

The Mineral Disposition Regulations, 1986

being

Saskatchewan Regulations 30/86 (effective April 8, 1986) as amended by Saskatchewan Regulations 105/86, 33/88, 38/88, 104/88, 44/90, 22/91, 92/92, 114/92, 99/93, 69/95, 80/97, [96/1999](#), [32/2000](#), [96/2001](#), [24/2002](#), [114/2003](#), [106/2005](#), [103/2009](#), [104/2009](#) and [82/2012](#).

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

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SASKATCHEWAN REGULATIONS 30/86

under *The Crown Minerals Act*

SCHEDULE

PART I

Short Title, Interpretation and Application

Short Title

1 These regulations may be cited as *The Mineral Disposition Regulations, 1986*.

Interpretation

2(1) In these regulations and the appendices and schedule forming part of these regulations:

- (a) “**Act**” means *The Crown Minerals Act*;
- (b) **Repealed.** 30 Nov 2012 SR 82/2012 s3.
- (c) “**approved**” means approved by the minister;
- (d) **Repealed.** 30 Nov 2012 SR 82/2012 s3.
- (e) **Repealed.** 30 Nov 2012 SR 82/2012 s3.
- (f) “**Crown mineral lands**” means the mineral interest of the Crown in any lands in Saskatchewan whether or not the surface rights in any of those lands are also the property of the Crown;
- (g) “**department**” means the department over which the minister presides;
- (h) “**disposition**” means the rights granted by the Crown under a permit granted pursuant to Part II, under a claim recorded pursuant to Part IV or under a lease granted pursuant to Part V of these regulations, and includes the rights under any lease, permit, claim or claim block granted by the Crown under *The Mineral Disposition Regulations, 1961* or under any former Quartz Mining Regulations;
- (i) “**disposition area**” means the surface area of the land to which the rights comprising a disposition relate and “**permit area**”, “**claim area**” and “**lease area**” have corresponding meanings;
- (j) “**disposition document**” means, in the case of a permit, the permit certificate issued by the department pursuant to Part II, in the case of a claim, the claim certificate issued by the department pursuant to Part IV, in the case of a lease, the instrument of lease signed by the lessee setting out the terms and conditions of a lease issued under Part V and, in the case of any other disposition, the document issued by the department evidencing the disposition;

- (k) **“disposition lands”** means the Crown mineral lands contained within the boundaries of the disposition area continued vertically downward on all sides of the disposition area, excluding any Crown mineral lands specified in the disposition document as not included in the disposition, and **“permit lands”**, **“claim lands”** and **“lease lands”** have corresponding meanings;
- (l) **Repealed.** 30 Nov 2012 SR 82/2012 s3.
- (m) **“holder”** means the person who is shown on the records of the department as an owner of an interest in a disposition;
- (n) **“mineral”** means any non-viable substance formed by the processes of nature, irrespective of chemical or physical state and both before and after extraction, but, for the purposes of these regulations does not include:
- (i) any surface or ground water, agricultural soil or sand or gravel that belongs to the owner, other than the Crown, of the surface of the land;
 - (ii) coal, oil and gas;
 - (iii) quarriable substances within the meaning of *The Quarrying Regulations, 1957*;
 - (iv) subsurface minerals within the meaning of *The Subsurface Mineral Regulations, 1960*;
 - (v) alkali within the meaning of the *Alkali Mining Regulations*;
 - (vi) oil shale within the meaning of *The Oil Shale Regulations, 1964*;
 - (vii) helium and associated gases within the meaning of *The Helium and Associated Gases Regulations, 1964*; or
 - (viii) a palaeontological object as defined in *The Heritage Property Act*;
- (o) **“person”** includes a natural person, corporation, company, government, governmental agency, Crown corporation, syndicate, trust, firm, partnership, co-owner or party and includes the successors, heirs, executors, administrators or other legal representatives of such a person;
- (p) **Repealed.** 30 Nov 2012 SR 82/2012 s3.
- (q) **Repealed.** 30 Nov 2012 SR 82/2012 s3.
- (r) **Repealed.** 30 Nov 2012 SR 82/2012 s3.
- (s) **Repealed.** 30 Nov 2012 SR 82/2012 s3.
- (2) In these regulations, any reference to any enactment of the Parliament of Canada includes a reference to any regulations, orders or other statutory instruments made pursuant thereto and shall be deemed to be a reference thereto as re-enacted, amended, revised or consolidated as at January 1, 1986.

18 Apr 86 SR 30/86 s2; 1 Aug 97 SR 80/97 s3;
 14 Dec 2001 SR 96/2001 s3; 30 Nov 2012 SR 82/
 2012 s3.

Ministerial orders

3 These regulations are subject to any orders made by the minister under the Act.

18 Apr 86 SR 30/86 s3.

Application

4(1) These regulations apply to all Crown minerals, to all Crown mineral lands which are not subject to a disposition, to any Crown mineral lands for which a disposition is granted pursuant to these regulations or for which a disposition was granted pursuant to *The Mineral Disposition Regulations, 1961* or any former Quartz Mining Regulations except, in any case, to the Crown minerals and Crown mineral lands in respect of which a title has been issued in the name of an agent of the Crown pursuant to *The Land Titles Act, 2000* and to Crown minerals and Crown mineral lands transferred pursuant to subsection 3(4) of the Act.

(2) Without limiting the general application of subsection (1):

(a) a claim and a claim block under *The Mineral Disposition Regulations, 1961* and a claim under any former Quartz Mining Regulations shall be deemed to be a claim under these regulations;

(b) a permit under *The Mineral Disposition Regulations, 1961* shall be deemed to be a permit under these regulations; and

(c) a lease under *The Mineral Disposition Regulations, 1961* or any former Quartz Mining Regulations shall be deemed to be a lease under these regulations; for all purposes, whether or not they comply with the provisions of these regulations respecting the size and shape of disposition areas.

(3) These regulations are binding upon Her Majesty the Queen in right of Canada or in right of any province, and upon any person acting for or on behalf of Her Majesty the Queen in right of Canada or in right of any province.

18 Apr 86 SR 30/86 s4; 22 Mar 2002 SR 24/2002 s11.

Clarification of validity of certain dispositions

4.1(1) In this section, “**consolidated lease**” means a consolidated lease arising from an application for consolidation of leases where the application was made pursuant to *The Mineral Disposition Regulations, 1961* prior to the coming into force of these regulations and was granted after the coming into force of these regulations.

(2) For the purpose of confirming the validity of a consolidated lease and of any lease or claim arising from any division of a consolidated lease pursuant to section 60, the consolidated lease and any lease or claim arising from any division of the consolidated lease are deemed to be valid and to be valid dispositions pursuant to these regulations whether or not the consolidated lease or the lease or claim arising from any division of the consolidated lease comply with the provisions of these regulations respecting the size and shape of dispositions.

1 Aug 97 SR 80/97 s4.

PART II
Permits

Repealed. 30 Nov 2012 SR 82/2012 s4.

PART III
Staking a Claim in an Unsurveyed Area

Repealed. 30 Nov 2012 SR 82/2012 s4.

PART IV
Claims

Repealed. 30 Nov 2012 SR 82/2012 s4.

PART V
Leases

Repealed. 30 Nov 2012 SR 82/2012 s4.

PART VI
Assessment Work

Repealed. 30 Nov 2012 SR 82/2012 s4.

PART VII
General Staking and Recording Provisions

Repealed. 30 Nov 2012 SR 82/2012 s4.

PART VIII
Royalties

Royalties

83(1) The royalty reserved and excepted and the payments to be made under a lease of Crown mineral lands upon or in respect of all minerals produced, saved or recovered from, or allocated under a unitization agreement to any Crown mineral lands shall be calculated and paid in accordance with the schedule to these regulations.

(2) For the purposes of this section, **“lease of Crown mineral lands”** means:

(a) a lease issued pursuant to these regulations that is deemed to be a legacy disposition pursuant to section 95 of *The Mineral Tenure Registry Regulations*; or

(b) a lease issued pursuant to Part VII of *The Mineral Tenure Registry Regulations*.

18 Apr 86 SR 30/86 s83; 30 Nov 2012 SR 82/
2012 s5.

Royalty payer to keep books of account at or near mine

84(1) Every person liable to pay a royalty pursuant to a lease shall keep at or near each mine in the lease area proper books of account of all minerals, mineral ores and mineral-bearing substances taken from the mine, showing:

(a) the quantity, weight and other particulars of the minerals, mineral ores and mineral-bearing substances and the value thereof; and

(b) the returns from smelter, mill or refining works until the weight thereof and any other facts and circumstances necessary for determining the amount of the royalty payable have been correctly determined and entered in the books of account.

(2) In case of dispute, the minister shall determine the number and kind of books to be kept and the place at which the books shall be kept.

18 Apr 86 SR 30/86 s84.

Power of minister to determine royalty payable

85(1) The minister shall have the power to determine from time to time any questions that may arise in determining the amount of the royalty payable pursuant to a lease in any particular case including, without restricting the generality of the foregoing, power to settle the amount allowable as deductions for the purpose of determining the income derived from mining operations or gross sales or operating profits.

