running of the field training component. In addition, in subsequent years the NSMIP may fund development of a similar training course for advanced prospectors.

Project Evaluation and Results

Once the Mineral Resources Branch solicited grant applications for Prospector Grants and Advanced Project Grants with a July 27, 2012, application deadline, it became quickly apparent that the NSMIP was being favourably received by industry. There were 39 applications for Prospector Grants and 28 Advanced Project applications. Collectively, the proposed grants totalled in the order of 2.5 million dollars. The Mineral Resources Branch established a three-person Review and Evaluation Committee and a consistent project evaluation scoring process that was used to evaluate each proposal. The scoring system used several main evaluation criteria, including: (1) the potential that NSMIP input would advance the property; (2) the geological potential of the property and the commodities of interest; (3) the quality and presentation of the proposal: was it clear and well supported with maps; (4) an assessment of the geological model (i.e. degree of innovation, does the plan present a new spin or test for new mineralized zones); and (5) does the prospector/company have the technical ability to carry out the proposed activities.

Each of the three members of the review committee scored each proposal and the three scores were averaged to provide a project score for that proposal. From this process, ranked lists of Prospector Grant proposals and Advanced Project proposals were compiled. Starting with the top ranked project in each list, funds were allocated to

each project down the list in turn until the available funds were allotted. In total, 16 Prospector Grants were approved totalling \$164,805 and 13 Advanced Project Grants totalling \$440,000. Figure 1 shows the location of the approved grants province-wide and tabulates the names of the successful grantees and details of each project. There is a fairly even distribution of projects throughout the province and a diverse set of commodities of interest as well. Gold is the main or only commodity of interest in 10 of the Prospector Grants and 8 of the Advanced Project Grants. Other commodities of interest include base metals, rare earth elements, Fe-oxide-Cu-Au deposits, volcanogenic massive sulphides (VMS) and granite-hosted W-Mo-Sn deposits. There is one industrial mineral project involving exploration for gypsum.

Benefits of the Program

There is no doubt that implementation of the NSMIP is being well received by the exploration industry in Nova Scotia. Introduction of the program is spurring exploration programs that would not otherwise have been carried out and has allowed several planned exploration programs to expand on the activities they originally planned. Early results are showing that at least several of the properties that have received NSMIP funding have greatly enhanced their marketability and attractiveness. It is anticipated that direct and spin-off exploration activity related to the NSMIP-funded projects will continue into next year and following years.

