



Province of Alberta

MINES AND MINERALS ACT

METALLIC AND INDUSTRIAL MINERALS ROYALTY REGULATION

Alberta Regulation 350/1993

With amendments up to and including Alberta Regulation 221/2004

Office Consolidation

© Published by Alberta Queen's Printer

Alberta Queen's Printer
5th Floor, Park Plaza
10611 - 98 Avenue
Edmonton, AB T5K 2P7
Phone: 780-427-4952
Fax: 780-452-0668

E-mail: qp@gov.ab.ca
Shop on-line at www.qp.alberta.ca

Copyright and Permission Statement

Alberta Queen's Printer holds copyright on behalf of the Government of Alberta in right of Her Majesty the Queen for all Government of Alberta legislation. Alberta Queen's Printer permits any person to reproduce Alberta's statutes and regulations without seeking permission and without charge, provided due diligence is exercised to ensure the accuracy of the materials produced, and Crown copyright is acknowledged in the following format:

© Alberta Queen's Printer, 20__.*

*The year of first publication of the legal materials is to be completed.

Note

All persons making use of this consolidation are reminded that it has no legislative sanction, that amendments have been embodied for convenience of reference only. The official Statutes and Regulations should be consulted for all purposes of interpreting and applying the law.

(Consolidated up to 221/2004)

ALBERTA REGULATION 350/93

Mines and Minerals Act

**METALLIC AND INDUSTRIAL MINERALS
ROYALTY REGULATION**

Table of Contents

1	Definitions
2	Returns respecting royalty
Part 1	
Metallic Minerals Royalty	
3	Interpretation
4	Royalty
5	Determining net revenue
6	Determining mine mouth revenue
7	Determining fair value
Part 2	
Placer Minerals Royalty	
8	Definitions
9	Royalty
10	Determining fair value
Part 3	
Quarriable Minerals Royalty	
11	Definitions
12	Royalty
13	Royalty due date
Part 4	
Salt Royalty	
14	Definitions
15	Royalty
16	Royalty due date
Part 5	
Repeal	
17	Repeal

Definitions**1** In this Regulation,

- (a) “gross revenue” means, in respect of a mine, the aggregate of
 - (i) the amount obtained when the volume of all leased substances recovered from the mine and sold or otherwise disposed of, consumed or removed from Alberta is multiplied by the applicable unit price,
 - (ii) the receipts from the sale, lease, licence or other disposition of any assets of the mine, if the costs of those assets have been allowed as costs under this Regulation,
 - (iii) the receipts from the sale, lease, licence or other disposition of technology relating to the mine, if the costs of that technology have been allowed as costs under this Regulation, and
 - (iv) the insurance proceeds paid under a policy of insurance if the insurance premiums have been allowed as costs under this Regulation;
- (b) “manufactured product” means a product that has been obtained by applying further processes to a leased substance beyond the stage of processing;
- (c) “mine mouth” means
 - (i) the point at which a leased substance that has been recovered is made available for processing, or
 - (ii) the entry to the mine from which the leased substance was recovered,whichever is closer to where the leased substance was recovered;
- (d) “mine mouth revenue” means the amount by which the gross revenue for a mine exceeds the deductible costs and allowances specified for the mine under section 6;
- (e) “month of first sale” means the month in which a sale or other disposition, consumption or removal from Alberta of a leased substance recovered from a mine first occurs;
- (f) “net revenue” means the amount by which the gross revenue for a mine exceeds the deductible costs and allowances specified for the mine under section 5;

- (g) “payout” means, in respect of a mine, the date on which the gross revenue in respect of the mine, computed from the month of first sale, equals the aggregate of the costs and allowances specified for the mine under section 5 computed from the month of first sale;
- (h) “processing” means crushing, grinding, beneficiation, concentration, smelting or refining;
- (i) “quarter” means each period of 3 months commencing on January 1, April 1, July 1 and October 1 of each year;
- (j) “unit price” means,
 - (i) if the Minister has not determined the fair value per unit of a leased substance pursuant to section 7, the proceeds of disposition per unit of the leased substance that has been sold, or
 - (ii) if the Minister has determined the fair value per unit of a leased substance pursuant to section 7, the fair value per unit as determined by the Minister.

Returns respecting royalty

2(1) The holder of a lease or licence shall furnish to the Minister written returns pertaining to the calculation of royalty reserved to the Crown in right of Alberta under the lease or licence, by the deadlines, in the manner and in respect of the periods determined by the Minister and containing the information requested by the Minister.