(2) The minister shall send notice of a determination made pursuant to subsection (1) to the leaseholder by ordinary mail to the leaseholder's last known address for service in the records of the department.

18 Apr 86 SR 30/86 s85; 26 Nov 93 SR 99/93 s3.

Lien

86 All royalties, penalties and costs payable pursuant to any disposition or pursuant to these regulations shall be a special lien on:

- (a) any mine or mining property in the disposition area, on the disposition and disposition lands;
- (b) on all minerals, mineral ores and mineral-bearing substances taken from the disposition lands; and
- (c) upon all machinery in, on or connected with any mine or mining operations within the disposition lands;

in priority over any claim, privilege or encumbrance of any person, whether the right or title of that person has accrued before, or shall accrue after the attaching of the special lien, and its priority shall not be lost or impaired by any neglect, omission or error of any official, officer or person, or by want of registration and the lien may be realized by action for sale.

18 Apr 86 SR 30/86 s86.

Recovery of royalty, etc. by suit

87 In addition to any other remedy available to the minister under the Act, these regulations or at law or in equity, if the royalty payable pursuant to a lease is not paid when due, that royalty together with penalties may be recovered from the owner, tenant, holder, lessee, occupier or operator of the mine, by suit of the minister in a court of competent jurisdiction together with the cost of the action.

18 Apr 86 SR 30/86 s87.

Injunction, etc

88 In addition to any other remedies for the recovery of the royalty payable pursuant to a lease, an injunction or order in the nature of an injunction, or the appointment of a receiver with all necessary powers, or such other relief or remedy as may be deemed necessary or expedient for securing payment of the royalty may be obtained in a court of competent jurisdiction by the minister to prevent or restrict mining operations on the lease lands, or to provide for operations or production upon such terms and conditions as may be considered necessary.

18 Apr 86 SR 30/86 s88.

Distress

89 In case of default of payment of the royalty payable pursuant to any lease, the royalty, penalties and costs may be levied and collected by distress, together with the cost of distress, upon the goods and chattels, wherever found, of the person or any person liable for the payment of the royalty, penalties and costs under warrant signed by the minister, directed to the sheriff and in that event the sheriff shall realize the amount directed to be realized by the warrant, and all costs, by a sale of all or any part of those goods as may be necessary to satisfy the amount directed to be levied by the warrant.

18 Apr 86 SR 30/86 s89.

PART IX
General

Repealed. 30 Nov 2012 SR 82/2012 s6.

PART X
Disputes and Adverse Rights

Repealed. 30 Nov 2012 SR 82/2012 s6.

PART XI
Transfers

Repealed. 30 Nov 2012 SR 82/2012 s6.

PART XIII
Repeal and Coming into Force

Repeal

112 *The Mineral Disposition Regulations, 1961*, being Saskatchewan Regulations 431/67, are hereby repealed.

18 Apr 86 SR 30/86 s112.

APPENDIX 1

Repealed. 30 Nov 2012 SR 82/2012 s7.

APPENDIX 2

Repealed. 30 Nov 2012 SR 82/2012 s6.

APPENDIX 2.1

Repealed. 30 Nov 2012 SR 82/2012 s6.

APPENDIX 3

Repealed. 30 Nov 2012 SR 82/2012 s6.

SCHEDULE

PART I

Crown Mineral Royalties

TITLE

Short Title

1 This schedule may be cited as *The Crown Mineral Royalty Schedule, 1986*.

PART II

Crown Mineral Royalties**Application**

2 This Part applies to the calculation and payment of royalties for all minerals, other than uranium, extracted, recovered or produced from, or allocated under a unitization agreement to, any Crown mineral lands on or after January 1, 1999.

7 Jan 2000 SR 96/1999 s2.

Interpretation of Part

2.1(1) In this Part:

(a) **“allocated exploration expenses”**, relating to a production unit for the year, means exploration expenses that have been allocated to the production unit less all amounts deducted by the royalty payer as allocated exploration expenses for the year for all other production units of the royalty payer, but does not include those expenditures incurred on lands administered by the federal government or within the boundaries of an Indian Reserve unless the expenditures were incurred before the administration of the lands was transferred to the federal government or the Indian band;

(b) **“allocated historical exploration expenses”**, relating to a production unit of a royalty payer, means the exploration expenditures that:

(i) have been incurred by the royalty payer during the 10-year period ending with the beginning of commercial production;

(ii) have been allocated to that production unit before the beginning of commercial production; and

(iii) have not been allocated to any other production unit;

but do not include:

(iv) those expenditures made on federal lands or within the boundaries of Indian Reserves located in Saskatchewan unless the expenditures were incurred before the administration of the lands was transferred to the federal government or the Indian band;

(c) **“allocated pre-production expenses”**, relating to a production unit of a royalty payer, means the total of:

- (i) the allocated historical exploration expenses; and
- (ii) expenditures incurred by the royalty payer on the design, development and construction of:
 - (A) the production unit before the beginning of commercial production from the production unit; and
 - (B) new mining operations in a production unit in commercial production that do not share a common point of access with other mining operations in the production unit;

that were necessary for the production of minerals from the production unit, other than:

- (C) expenditures incurred on a processing facility that is part of a separate production unit of the royalty payer other than those expenditures necessary to allow minerals from the production unit under development to be processed at the processing facility;
- (D) expenditures previously allocated to another production unit of the royalty payer; and
- (E) expenditures by the royalty payer on the design, development and construction of new mining operations that are claimed by the royalty payer before production of minerals from those new mining operations;

less the total of:

- (iii) the royalty payer’s gross sales of minerals produced before the beginning of commercial production from the royalty payer’s production unit;
- (iv) the proceeds of any disposition, before the beginning of commercial production, of an asset the cost of which was included wholly or in part as a pre-production expense; and
- (v) the proceeds of any disposition, after the beginning of commercial production, of an asset, the cost of which was included wholly or in part as a pre-production expense, to the extent that the proceeds are less than or equal to the value of the allocated pre-production expenses less all amounts deducted in prior royalty years pursuant to clause (k);

(d) **“beginning of commercial production”** means:

- (i) the first day of the first month in which the production unit begins production, measured in terms of rate of mineral production, which is equal to 60% of the maximum rate of production projected for the production unit over a period of 60 days; or
- (ii) the first day of any month in which, in the opinion of the minister, production begins in reasonable commercial quantities;

- (e) **“capital recovery factor”** means a factor equal to 1.5;
- (f) **“decommissioning”** means the removal or permanent retirement from service of all or part of a production unit, and includes actions directly associated with the removal or retirement;
- (g) **“disposal”** includes any transaction or event entitling a royalty payer to the price or proceeds, or part of the price or proceeds, of assets sold or contributed, compensation for assets taken, destroyed, injuriously affected, damaged or otherwise removed from the royalty payer’s possession or control but does not include:
- (i) any transfer of assets for the purpose only of securing a debt or a loan;
 - (ii) any transfer by a creditor for the purpose only of returning assets that have been used as security for a debt or a loan; or
 - (iii) any transfer of assets by virtue of which there is a change in the legal ownership of the assets without any change in the beneficial ownership;
- (h) **“exploration expenses”** means the costs and expenses that are incurred by the royalty payer during the year for the purposes of determining the existence, location, quantity or grade of a mineral deposit under Crown mineral lands and includes expenses incurred in the course of:
- (i) prospecting;
 - (ii) carrying out geological, geophysical or geochemical surveys;
 - (iii) drilling; and
 - (iv) trenching, digging test pits, and preliminary sampling;
- but does not include:
- (v) interest expenditures;
 - (vi) acquisition costs of land or mineral rights;
 - (vii) any payment made or any royalty or overriding royalty paid to any person for the purchase or acquisition of, or the acquisition of an option to purchase or a right of first refusal for, mineral rights, any interest in mineral rights or the right to mine any mineral; or
 - (viii) any portion of expenses covered by a grant or subsidy or other third party contribution;
- (i) **“gross revenue”** means, subject to section 4, the total, without duplication, of all amounts each of which is an amount that was received or is receivable by the royalty payer as, on account of or in lieu of payment of, or in satisfaction of, revenue from the sale, disposal or transfer by the royalty payer of all minerals extracted, recovered or produced from, or allocated to, any Crown mineral lands forming part of the production unit of the royalty payer;

(j) **“mining operations”** means the extraction, recovery or production of minerals from Crown mineral lands and the transportation of those minerals to the point of beginning of processing operations, but does not include any processing operations;

(k) **“net profit derived from mining and processing operations”**, for a year, means, subject to subsections (2) and (2.1), the amount by which the total of:

(i) the royalty payer’s gross revenue, if any, for the year that has been derived from the royalty payer’s share of the minerals extracted, recovered or produced from, or allocated under a unitization agreement to, the production unit; and

(ii) the proceeds from the disposal of any asset during the year the cost of which was:

(A) included in whole or in part in the allocated pre-production expenses to the extent that the proceeds exceed the unclaimed balance of allocated pre-production expenses; or