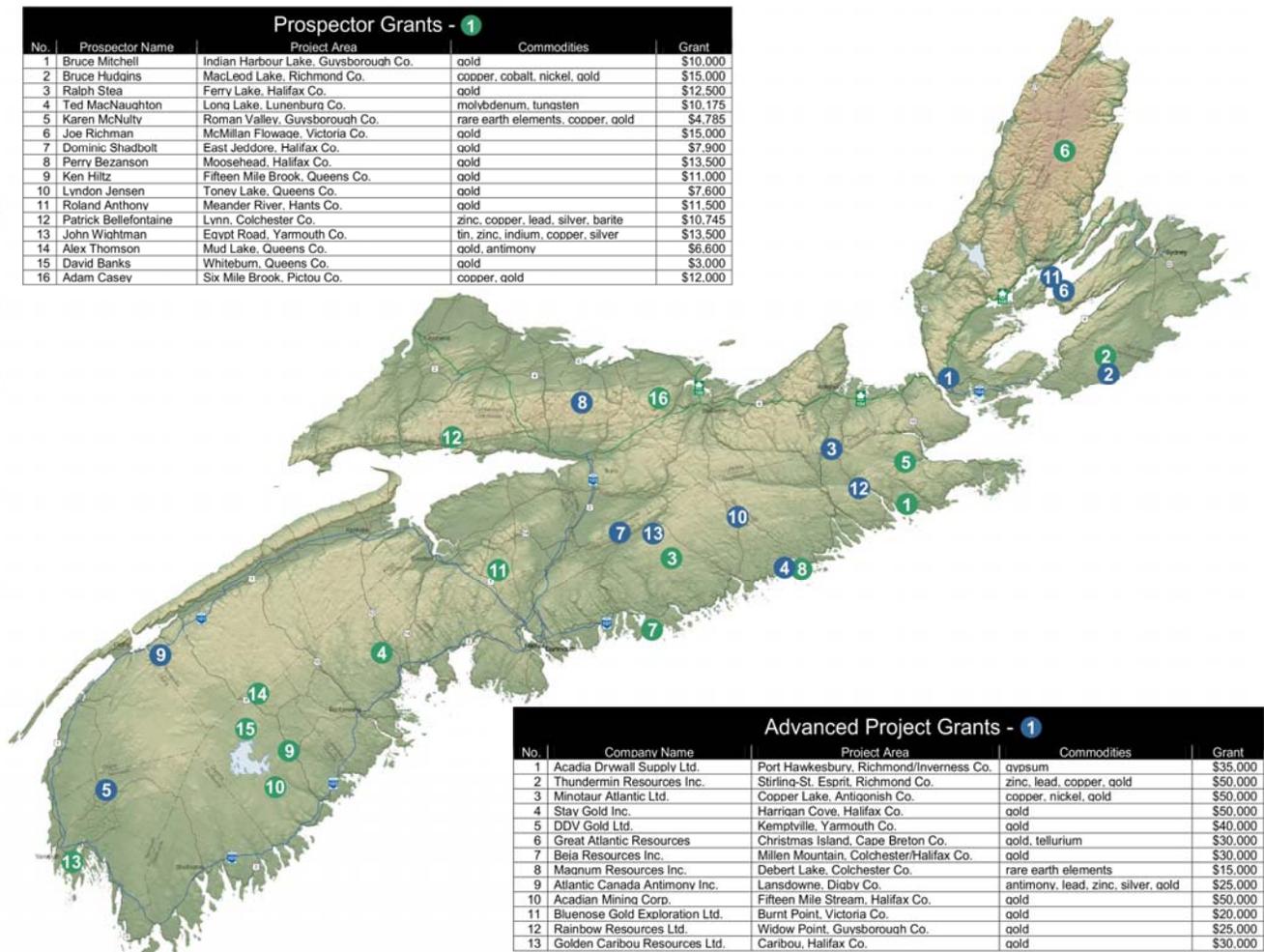


Figure 1. Distribution and details of Prospector Grants and Advanced Project Grants funded by the Nova Scotia Mineral Incentive Program in 2012.

Although this is the first year of Nova Scotia's mineral incentive program, one needs look no farther than to the governments of Newfoundland and New Brunswick who, for several years, have committed in the order of \$2 million and \$1 million per annum, respectively, to their mineral incentive programs. The mineral incentive programs in those provinces have returned many successes and the same is expected in Nova Scotia in the years to come. Table 1 provides some details regarding other government mineral incentive programs in Canada.

Attracting exploration dollars is a competitive business and having a mineral incentive program very much helps level the playing field for Nova

Scotia. Indeed, Table 1 shows that while many of Canada's provinces and territories have either mineral incentive programs or mineral exploration tax incentives, or both, Nova Scotia's NSMIP total of \$700,000 compares well considering the relatively smaller size of the province. Nova Scotia has several competitive advantages for mineral exploration: a diverse endowment of natural resources, excellent infrastructure, easy access to important ocean transport routes and a streamlined and efficient mine approval and regulatory process. Addition of a mineral incentive program to this inventory of competitive advantages further enhances Nova Scotia's attractiveness as a place to conduct mineral exploration.

Table 1. Details of the mineral incentive programs and mineral exploration tax credit programs of some of Canada's other provinces and territories.

Province/Territory	Details of Mineral Exploration Incentive Programs
Newfoundland/ Labrador	Mineral Incentive Program \$2 million/year
New Brunswick	Mineral Incentive Program \$1 million/year
Manitoba	Mineral Incentive Program \$1.5 million/year Mineral Exploration Tax Credit Program
Yukon	Mineral Incentive Program \$570,000/year
Nunavut & NWT	Prospector Assistance Program \$50,000/year
Quebec	Mineral Exploration Tax Incentive Program Mineral Exploration Flow-through Program
Saskatchewan	Mineral Exploration Tax Credit Program
British Columbia	Mineral Exploration Tax Credit Program Mining Flow-through Tax Credit
Ontario, Alberta & PEI	No Mineral Incentive or Mineral Exploration Tax Credit Programs