(2) If the holder of a lease or licence contravenes subsection (1) by failing to furnish a return to the Minister before the deadline determined by the Minister under that subsection, the Minister may impose a pecuniary penalty on the holder by reason of the contravention, subject to the following:

- (a) the Minister must give a notice to the holder describing the contravention, specifying the period within which the return must be furnished in order to avoid liability for the penalty and specifying the penalty for which the lessee will be liable if the return is not furnished before the end of that period;
- (b) the “default period” for the purpose of this subsection is the period
 - (i) commencing on the day after the expiration of the period specified in the notice given pursuant to clause (a), and

- (ii) ending on the day immediately before the day on which the return is furnished to the Minister;
- (c) the notice shall not specify a penalty in excess of
 - (i) \$10 000 in respect of the first day of the default period, or
 - (ii) \$1000 in respect of the 2nd and each subsequent day of the default period;
- (d) if the return is not furnished to the Minister within the period specified in the notice, the holder is liable to pay to the Minister the penalty specified in the notice.

AR 350/93 s2;262/97

Part 1

Metallic Minerals Royalty

Interpretation

3(1) In this Part,

- (a) “leased substance” means a metallic mineral recovered from a mine pursuant to an agreement issued by the Minister granting rights to metallic minerals that are the property of the Crown in right of Alberta, and includes a product or by-product obtained by processing or reprocessing such a metallic mineral;
- (b) “metallic mineral” means all minerals that are vested in or belong to the Crown in right of Alberta except
 - (i) placer minerals as defined in Part 2 of this Regulation,
 - (ii) quarriable minerals as defined in Part 3 of this Regulation,
 - (iii) salt as defined in Part 4 of this Regulation,
 - (iv) petroleum, oil, asphalt, bituminous sands, oil sands, natural gas and coal, and
 - (v) ammonite shell as defined in the *Ammonite Shell Regulation* (Alta. Reg. 59/89).

(2) For the purpose of this Part, a leased substance shall be considered to have been consumed if it has been converted to a manufactured product.

Royalty

4(1) The royalty reserved to the Crown in right of Alberta in respect of a leased substance is

- (a) starting with the month of first sale for the mine from which the leased substance is recovered to and including the month preceding the month of payout for the mine, 1% of mine mouth revenue in respect of the mine for the month, and
- (b) starting with the month of payout for the mine from which the leased substance is recovered, the greater of
 - (i) 1% of mine mouth revenue in respect of the mine for the month, and
 - (ii) 12% of net revenue in respect of the mine for the month.

(2) The royalty prescribed in subsection (1) shall be paid to the Minister on or before the last day of the month next following the quarter in which the disposition of the Crown's royalty share occurs.

Determining net revenue

5(1) The Minister may specify the costs incurred in the exploration, development, recovering, processing, transportation or disposition of a leased substance, and any allowances for the costs, that may be deducted from gross revenue for the purpose of determining net revenue.

(2) The Minister may determine the extent to which a cost and allowance specified under subsection (1) may be carried forward after the year in which the cost is incurred.

Determining mine mouth revenue

6 The Minister may specify the costs incurred between the mine mouth and the point of sale or the point at which fair value is determined under section 7 of a leased substance and any allowances for the costs, that may be deducted from gross revenue for the purpose of determining mine mouth revenue.

Determining fair value

7(1) If a leased substance is sold in Alberta at a price that in the opinion of the Minister is less than the fair value of the leased substance, the Minister may determine the fair value of the leased substance at the point of sale.

(2) If a leased substance is not sold in Alberta, but is otherwise disposed of or consumed in Alberta, the Minister may determine the fair value of the leased substance at the point of disposition or consumption.

(3) If a leased substance is not sold in Alberta or otherwise disposed of or consumed in Alberta, but is removed from Alberta, the Minister may determine the fair value of the leased substance at the point at which it is loaded for transport outside Alberta, and for that purpose may have regard to the price at which the leased substance is sold or could be sold outside Alberta.

Part 2 Placer Minerals Royalty

Definitions

8 In this Part,

- (a) “lease” means
 - (i) a metallic and industrial mineral lease issued under the Act or under the *Metallic and Industrial Minerals Regulation* (Alta. Reg. 66/93), under which placer mining is being or may be conducted, or
 - (ii) a placer mining lease issued under the *Placer Mining Regulation* (Alta. Reg. 41/81);
- (b) “licence” means
 - (i) a metallic and industrial mineral licence issued under the Act or under the *Metallic and Industrial Minerals Regulation* (Alta. Reg. 66/93), or
 - (ii) a placer mining permit issued under the *Placer Mining Regulation* (Alta. Reg. 41/81);
- (c) “placer mineral” means gold, silver, platinoid metals or precious stone that is vested in or belongs to the Crown in right of Alberta and that is or may be obtained by placer mining;
- (d) “placer mining” means any method of surface operation involving the use of water, and assisted by mechanized equipment, by which
 - (i) sand, gravel, clay or marl that belongs to the owner of the surface of land under the *Law of Property Act*, or

(ii) topsoil

is removed and worked for the purpose of obtaining or producing a placer mineral.

Royalty

9(1) No royalty is payable on the first troy ounce of placer mineral recovered or obtained in a year of a licence.

(2) The royalty reserved to the Crown in right of Alberta on the placer mineral obtained or produced from the location of a licence is 5% of the amount of placer mineral so obtained or produced in each year of the licence in excess of one troy ounce.