(B) deducted as a production cost;

provided that the disposal of an interest in a production unit is not to be construed as a disposal of an asset for the purposes of this subclause;

exceeds the total, without duplication, of the following that are properly applicable during the year to the royalty payer’s share of the minerals mentioned in subclause (i):

(iii) all costs, charges and expenses incurred by the royalty payer that are direct production costs attributable to the mining or processing of minerals, less the proceeds from insurance on assets owned by the royalty payer in the year in which those proceeds were received;

(iv) approved costs for the operation of residential or community services or facilities in the vicinity of the production unit for the use of persons who normally work at the production unit;

(v) approved general and administrative expenses properly attributable to the production unit of the royalty payer;

(vi) all approved costs and expenses incurred by the royalty payer for the purpose of developing new markets or expanding existing markets for minerals produced in Saskatchewan;

(vii) the cost of insurance associated with the royalty payer’s share of:

(A) assets used in the production of minerals from the production unit; and

(B) assets used to provide residential, or community services or facilities in the vicinity of the production unit for the use of persons who normally work at the production unit;

- (viii) municipal and school taxes for which the royalty payer is liable for the production unit;
 - (ix) allocated exploration expenses incurred by the royalty payer for the year and the amount by which the total of allocated exploration expenses from prior years exceeds the total of the allocated exploration expenses previously deducted by the royalty payer pursuant to this subclause;
 - (x) depreciation of assets:
 - (A) used in the production of minerals from the production unit;
or
 - (B) used to provide residential or community services or facilities in the vicinity of the production unit for the use of persons who normally work at the production unit;
- not exceeding the amount, if any, by which the royalty payer's share of the cost of those assets exceeds the total of the amounts previously deducted by the royalty payer pursuant to this subclause;
- (xi) with respect to the production unit of the royalty payer and subject to section 8, an amount not exceeding the allocated pre-production expenses less the total of any amounts previously deducted by the royalty payer as allocated pre-production expenses in any prior year with respect to that production unit, multiplied by the capital recovery factor;
 - (xii) reclamation and decommissioning expenses for the production unit of the royalty payer that have not been, or will not be, reimbursed from a fund, the contributions to which were previously deducted pursuant to paragraph (xiii)(B) and that are approved by the minister;
 - (xiii) the cost of providing, or contributions to:
 - (A) a guarantee, irrevocable letter of credit, irrevocable letter of guarantee, performance bond, surety bond, or security interest that would constitute a financial assurance fund for decommissioning and reclamation pursuant to provisions of *The Mineral Industry Environmental Protection Regulations, 1996*;
 - (B) any other assurance fund required pursuant to *The Mineral Industry Environmental Protection Regulations, 1996*;
 - (xiv) in the case of a sale other than a sale free on board the production unit, the transportation costs that have been approved by the minister and the payment of which is the responsibility of the royalty payer;
 - (xv) the net losses in previous years, calculated as the amounts, if any, by which the total of the items in subclauses (iii) to (xiv) exceeds the total of the items in subclauses (i) and (ii) for previous years less the amounts previously deducted by the royalty payer pursuant to this subclause;

but no deduction shall be made for:

- (xvi) depletion in the value of any mineral reserve by reason of exhaustion or partial exhaustion of that reserve;
- (xvii) interest or other financing costs;
- (xviii) expenses incurred for exploration outside Saskatchewan or on lands administered by the federal government or within the boundaries of an Indian Reserve unless the exploration was undertaken before the administration of the land was transferred to the federal government or the Indian band;
- (xix) taxes on profits, income or capital;
- (xx) royalties;
- (xxi) dividends, any distribution of surplus or capital;
- (xxii) any expenditure that has been reimbursed in whole or in part by way of subsidy, grant or other reimbursement to the extent of the reimbursement;
- (xxiii) any expenditure incurred in purchasing or acquiring the right to produce minerals or an option to purchase or acquire that right; or
- (xxiv) reserves or provisions for reclamation or decommissioning other than contributions to a fund pursuant to paragraph (xiii)(B);

(l) **“precious metals”** means the following minerals:

- (i) gold;
- (ii) silver;
- (iii) platinum;
- (iv) palladium;
- (v) rhodium;
- (vi) ruthenium;
- (vii) osmium;
- (viii) iridium;

(m) **“processing operations”** means any form of crushing, grinding, beneficiation, concentration, smelting, or refining of the royalty payer’s share of minerals extracted, recovered or produced from, or allocated under a unitization agreement to, the production unit of the royalty payer;

(n) **“production costs”**, respecting a production unit of the royalty payer, means the total of:

- (i) all outlays or expenditures made or incurred by the royalty payer that are directly attributable in accordance with generally accepted accounting principles to the production of minerals from the production unit;

- (ii) salaries and wages of employees of the royalty payer directly employed in the operation of the production unit;
- (iii) the custom milling fees paid by the royalty payer where the mineral ore from the production unit is processed by a custom miller and:
 - (A) the custom milling fees are paid in money, not in kind; and
 - (B) the custom miller is deemed to deal at arm's length with the royalty payer;
- (iv) the production costs of the custom miller in providing the custom milling where the mineral ore from the production unit is processed by a custom miller and:
 - (A) the custom milling fees are paid in kind; or
 - (B) the custom miller is not deemed to deal at arm's length with the royalty payer;
- (o) **“production unit”** means, subject to section 3:
 - (i) the royalty payer's processing facility to the extent used to process minerals produced from the Crown lease, any Crown lease of which the royalty payer is named as lessee and from which minerals are, were, or will be processed at the processing facility and any mine located on the lands described in the Crown lease; or
 - (ii) any:
 - (A) Crown lease in which the royalty payer is named as lessee; and
 - (B) any mine located on the lands described in the Crown lease; from which minerals are, were, or will be processed at a processing facility in which the royalty payer has no interest;
- (p) **“production unit of the royalty payer”** means, subject to section 3, the royalty payer's share of the production unit to the extent of the portion of the royalty payer's processing facility used to process the royalty payer's share of minerals produced from the production unit and:
 - (i) the royalty payer's interest shown in the Crown lease forming part of the production unit; or
 - (ii) the royalty payer's interest as shown in the records of the department;
- (q) **“reclamation”** means the rehabilitation, following decommissioning, of all or part of the land, water or watercourses used or disturbed by the construction or operation of the production unit;

- (r) **“royalty payer”** means the person named as the holder of a Crown lease and, where there is more than one person named, means each person to the extent of that person’s interest shown in the disposition document or, if not so shown, to the extent of that person’s interest shown in the records of the department, and if the person named as holder in a Crown lease is a partnership, each partner is deemed to be a royalty payer and to have incurred the expenditures and earned the net profit derived from mining and processing operations actually incurred or earned, as the case may be, by the partnership, to the extent of that person’s interest in the partnership as shown in the partnership agreement, and the partnership is deemed not to be a royalty payer for the production unit;
- (s) **“royalty payer’s processing facility”** means any facility that:
- (i) is owned by the royalty payer, whether or not the royalty payer is also the owner of the land on which the facility is situated, and who is a lessee named in the Crown lease forming part of the production unit; and
 - (ii) is, or may reasonably be expected to be, used for processing the minerals produced from the production unit;
- and includes all assets used in processing operations, including waste management facilities, to the extent that they are used for processing minerals produced from the production unit;
- (t) **“year of termination”** means, unless otherwise determined by the minister, the year in which the royalty payer’s processing facility or the facility that last custom mills minerals from the royalty payer’s production unit ceases, other than temporarily, to process minerals from the production unit.
- (2) For the purpose of calculating the net profit derived from mining and processing operations:
- (a) a royalty payer shall carry back and apply to operating profits of the year of termination the amount, if any, by which the total amount in the fund pursuant to paragraph (xiii)(B) exceeds the cost of the royalty payer’s share of decommissioning and reclamation of the production unit; and
 - (b) the amount calculated pursuant to clause (a), when carried back, must be adjusted by an appropriate rate of discount determined by the minister.
- (2.1) Notwithstanding any other provision of these regulations, the net profit derived from mining and processing operations for a year is deemed to be zero for the purposes of this Part if:
- (a) the beginning of commercial production for the production unit of the royalty payer occurred in a year that is:
 - (i) after 2002; and
 - (ii) less than 10 years prior to the year for which net profit is being calculated; and
 - (b) the actual net profit from those operations for the year is greater than zero.

(3) In this Part, persons are deemed not to deal at arm's length with one another when they are associated as determined in accordance with the *Income Tax Act* (Canada).

(4) Where persons are not within the deeming provisions of subsection (3), it is a question of fact whether they were at a particular time dealing with each other at arm's length, and in determining that fact, consideration is to be given to whether each stands on the strict letter of that person's rights and conducts the business in a formal manner without trusting to the other's fairness or integrity and without being subject to the other's control or overmastering influence.

7 Jan 2000 SR 96/1999 s2; 17 Oct 2003 SR 114/2003 s3.

Each mine to form separate production unit

3(1) Where the royalty payer shares in the production from more than one mine, each mine forms a separate production unit for the purpose of computing the royalty payable by the royalty payer.

(2) Notwithstanding subsection (1), where two or more mines are owned by the same person having the same percentage ownership interest and those mines share a common processing facility having the same percentage ownership interest as the mines, or in any other circumstances the minister may determine, the mines form a single production unit for the purpose of computing the royalty, if:

- (a) the royalty payer applies in writing to the minister to request that the mines be considered one production unit; and
- (b) the royalty payer receives the requested approval of the minister.

(3) A production unit is deemed to continue in existence after mining is discontinued or the lease is terminated until:

- (a) there is no longer gross revenue attributable to the production unit; and
- (b) decommissioning and reclamation have been completed by the royalty payer.

(4) For the purposes of this Schedule, if any mine associated with a production unit, formed under this Schedule, was in commercial production before January 1, 1999, the production unit is deemed to be in commercial production as of the date of the beginning of commercial production at that mine.

7 Jan 2000 SR 96/1999 s2.

Rate of royalty

3.1(1) The payments to be made by the royalty payer for the production unit of the royalty payer for all minerals is:

- (a) 5% of the royalty payer's net profit derived from mining and processing operations related to the production unit of the royalty payer for the year for:
 - (i) those sales or other dispositions of precious metals from the production unit that, when added to the cumulative sales or other dispositions of precious metals in prior years are less than or equal to 1,000,000 troy ounces of precious metals; and

- (ii) those sales or other dispositions of all minerals from the production unit that, when added to the cumulative sales or other dispositions of all minerals in prior years are less than or equal to 1,000,000 metric tonnes; or
- (b) 10% of the royalty payer's net profit derived from mining and processing operations related to the production unit of the royalty payer for the year for:
 - (i) those sales or other dispositions of precious metals from the production unit that, when added to the cumulative sales or other dispositions of precious metals in prior years, are greater than 1,000,000 troy ounces of precious metals; or
 - (ii) those sales or other dispositions of all minerals from the from the production unit that, when added to the cumulative sales or other dispositions of all minerals in prior years, are greater than 1,000,000 metric tonnes.
- (2) Where, in making a calculation for the purposes of this section, any amount is less than zero, the amount to be used in the calculation is zero.

7 Jan 2000 SR 96/1999 s2.

Calculation of gross revenue

- 4(1) Subject to subsections (2) and (3), for the purposes of calculating gross revenue for a year, the royalty payer is deemed to have received an amount equal to the fair market value of all minerals sold, transferred or disposed of by the royalty payer during the year determined at the time those minerals were sold, transferred or disposed of by the royalty payer and an amount equal to the fair market value of all minerals consumed by the royalty payer or a person not dealing at arm's length with the royalty payer during the year determined at the time those minerals were consumed by the royalty payer or that person.
- (2) Where minerals are sold to a person not dealing at arm's length with the royalty payer, the gross revenue for those sales of minerals includes an amount equal to the difference between:
- (a) the total of:
 - (i) the sale price received or receivable by the person not dealing at arm's length for those minerals in the first arm's-length transaction, free on board the mine; and
 - (ii) all other amounts received or receivable by the royalty payer and the person not dealing at arm's length in connection with:
 - (A) the sale and transportation of minerals to the first arm's-length purchaser or transferee; and
 - (B) the loading, unloading, storage, handling, insurance, and demurrage of the minerals for the first arm's-length purchaser or transferee; and

- (b) either:
- (i) in the case of sales that are not offshore sales, transportation costs incurred by the royalty payer or the person not dealing at arm's length in transporting the minerals from the production unit to the first arm's-length purchaser or transferee; or
 - (ii) in the case of offshore sales:
 - (A) any of the costs that, in the opinion of the minister, are reasonable, excluding any commissions or other fees paid or payable to a purchaser or export agent where the royalty payer or the person not dealing at arm's length has incurred the costs of:
 - (I) unloading, storing, handling, demurrage, or unloading the minerals onto vessels at the tidewater transshipment point; and
 - (II) ocean transportation to the destination; and
 - (B) transportation costs incurred by the royalty payer and any person not dealing at arm's length in transporting the minerals from the production unit to tidewater transshipment point.
- (3) Where the minister is satisfied that the amount determined by the royalty payer to be included in the calculation of the gross revenue of the royalty payer for the year for any mineral does not accurately reflect the fair market value and that it is not possible to determine the value of first arm's-length sale of the minerals, the minister may specify an amount that, in the minister's opinion, more accurately reflects the fair market value and the amount specified is the fair market value of the mineral for the purposes of subsection (1).

7 Jan 2000 SR 96/1999 s2.

Determining costs and allocating expenses

- 5(1) Subject to sections 7 and 8, for the purpose of determining the cost of assets of a royalty payer, the cost is the cost to the royalty payer of acquiring the assets determined in accordance with generally accepted accounting principles in Canada.
- (2) If there is more than one royalty payer associated with a production unit, the royalty payers may, with the prior written consent of the minister, allocate their expenses and deductions mentioned in clause 2.1(1)(k) amongst themselves in the manner approved by the minister.

7 Jan 2000 SR 96/1999 s2.

Costs prior to January 1, 1999

- 6(1) If, on January 1, 1999, a royalty payer has assets associated with the production unit of the royalty payer for which the royalty payer has claimed a depreciation allowance pursuant to this Schedule or any previous regulations, the acquisition cost of those assets is, for the purposes of these regulations, the undepreciated cost or value as reported for royalty purposes immediately before January 1, 1999 or, where no cost or value is reported for royalty purposes, the undepreciated cost or value as determined by the minister.

(2) Costs determined pursuant to subsection (1) are not eligible to be multiplied by the capital recovery factor when claimed by the royalty payer.

7 Jan 2000 SR 96/1999 s2.

Disposal and acquisition of assets

7(1) If, in a year, a royalty payer disposes of or acquires any assets relating to the production unit of the royalty payer and the disposal or acquisition is at arm's length:

- (a) the proceeds of disposal to the royalty payer for the asset are the proceeds received by the royalty payer for the asset; and
- (b) the cost to the royalty payer for the asset is the price paid by the royalty payer for the asset.

(2) If, in a year, a royalty payer disposes of or acquires any assets relating to the production unit of the royalty payer and the disposal or acquisition is not at arm's length:

- (a) the proceeds of disposal to the royalty payer are the amount shown on the royalty payer's books for royalty purposes as the undepreciated capital cost for the asset unless the purchaser is not a royalty payer, in which case the proceeds of disposal are the greater of the proceeds received by the royalty payer and undepreciated capital cost of the asset as reflected on the vendor's books for financial statement purposes; and
- (b) the cost to the royalty payer for the asset is the amount shown on the vendor's books for royalty purposes as the undepreciated capital cost for the asset unless the vendor is not a royalty payer, in which case the cost is the lesser of the actual price paid by the royalty payer and the undepreciated capital cost of the asset as reflected on the vendor's books for financial statement purposes.

7 Jan 2000 SR 96/1999 s2.

Transfer before the beginning of commercial production

8(1) In this section and section 9:

- (a) **“purchaser”** means a person who is or becomes a royalty payer;
- (b) **“vendor”** means a royalty payer.

(2) Where an interest in a production unit is transferred before the beginning of commercial production by a vendor to a purchaser, the vendor shall, unless approval to do otherwise is obtained from the minister, allocate to the purchaser's interest an amount of the allocated pre-production expenses of the vendor incurred within the boundaries of the production unit that bears the same ratio to that portion of the allocated pre-production expenses of the vendor incurred within the boundaries of the production unit immediately before the transfer as the vendor's percentage interest that has been transferred bears to the vendor's percentage interest in the production unit immediately before the transfer.

(3) On the transfer of an interest in a production unit, the vendor's allocated pre-production expenses relating to that production unit must be reduced by the amount calculated pursuant to subsection (2).

(4) If, in the opinion of the minister, either the purchaser or the vendor purports to deduct as allocated pre-production expenses amounts that are not properly reflective of the percentage interest in the production unit transferred, the allocated pre-production expenses deducted are to be the amounts determined by the minister.

7 Jan 2000 SR 96/1999 s2.

Transfer after the beginning of commercial production

9(1) Where an interest in a production unit is transferred after the beginning of commercial production by a vendor to a purchaser, the vendor shall, unless the vendor obtains the approval of the minister, allocate to the purchaser's interest an amount of the allocated pre-production expenses of the vendor that bears the same ratio to that portion of the allocated pre-production expenses of the vendor immediately before the transfer as the vendor's percentage interest that has been transferred bears to the vendor's percentage interest in the production unit immediately before the transfer.

(2) On the transfer of an interest in a production unit, the vendor's allocated pre-production expenses relating to that production unit shall be reduced by the amount calculated pursuant to subsection (1).

(3) If, in the opinion of the minister, either the purchaser or the vendor purports to deduct as allocated pre-production expenses amounts that are not properly reflective of the percentage interest in the production unit transferred, the allocated pre-production expenses deducted are to be amounts determined by the minister.