(3) The royalty reserved to the Crown in right of Alberta on the placer mineral obtained or produced from the location of a lease is 5% of the amount of the placer mineral so obtained or produced.

(4) Each sale or disposition of a placer mineral shall include the Crown's royalty share prescribed in subsections (2) and (3) unless otherwise directed by the Minister.

(5) On or before the last day of the month next following the quarter in which a sale or disposition of the Crown's royalty share prescribed in subsections (2) and (3) occurs, the lessee or licensee shall pay to the Minister the greater of

- (a) the proceeds of all sales or dispositions of the Crown's royalty share made during the quarter, and
- (b) the fair value of the Crown's royalty share sold or disposed of during the quarter as determined by the Minister under section 10.

AR 350/93 s9;140/98

Determining fair value

10(1) If a placer mineral is sold in Alberta at a price that in the opinion of the Minister is less than the fair value of the placer mineral, the Minister may determine the fair value of the placer mineral at the point of sale.

(2) If a placer mineral is not sold in Alberta, but is otherwise disposed of or consumed in Alberta, the Minister may determine the fair value of the placer mineral at the point of disposition or consumption.

(3) If a placer mineral is not sold in Alberta or otherwise disposed of or consumed in Alberta, but is removed from Alberta, the Minister may determine the fair value of the placer mineral at the

point at which it is loaded for transport outside Alberta, and for that purpose may have regard to the price at which the placer mineral is sold or could be sold outside Alberta.

Part 3 Quarriable Minerals Royalty

Definitions

11 In this Part,

- (a) “lease” means an agreement granting rights to quarriable minerals;
- (b) “quarriable mineral” means
 - (i) a mineral that can be quarried and used in its natural state for building, construction, industrial, manufacturing or agricultural purposes including, without limitation, anhydrite, bentonite, diatomite, gypsum, granite, limestone, marble, mica, potash, quartz rock, rock phosphate, sandstone, shale, silica sand, slate, talc or volcanic ash, and
 - (ii) a mineral that can be quarried and cut or polished for use as an ornament, a decoration or for personal adornment

that is vested in or belongs to the Crown in right of Alberta, but does not include asphalt, bituminous sands, oil sands, coal or ammonite shell.

AR 350/93 s11;183/99

Royalty

12(1) Subject to subsection (2), the royalty reserved to the Crown in right of Alberta on the quarriable mineral obtained or produced from the location of a lease is, calculated free and clear of any and all deductions, as follows:

- (a) on bentonite, \$0.11 per tonne;
- (b) on clay used for making pottery and on fireclay, \$0.131 per cubic metre;
- (c) on other clay and on marl and volcanic ash, \$0.0655 per cubic metre;
- (d) on limestone, shale, granite, slate, gypsum and building stone, \$0.0441 per tonne;

(e) on silica sand, \$0.37 per tonne.

(2) If a lessee is a railway company that uses a quarriable mineral obtained or produced pursuant to a lease held by it in the construction and maintenance of the road-bed of the railway, the royalty is 1/2 of the royalty set out in subsection (1).

AR 350/93 s12;183/99

Royalty due date

13 The Crown's royalty share prescribed in section 12 shall be paid to the Minister on or before the last day of the month next following the quarter in which the quarriable mineral is obtained or produced.

Part 4 Salt Royalty

Definitions

14 In this Part,

- (a) "lease" means an agreement granting rights to or in respect of salt;
- (b) "salt" means a chemical compound, other than water, that is
 - (i) formed by a chemical reaction between an acid and a base and that is soluble in water, and
 - (ii) vested in or belongs to the Crown in right of Alberta, and includes sodium carbonate, sodium sulphate or any other mineral extracted in salt form that is vested in or belongs to the Crown in right of Alberta;
- (c) "tonne" means
 - (i) 1000 kilograms of dry salt, or
 - (ii) if the salt is in solution at the time of its removal from the lease location, 1000 kilograms of the solute salt.

AR 350/93 s14;221/2004

Royalty

15(1) The royalty reserved to the Crown in right of Alberta on the salt obtained or produced from the location of a lease is \$0.45 a

tonne, calculated free and clear of any and all deductions, in accordance with any relevant provisions of the lease.

(2) The royalty prescribed by subsection (1) supersedes and replaces the royalty reserved on salt under all subsisting leases.

Royalty due date

16 The Crown's royalty share prescribed in section 15 shall be paid to the Minister on or before the last day of the month next following the quarter in which the salt is obtained or produced.

**Part 5
Repeal**

Repeal

17 The *Metallic Minerals Royalty Regulation* (Alta. Reg. 353/85), the *Quarriable Minerals Royalty Regulation* (Alta. Reg. 252/90), the *Sodium Sulphate Royalty Regulation* (Alta. Reg. 254/90) and the *Placer Mineral Royalty Regulation* (Alta. Reg. 67/93) are repealed.



Printed on Recycled Paper 