7 Jan 2000 SR 96/1999 s2.

Payment of estimated royalty

10(1) On or before the last day of the month following the end of each of the first three quarters of a year, a royalty payer shall submit an estimate, in the approved form, of the royalties payable for the year and pay to the minister one quarter of the royalty that the royalty payer estimates is due from the royalty payer for that year.

(2) On or before the last day of the first quarter after the end of a year, the royalty payer shall:

(a) forward to the department a completed royalty return in the approved form; and

(b) pay to the minister the royalty for the year less any quarterly payments made pursuant to subsection (1) for that year.

7 Jan 2000 SR 96/1999 s2.

Refund of royalty

11 If the total royalty payable for the year as shown in the royalty return is less than the total of the amounts paid pursuant to section 10, the minister shall refund the difference to the royalty payer within 30 days from the date of receipt of a completed return from the royalty payer.

7 Jan 2000 SR 96/1999 s2.

Minister may assess or reassess royalties, etc.

12 The minister may assess or reassess the amount of any royalties imposed by this Part, and any interest, penalties or other amounts that may be payable pursuant to this Part respecting those royalties within six years after the day on which those royalties became due and payable pursuant to this Part.

7 Jan 2000 SR 96/1999 s2.

When interest payable

13(1) Every royalty payer shall pay interest at the prescribed rate to the minister on any amount that is not paid or remitted as and when required by these regulations calculated from the day on which that amount should have been paid or remitted to the date on which it is remitted.

(2) The minister shall:

(a) refund to a royalty payer who has remitted an amount to the minister on account of any royalties imposed by these regulations that is in excess of the amount for which the royalty payer is liable; and

(b) pay interest to the royalty payer on that excess amount at the rate determined pursuant to subsection (3), calculated from 30 days after the day on which the completed royalty return for the year was received to the date on which it is refunded.

(3) For the purposes of clause (2)(b), the annual rate of interest is equal to the product of:

(a) 1.2; and

(b) the rate of interest published in the Bank of Canada Review as the bank rate for the day preceding the day on which the amount in question should have been paid or remitted.

7 Jan 2000 SR 96/1999 s2.

PART III
Crown Uranium Royalties

DIVISION 1
Interpretation

Application of Part

14 This Part applies to the calculation and payment of royalties with respect to uranium sold or consumed on and after January 1, 2001, whether or not the uranium was produced in Saskatchewan from Crown mineral lands prior to that date.

14 Dec 2001 SR 96/2001 s25.

Interpretation of Part

15(1) In this Part:

- (a) **“basic royalty”** means the basic royalty described in section 24;
- (b) **“beginning of production”** means the beginning of production determined in accordance with section 16;
- (c) **“capital recovery bank”** means the capital recovery bank determined in accordance with section 17;
- (d) **“capital recovery bank deduction”** with respect to a royalty payer means the deduction that is required to be claimed pursuant to section 25 against the royalty payer’s gross sales that are subject to tiered royalties and that, in a royalty year, is the lesser of:
 - (i) the amount in the royalty payer’s capital recovery bank at the end of the previous royalty year less any disposals and includes any additions in the current royalty year;
 - (ii) the amount necessary to reduce the royalty payer’s tiered royalty payment to zero; or
 - (iii) 50% of:
 - (A) the sum of all additions to the royalty payer’s capital recovery bank for the current year and previous years to the last previous year in which the balance was zero;

less:

 - (B) the sum of all disposals of the royalty payer for the current and previous years to the last previous year in which the balance was zero;
- (e) **“Crown lease”** means:
 - (i) a lease of Crown mineral lands issued pursuant to *The Mineral Disposition Regulations, 1986*, being Saskatchewan Regulations 30/86, that is deemed to be a legacy disposition pursuant to section 95 of *The Mineral Tenure Registry Regulations*;

(ii) a lease under The Mineral Disposition Regulations, 1961, being Saskatchewan Regulations 431/67, that is deemed to be a lease pursuant to clause 4(2)(c) of The Mineral Disposition Regulations, 1986, being Saskatchewan Regulations, 30/86;

(ii.1) a lease issued pursuant to Part VII of *The Mineral Tenure Registry Regulations*; and

(iii) an agreement or lease issued pursuant to clause 4(b) of *The Crown Minerals Act*;

(f) **“disposal”**:

(i) means any transaction or event that entitles a royalty payer to the price or proceeds, or part of the price or proceeds, of:

(A) a facility sold or contributed for value; and

(B) compensation for a facility taken, destroyed, injuriously affected, damaged or otherwise removed from the royalty payer’s possession or control; but

(ii) does not include any transfer of a facility:

(A) for the sole purpose of securing a debt or loan;

(B) for the sole purpose of returning a facility that has been used as security for a debt or loan;

(C) where the beneficial ownership does not change; or

(D) to a royalty payer who:

(I) is owned in whole or in part by another royalty payer; or

(II) owns, in whole or in part, another royalty payer;

(g) **“facility”** means, with respect to a royalty payer:

(i) any Crown mineral lands included in a Crown lease in which the royalty payer has an interest and any mine located on those Crown mineral lands from which uranium is, was or will be processed at a mill in which the royalty payer may or may not have an interest; or

(ii) the royalty payer’s mill;

(h) **“gross sales”** means, subject to section 26, the aggregate of the sales prices and all other amounts paid or payable to or for the benefit of the royalty payer for uranium;

- (i) **“index value”** means:
- (i) **Repealed.** 4 Dec 2009 SR 103/2009 s2.
 - (ii) for a royalty year subsequent to 1998, the amount A calculated in accordance with the following formula:

$$A = \frac{B}{C}$$

where:

A is the index value for the royalty year;

B is the price index for the previous royalty year; and

C is the price index for 1998;

- (j) **“kilograms of U₃O₈”** means the weight of uranium, in any chemical form, that is expressed in terms of the equivalent weight in kilograms of natural uranium concentrates triuranium octoxide, also known as U₃O₈;
- (k) **“mill”** means a mill located in Saskatchewan and used in the processing of uranium;
- (l) **“mill allowance”** means the allowance granted at the beginning of production for the facility which is a mill and is the product of:
 - (i) the mill capacity;
 - (ii) the royalty payer’s percentage ownership in the mill; and
 - (iii) the index value multiplied by \$80;
- (m) **“mill capacity”** means mill capacity in accordance with section 18;
- (n) **“mill expansion allowance”** means the allowance granted for a mill expansion at the beginning of production using the expanded capacity, and is the product of:
 - (i) the mill expansion capacity;
 - (ii) the royalty payer’s percentage interest in the mill expansion capacity whether or not the royalty payer has a percentage ownership in the mill, but the sum of all interests of the royalty payer and all other royalty payers in the mill expansion capacity shall not exceed 100% of the mill expansion capacity; and
 - (iii) the index value multiplied by \$50;
- (o) **“mill expansion capacity”** means mill expansion capacity in accordance with section 19;
- (p) **“mine”** means one or more mines where uranium is removed in accordance with a Crown lease and that is designated by the minister pursuant to subsection (5);

- (q) “**mine allowance**” means the allowance granted at the beginning of production for the facility which is a mine and is the product of:
- (i) the mine capacity;
 - (ii) the royalty payer’s percentage ownership in the mine; and
 - (iii) the index value multiplied by:
 - (A) \$45 for an open-pit mine or any other mine that does not include the development of a mine shaft or other means of access to an underground mining operation; or
 - (B) \$60 for an underground mine;
- (r) “**mine capacity**” means the annual capacity at the beginning of production from a facility that is a mine where that annual capacity is stated in kilograms of U_3O_8 and either:
- (i) is set out in the Canadian Nuclear Safety Commission operating licence for the facility that includes the mine, and includes any changes to the Canadian Nuclear Safety Commission operating licence for the facility that includes the mine that qualified for an adjustment to the mill capacity pursuant to subsection 18(2); or
 - (ii) subject to subsections (1.1) and (1.2), if no annual capacity is set out in the Canadian Nuclear Safety Commission operating licence for the facility, is set by the minister;
- (s) “**price index**” means the implicit price index for a royalty year published in the *Bank of Canada Review* as the gross domestic product at market value in the Table titled “Gross domestic product: Price indexes”;
- (t) “**royalty payer**” means, subject to subsection (4):
- (i) every lessee of a Crown lease given the right to mine uranium to the extent of the lessee’s interest in the Crown lease as shown in the lease or if not so shown, to the extent of the lessee’s interest shown in the records of the department;
 - (ii) where a partnership is a lessee of a Crown lease giving it the right to mine uranium, each partner to the extent of its interest in the partnership; and
 - (iii) where a joint venture has been entered into in relation to the mining of uranium, each joint venture participant to the extent of its interest in the joint venture;
- (u) “**royalty payer’s mill**” means any mill that is owned in whole or in part by a royalty payer and that is or may reasonably be expected to be used to process the uranium removed in accordance with a Crown lease, whether or not that mill is located on the Crown mineral lands included in the Crown lease, and includes the tailings management facility;

- (v) “**royalty year**” means the calendar year;
 - (w) “**Saskatchewan resource credit**” means the Saskatchewan resource credit described in section 35;
 - (x) “**small producer credit**” means a small producer credit described in section 20;
 - (y) “**tiered royalty**” means the tiered royalty determined in accordance with section 25;
 - (z) “**uranium**” means either or both of the following produced from Crown mineral lands in Saskatchewan:
 - (i) uranium ore;
 - (ii) uranium concentrate;
 - (aa) “**uranium concentrate**” means:
 - (i) the substance containing U_{235} or U_{238} resulting from the concentration of uranium ore; and
 - (ii) any substance or mineral extracted from uranium ore;
 - (bb) “**uranium ore**” means any substance found in nature that contains commercially recoverable amounts of U_{235} or U_{238} with or without other minerals.
- (1.1) For the purposes of subclause (1)(r)(ii):
- (a) the annual capacity shall be set by the minister based on a detailed statement, in a form approved by the minister, submitted by the operator of the mine prior to the beginning of production;
 - (b) the annual capacity shall be adjusted by the minister based on the maximum actual production during a 12-month period reported by the operator pursuant to section 66 of the regulations;
 - (c) the 12-month period mentioned in clause (b) is to be determined by the minister; and
 - (d) the minister shall make the determination mentioned in clause (c) within 36 months from the beginning of production.
- (1.2) If any adjustment to the annual capacity is made in accordance with subsection (1.1), the annual capacity, as adjusted, is deemed to have been the annual capacity for the purposes of determining mine capacity since the beginning of production from the facility that is a mine.
- (2) For the purposes of this Part, persons are dealing with each other at arm’s length if they fall within the meaning of section 251 of the *Income Tax Act* (Canada).

- (3) For the purposes of this Part, a facility is deemed to continue in existence after mining is discontinued or after the Crown lease is terminated until:
- (a) reclamation has been completed and the lease issued by the Crown for the surface has been surrendered or terminated; and
 - (b) all uranium produced from the facility has been:
 - (i) disposed of or consumed; and
 - (ii) included in determining the royalties payable.
- (4) A royalty payer continues to be a royalty payer until all facilities in which the royalty payer had an interest cease to continue in existence in accordance with subsection (3).
- (5) For the purposes of this Part, the minister may designate two or more mines as one mine where the mines are the subject of:
- (a) the same Crown lease; or
 - (b) a separate Crown lease with the same royalty payers, where all of the mines have been reviewed in the same environmental impact statement.

14 Dec 2001 SR 96/2001 s25; 4 Dec 2009 SR 103/2009 s2; 30 Nov 2012 SR 82/2012 s8.

Beginning of production

16(1) For the purposes of this Part, and subject to subsection (2), “**beginning of production**” for a facility means the first day of the first month in which a sale has been made of uranium produced or processed at that facility.

(2) In the case of a facility that had sales of uranium produced or processed at that facility prior to January 1, 1999, the beginning of production is deemed to be prior to January 1, 1999.

14 Dec 2001 SR 96/2001 s25.

Capital recovery bank

17 For the purposes of this Part:

- (a) the capital recovery bank of a royalty payer at the end of a royalty year is the amount A calculated in accordance with the following formula:

$$A = (B + C - D) \times \frac{E}{F}$$

where:

A is the amount in the capital recovery bank at the end of the royalty year;

B is the amount in the capital recovery bank at the end of the previous royalty year;

C is the aggregate of the amounts of all mine allowances, mill allowances and mill expansion allowances granted in the current royalty year less any reductions arising from the disposal of an interest in a facility that qualified for any one of those allowances;

D is the total capital recovery bank deduction claimed as determined in clause 15(1)(d);

E is the index value for the next royalty year; and

F is the index value for the current royalty year; and

- (b) a facility is not eligible for a mine allowance or a mill allowance if:
- (i) its beginning of production was prior to January 1, 1999; or
 - (ii) it was constructed as a pilot project or for demonstration purposes to determine commercial viability and is licensed as a site or construction operation by the Canadian Nuclear Safety Commission.

14 Dec 2001 SR 96/2001 s25.

Mill capacity

18(1) For the purposes of this Part, “**mill capacity**” is the annual capacity of a facility which is a mill, as specified in the operating licence related to the mill issued by the Canadian Nuclear Safety Commission, and stated in kilograms of U_3O_8 .

(2) The measurement determined in accordance with subsection (1) must be adjusted for any licenced capacity changes to the operating licence for which the operator has filed an application within the 24 month period following the beginning of production from the facility which is a mill.

(3) When calculating the mill allowance, any adjustment to the annual capacity in accordance with subsection (2) is to be deemed to have occurred at the beginning of production from the facility which is a mill.

14 Dec 2001 SR 96/2001 s25.

Mill expansion capacity

19(1) For the purposes of this Part, “**mill expansion capacity**” means the mill capacity in kilograms of U_3O_8 , increased by at least a cumulative 25% through a Canadian Nuclear Safety Commission licensing process or processes, over the greater of the licenced capacity that was:

- (a) used to grant the mill allowance;
- (b) used previously to grant a mill expansion allowance; or
- (c) if the mill was in production prior to 1999, the licenced capacity of the mill at January 1, 1999.

(2) For the purposes of this Part, the mill expansion capacity must be adjusted for any licenced capacity changes to the operating licence for which the operator has filed an application within the 24 month period following the granting of the mill expansion allowance.

(3) An adjustment to the mill expansion capacity in accordance with subsection (2) is deemed to have occurred at the time the mill expansion allowance is granted.

14 Dec 2001 SR 96/2001 s25.

Small producer credit

20(1) For the purposes of this Part, the small producer credit at the end of a royalty year is the amount A calculated in accordance with the following:

$$A = (B - C) \times \frac{D}{E}$$

where:

A is the small producer credit at the end of the royalty year;

B is:

- (i) in the first royalty year in which it is claimed, the index value multiplied by \$750,000; or
- (ii) in any subsequent royalty year, the balance of the small producer credit at the end of the previous royalty year;

C is the total of all small producer credits claimed in the royalty year;

D is the index value for the next royalty year; and

E is the index value for the current royalty year.

(2) A royalty payer must claim a small producer credit beginning in the first month of sales of uranium in which:

- (a) the capital recovery bank is depleted; or
- (b) the maximum capital recovery bank deduction was claimed in that royalty year.

14 Dec 2001 SR 96/2001 s25.

DIVISION 2

Royalty Payments

Royalty payments

21(1) Every royalty payer shall remit a royalty payment in accordance with these regulations for all uranium sold or consumed by the royalty payer.

(2) On or before the last day of the month following the month in which the royalty payer sold or consumed the uranium, the royalty payer shall submit to the minister:

- (a) the royalty payment calculated in accordance with section 23;
- (b) a royalty return in a form acceptable to the minister; and
- (c) a copy of any statement that supports the royalty payment.

(3) Royalty payments must be calculated monthly.

(4) If a royalty payer shares in sales or consumption of uranium produced or processed from more than one facility, the royalty payer shall combine the uranium from each facility for the purpose of calculating the royalty payer's royalty payment.

- (5) If a royalty payer is owned in whole or in part:
- (a) its owner shall:
 - (i) combine the owner's interest in any uranium sold or consumed by the royalty payer that the owner owns, based on the owner's proportional interest in that royalty payer, with all other uranium sold or consumed by the owner;
 - (ii) combine the owner's interest in any capital recovery banks, based on the owner's proportional interest in that royalty payer, with the capital recovery bank of the owner; and
 - (iii) calculate the owner's royalty payments after taking into account subclauses (i) and (ii); and
 - (b) the royalty payer that is owned is not required to make a royalty payment on any uranium that is combined pursuant to clause (a) and for which a royalty payment is made by its owner.
- (6) Notwithstanding subsection (5), the minister may approve an application by a royalty payer to report in another manner.
- (7) For the purposes of subsection (5), "**owner**" means a royalty payer that owns another royalty payer in whole or in part.
- (8) On or before the last day of the third month following the end of the royalty year, a royalty payer must submit to the minister:
- (a) an annual return for the previous royalty year; and
 - (b) the royalty payment that is due in a royalty year less the sum of the monthly royalty payments made in that royalty year.
- (9) If the total of the monthly royalty payments for the current royalty year made pursuant to subsection (2) exceeds the total of the annual royalty payment calculated in accordance with subsection (8), the minister shall refund to the royalty payer the difference between those amounts within 30 days after receiving the royalty payer's annual return.

14 Dec 2001 SR 96/2001 s25.

Interest payable

- 22(1)** Every royalty payer shall pay interest to the minister on any royalty payment or portion of a royalty payment that is not paid as required by subsection 21(8).
- (2) The unpaid royalty payment or portion of a royalty payment mentioned in subsection (1) bears interest from the time the royalty payment was due pursuant to subsection 21(8).
- (3) For the purposes of this section, a royalty payment is considered to be paid on the date that it is received by the minister.

(4) The minister shall pay interest to a royalty payer only with respect to amounts refunded to the royalty payer as a result of an assessment or reassessment pursuant to section 30, and the refund bears interest from the time the original royalty payment was paid pursuant to subsection 21(8).

(5) For the purposes of this section, the annual rate of interest is equal to the product of:

(a) 1.2; and

(b) the rate of interest published in the *Bank of Canada Review* as the “**bank rate**” as at December 31st of the preceding year.

14 Dec 2001 SR 96/2001 s25.

Calculation of royalty

23 The royalty payment to be made pursuant to section 21 is the amount A calculated in accordance with the following formula:

$$A = B + C - D$$

where:

A is the royalty payable;

B is the basic royalty payable;

C is the tiered royalty payable; and

D is the Saskatchewan resource credit.

14 Dec 2001 SR 96/2001 s25.

Basic royalty

24 The basic royalty is 5% of the royalty payer’s gross sales of uranium.

14 Dec 2001 SR 96/2001 s25.

Tiered royalty

25(1) The tiered royalty payment is the amount A calculated in accordance with the following formula:

$$A = B + C + D - E$$

where:

A is the tiered royalty;

B is the amount determined in accordance with subsection (2);

C is the amount determined in accordance with subsection (3);

D is the amount determined in accordance with subsection (4); and

E is any small producer credit that has been claimed.

- (2) 15% of the lesser of:
- (a) the gross sales of the royalty payer, adjusted pursuant to section 36, less the product of:
 - (i) \$60;
 - (ii) the index value; and
 - (iii) the weight of uranium in kilograms of U_3O_8 sold or consumed by the royalty payer; and
 - (b) the value determined in accordance with clause (a), less the capital recovery bank deduction that must be claimed.
- (3) 10% of the lesser of:
- (a) the gross sales of the royalty payer, adjusted pursuant to section 36, less the product of:
 - (i) \$45;
 - (ii) the index value; and
 - (iii) the weight of uranium in kilograms of U_3O_8 sold or consumed by the royalty payer;
 - (b) the product of:
 - (i) \$15;
 - (ii) the index value; and
 - (iii) the weight of uranium in kilograms of U_3O_8 sold or consumed by the royalty payer; and
 - (c) the lesser of the values determined in accordance with clauses (a) and (b), less the capital recovery bank deduction that must be claimed.
- (4) 6% of the lesser of:
- (a) the gross sales of the royalty payer, adjusted pursuant to section 36, less the product of:
 - (i) \$30;
 - (ii) the index value; and
 - (iii) the weight of uranium in kilograms of U_3O_8 sold or consumed by the royalty payer;
 - (b) the product of:
 - (i) \$15;
 - (ii) the index value; and
 - (iii) the weight of uranium in kilograms of U_3O_8 sold or consumed by the royalty payer; and
 - (c) the lesser of the values determined in accordance with clauses (a) and (b), less the capital recovery bank deduction that must be claimed.

- (5) For greater certainty, the capital recovery bank deduction must be claimed against revenues subject to tiered royalties in subsection (2) first, in subsection (3) second, and in subsection (4) last.
- (6) A royalty payer shall claim the maximum capital recovery bank deduction that it is entitled to each month and, if the royalty payer is capable of reducing its capital recovery bank to zero by claiming a capital recovery bank deduction in a month, the royalty payer shall do so.
- (7) For the purposes of this section, any value or amount calculated to be less than zero is deemed to be zero.
- (8) For the purposes of this section:
- (a) the tiered royalty calculated for a month must be based on the gross sales of the royalty payer in that month; and
 - (b) the gross sales of the royalty payer in any month must be calculated as the product of:
 - (i) the royalty payer's sales volume for the month; and
 - (ii) the estimated average sales price of the royalty payer's annual sales.
- (9) A royalty payer shall submit to the minister its estimated average sales price:
- (a) at the beginning of the royalty year; and
 - (b) at any other time that the minister requests.
- (10) Subject to section 36, for the purposes of this section, the tiered royalty required to be paid pursuant to subsection 21(8) must be based on the gross sales of the royalty payer in accordance with clause 15(1)(h).

14 Dec 2001 SR 96/2001 s25.

Gross sales

- 26(1)** For the purposes of determining the gross sales of a royalty payer:
- (a) a sale of uranium occurs:
 - (i) when the uranium changes ownership; or
 - (ii) when any other transaction involving the uranium has taken place and the minister, on the application of a royalty payer, has approved using that transaction as the change of ownership for the purposes of subclause (i); and
 - (b) the sale price of the uranium is equal to the fair market value determined in accordance with section 27 less any of the following that have been approved by the minister:
 - (i) the cost of transporting the uranium from the royalty payer's mill or the mill that processed the royalty payer's uranium, to the first point of sale;

- (ii) expenses incurred by the royalty payer for the conversion of the uranium concentrate to a form further refined than the compound produced at the mill and described in terms of kilograms of U_3O_8 ; and
 - (iii) any other sale price deductions the minister considers appropriate in the circumstances.
- (2) The minister shall not approve a deduction for any surcharge imposed by a converter or refiner because the uranium concentrate did not meet the required specifications or standards as set out in the sales contract.
- (3) In determining the gross sales of uranium in accordance with subsection (1), the following sales shall not be included:
- (a) sales of uranium, where that uranium was received as a payment for custom milling; and
 - (b) sales of uranium, where that uranium was not produced but purchased from another person.

14 Dec 2001 SR 96/2001 s25.

Fair market value

- 27(1)** Subject to subsection (2), the fair market value for an arm's length sale of uranium is the price paid by the purchaser to the royalty payer for the uranium.
- (2) Subject to section 29, where uranium is sold for consideration other than money, the value of the sale is the greater of the fair market value of the consideration and the fair market value of the uranium.
- (3) Subject to section 28 and subsection (5), the fair market value for a sale of uranium that is not at arm's length is deemed to be:
- (a) in the case of uranium that enters into a pooled inventory, the average sale price of all arm's length sales of uranium from that pooled inventory in the current royalty year;
 - (b) in the case of uranium that is re-sold in an arm's length sale without entering a pooled inventory, the sale price of the uranium in the first arm's length sale; and
 - (c) in the case of uranium that is sold and subsequently consumed, the average sale price for all sales of uranium from the royalty payer to arm's length purchasers in the current royalty year.
- (4) For the purposes of calculating the gross sales of the royalty payer in the current royalty year, an estimated average sale price must be used as an interim value of sales until the gross sales have been determined for the current royalty year.
- (5) The minister may approve a sale price of uranium that is agreed upon by a royalty payer and a purchaser who are not dealing with each other at arm's length.

14 Dec 2001 SR 96/2001 s25.

Value to be determined by minister

28(1) Notwithstanding section 27, if, in the minister's opinion, the sales price to be included in the calculation of the gross sales of the royalty payer does not accurately reflect the fair market value, and it is not possible to determine the fair market value in accordance with section 27, the minister may deem a value that, in the minister's opinion, accurately reflects the fair market value.

(2) Where the minister deems a value in accordance with subsection (1), the minister shall provide written notice of it to the royalty payer.

(3) A royalty payer shall have 60 days from the date of the notice in subsection (2) to explain why the royalty payer's sale price is fair market value for that sale.

(4) Following the expiration of the 60 day period mentioned in subsection (3), the minister shall inform the royalty payer of the value that, in the minister's opinion, represents the fair market value of the uranium sold or consumed.

14 Dec 2001 SR 96/2001 s25.

Value assigned to uranium loaned or sold

29(1) Where uranium is loaned or sold by a royalty payer, and any consideration for the loan or sale is the right of the royalty payer to receive uranium, whether or not the uranium received was produced in Saskatchewan:

(a) the value of any consideration, other than uranium, must be included in calculating the gross sales of the royalty payer for the month in which the consideration is received; and

(b) subject to sections 27 and 28, the proceeds of any sale of the uranium received by the royalty payer as consideration must be included in calculating the gross sales of the royalty payer for the month in which that uranium is sold.

(2) Where uranium is loaned or sold to a royalty payer, whether or not the uranium was produced in Saskatchewan, and any of the consideration for the loan or sale is the obligation of the royalty payer to deliver uranium at a future time, the royalty payer must include, in calculating the gross sales of the royalty payer, the value of the uranium for the month in which it is delivered.

(3) Subject to sections 27 and 28, the value of the uranium delivered in accordance with subsection (2) is deemed to be the value received by the royalty payer with respect to the sale or consumption of the uranium loaned or sold to the royalty payer.

14 Dec 2001 SR 96/2001 s25.

Assessments

30(1) The minister may assess or from time to time reassess the amount of any royalties payable pursuant to these regulations, and of any interest or other amounts that may be payable pursuant to these regulations with respect to those royalties:

(a) within six years after the day on which those royalties became due and payable pursuant to these regulations;

- (b) at any time, if the royalty payer:
 - (i) has made any misrepresentation that is attributable to neglect, carelessness or wilful default or has committed any fraud in connection with the calculation or payment of those royalties; or
 - (ii) has filed with the minister a waiver in a form acceptable to the minister within six years after the day on which those royalties became due and payable pursuant to these regulations; or
 - (c) within six years after the date on which a royalty return was last filed or re-filed by a royalty payer.
- (2) The minister shall send to the royalty payer a notice of any assessment or reassessment pursuant to subsection (1) and any amount that is assessed or reassessed by the minister to be payable by the royalty payer is to be paid within 30 days after the date stated on the notice of assessment or reassessment, whether or not an appeal of the assessment or reassessment is filed.
- (3) Liability for the royalties payable in accordance with these regulations, and for any interest or other amounts that may be payable pursuant to these regulations with respect to those royalties, is not affected either by an incorrect or incomplete assessment or reassessment under this section, or by the fact that no assessment or reassessment has been made pursuant to this section.
- (4) If a royalty payer wishes to re-file a royalty return, the royalty payer shall do so within six years after the day on which those royalties became due and payable pursuant to these regulations.

14 Dec 2001 SR 96/2001 s25.

Copy of sales contract to minister

31 Within 60 days after entering into a contract for the sale of uranium, a royalty payer shall:

- (a) in the case of a written contract, provide a copy of the contract to the minister; and
- (b) in the case of an oral contract, inform the minister in writing of the terms of the contract.

14 Dec 2001 SR 96/2001 s25.

Record retention

32(1) Subject to subsection (2), unless otherwise provided, a royalty payer must retain, for a period of six years after the royalty year, or the date of re-filing of a royalty return pursuant to subsection 30(4), all records required to calculate the royalties payable pursuant to these regulations.

- (2) Where the minister considers it appropriate in the circumstances, the minister may provide a royalty payer with written consent to dispose of the records before the six year period has expired.

(3) Where a royalty payer does not make the records available at a reasonably accessible location in North America, the royalty payer is responsible to pay all costs associated with:

- (a) the audit by the department; or
- (b) if agreed on by the department and the royalty payer, the collection of information by the royalty payer through an independent third party for the purposes of the audit by the department.

14 Dec 2001 SR 96/2001 s25.

DIVISION 3 Allowances, Credits and other Exemptions

Mine allowance – not available for certain mines

33(1) In this section, “**environmental impact statement**” means a statement provided for the purposes of *The Environmental Assessment Act* that contains:

- (a) the results of the environmental assessment of the project;
- (b) an assessment of the potential environmental impacts of the project; and
- (c) a description of the impact mitigation measures to be used to mitigate, minimize or avoid the potential environmental impacts of the project.

(2) Notwithstanding any other provision in these regulations, an open-pit mine or any other mine that does not include the development of a mine shaft or other means of access to an underground mining operation, is not eligible for a mine allowance if another open-pit mine for which a mine allowance was granted is the subject of:

- (a) the same Crown lease; or
- (b) a separate Crown lease with the same royalty payers, where all of the mines have been reviewed in the same environmental impact statement.

(3) Notwithstanding any other provision in these regulations, an underground mine is not eligible for a mine allowance if another underground mine for which a mine allowance was granted is the subject of:

- (a) the same Crown lease; or
- (b) a separate Crown lease with the same royalty payers, where all of the mines have been reviewed in the same environmental impact statement.

14 Dec 2001 SR 96/2001 s25.

Small producer credit – eligibility

34(1) To be eligible for the small producer credit, a royalty payer shall:

- (a) have an annual production of less than or equal to 2,000,000 kilograms of U_3O_8 , which includes production from all royalty payers not dealing at arm's length with the royalty payer applying for the credit;
 - (b) deal at arm's length with all royalty payers who have previously received a small producer credit; and
 - (c) submit an application to the minister by March 31, 2002.
- (2) A small producer credit is only transferable upon the disposal of an interest in a facility to a royalty payer who would meet the conditions mentioned in clause (1)(a) after the transaction.

14 Dec 2001 SR 96/2001 s25.

Saskatchewan resource credit

35 The Saskatchewan resource credit is 1% of the royalty payer's gross sales of uranium.

14 Dec 2001 SR 96/2001 s25.

Exemption from tiered royalties

36(1) Sales of uranium will not be subject to tiered royalties if:

- (a) the sales are from a facility that is not eligible to establish a capital recovery bank pursuant to subclause 17(b)(ii); or
 - (b) the sales are from a secondary source of previously processed material that the minister considers appropriate in the circumstances.
- (2) All sales of uranium are subject to the basic royalty whether or not they are exempt from tiered royalties in accordance with subsection (1).

14 Dec 2001 SR 96/2001 s25.

DIVISION 4

Disposal of an Interest in a Facility

Disposal of interest in facility

37(1) In this Division:

- (a) **“contract”** means the contract between the vendor and purchaser for the sale of an interest in a facility;
- (b) **“interest in a facility”** means any mine or mill held by a person that entitles that person, directly or indirectly, to a share of any uranium produced or processed at a facility;
- (c) **“purchaser”** means the person who is purchasing an interest in a facility;
- (d) **“vendor”** means a royalty payer who is selling an interest in a facility.

(2) On the sale of an interest in a facility, the minister may recognize that the amount to be added to the capital recovery bank of a purchaser is the amount A calculated in accordance with the following formula:

$$A = B \times C$$

where:

A is the addition to the purchaser's capital recovery bank;

B is the percentage of the vendor's interest in the facility being disposed of; and

C is the vendor's unclaimed capital recovery bank balance determined using the formula in subsection (3) and any other factors that the minister considers appropriate.

(3) The vendor's unclaimed capital recovery bank balance for an interest in a facility may be estimated to the month in which the disposal occurs in accordance with the following formula:

$$A = \left(B \times \frac{C}{D} \right) - E$$

where:

A is the greater of:

(i) the vendor's unclaimed capital recovery bank for the vendor's interest in the facility at the time of the disposal; and

(ii) if A is less than zero, zero;

B is the vendor's capital recovery bank addition for the vendor's interest in the facility being disposed of;

C is the index value for the current royalty year;

D is the index value for the royalty year in which B was added to the capital recovery bank; and

E is the amount calculated in accordance with the following formula:

$$E = F \times \frac{B}{B + G}$$

where:

E is the total of all deductions from the vendor's capital recovery bank applied to the facility being disposed of;

F is the total of all deductions from the vendor's capital recovery bank from the time of the addition of B until the month of the disposal; and

G is the amount in the vendor's capital recovery bank immediately prior to the addition of the amount B and any other amount added to the bank at the same time as B.

(4) When the interest is transferred to the purchaser under the contract, the capital recovery bank of the vendor must be reduced by the same amount that is added to the capital recovery bank of the purchaser in subsection (2).

(5) Where an interest in a facility is disposed of prior to the beginning of production, the capital recovery bank balance for that facility at the time of disposal is deemed to be zero.

14 Dec 2001 SR 96/2001 s25.

Effective date of transfer

38(1) Notwithstanding subsection 110(3) of The Mineral Disposition Regulations, 1986, being Saskatchewan regulations 30/86, and subject to subsection (2), for the purposes of this Part the minister may recognize an effective date for the transfer of an interest in a disposition that is not the registration date.

(2) The minister shall not recognize an effective date in accordance with subsection (1) unless the minister is requested to do so by the vendor and the purchaser.

14 Dec 2001 SR 96/2001 s25.

Allocation of capital recovery bank

39(1) Notwithstanding subsections 37(2) to (4), and subject to subsection 37(5), the minister may recognize the allocation of the capital recovery bank between the vendor and purchaser as set out in the contract.

(2) The minister shall not recognize the allocation of the capital recovery bank set out in the contract unless:

- (a) an interest in a facility is disposed of by a royalty payer to a person who is or becomes a royalty payer; and
- (b) the vendor continues to be a royalty payer.

(3) Where the minister is satisfied that the allocation set out in the contract is reasonable, the minister shall provide written approval of the relevant sections of the contract to the vendor and the purchaser.

(4) Notwithstanding anything else in this section, the minister may determine the allocation of the capital recovery bank between the vendor and purchaser where the minister is not satisfied that the allocation set out in the contract is reflective of:

- (a) the percentage interest of the vendor in the facility that was disposed of; or
- (b) the purchase price of the facility disposed of.

14 Dec 2001 SR 96/2001 s25.

Copy of documentation to minister

40(1) Within 30 days after entering into a contract involving a change in a royalty payer's interest in a facility, the royalty payer shall provide the minister with:

- (a) a copy of the contract; and
 - (b) any further supporting documentation that the minister considers appropriate in the circumstances.
- (2) When requested to do so by the minister, a royalty payer shall prepare and deliver documentation pertaining to the operations of a facility and in connection with exploration for uranium, including:
- (a) information with respect to:
 - (i) pre-production;
 - (ii) the production of uranium from Crown mineral lands included in a Crown lease; and
 - (iii) the refining, sale or consumption of uranium produced from Crown mineral lands included in a Crown lease;
 - (b) any budget or forecast related to anything mentioned in clause (a); and
 - (c) any further information or documentation that the minister considers appropriate in the circumstances.

14 Dec 2001 SR 96/2001 s25.