

YUKON MINING INCENTIVES PROGRAM GUIDEBOOK

WHAT IS YMIP?

The Yukon Mining Incentives Program (YMIP) is designed to promote and enhance mineral prospecting and exploration activities in Yukon. The program's function is to provide a portion of the risk capital required to locate, explore and develop mineral projects to an advanced exploration stage. Applicants are invited to submit prospecting and exploration proposals. Only well conceived, technically sound applications will be considered for funding and applicants are encouraged to consult with the Mineral Development Geologist.

The Yukon Mining Incentives program contains three modules:

Grassroots Prospecting

Qualified prospectors may apply for a contribution of up to \$15,000 per year to cover basic operating expenses while searching for new mineral occurrences in Yukon. 100 per cent of approved expenses are reimbursed.

Focused Regional

Individuals, sole proprietors, partnerships, limited partnerships and corporations undertaking basic exploration work directed at exploring for and appraising the potential of an under-explored area may apply for a contribution of up to \$25,000 per year. 75 per cent of approved expenses are reimbursed.

Target Evaluation

Individuals, sole proprietors, partnerships, limited partnerships and corporations undertaking basic exploration work directed at appraising the potential of an under-evaluated occurrence or target may apply for a contribution of up to \$50,000 per year. 50 per cent of approved expenses are reimbursed. **The intent of this funding is to enable the recipient to carry out exploration work aimed at developing a mineral project to an advanced exploration stage.**

HOW MUCH FUNDING CAN YOU RECEIVE

Qualified prospectors, individuals, sole proprietors, partnerships, limited partnerships and corporations ('legal entity') may submit multiple applications per YMIP module or modules in a given program year.

Funding is not automatic and is not on a first-come, first-served basis. Applications will be reviewed, assessed and evaluated by the Department of Energy, Mines and Resources (EMR) and only well-conceived, technically sound applications will be considered for funding.

Non-arms length relationships between legal entities may be considered, for the purposes of determining YMIP funding, and multiple contributions per legal entity per program year will be subject to the availability of funds and will be at the discretion of the Government of Yukon and EMR.

If your Grassroots Prospecting application and work program are accepted, you may be eligible for an advance of \$2,500, first time applicants may be eligible for an advance of \$1000. There are no advances for Focused Regional or Target Evaluation modules.

PLEASE REFER TO THE PROGRAM GUIDEBOOK BEFORE COMPLETING THE APPLICATION FOR FUNDING AND PREPARING A PROSPECTING OR EXPLORATION PROPOSAL.

SUMMARY OF PROGRAM COMPONENTS

Eligible Activities/Expenditures

GRASSROOTS PROSPECTING	FOCUSED REGIONAL	TARGET EVALUATION
<p>Eligible Activities</p> <ul style="list-style-type: none"> - Conventional prospecting, geological, geochemical and geophysical surveys - Hand trenching - Sampling and analysis - Reclamation expenses - Related Physical Work (limited) - Preparation of Final Report <p>Light Equipment Rental (<5 t)</p> <ul style="list-style-type: none"> - Owner operated equipment reimbursed at 25% of commercial rental rates. - Commercial rental rates reimbursed at cost, but not to exceed specified Yukon Government maximums. 	<p>Eligible Activities</p> <ul style="list-style-type: none"> - Conventional prospecting, geological, geochemical and geophysical surveys - Hand trenching - Sampling and analysis - Reclamation expenses - Related Physical Work (limited) - Preparation of Final Report <p>Light Equipment Rental (< 5 t)</p> <ul style="list-style-type: none"> - Owner operated equipment reimbursed at 25% of commercial rental rates. - Commercial rental rates reimbursed at cost, but not to exceed specified Yukon Government maximums. 	<p>Eligible Activities</p> <ul style="list-style-type: none"> - Conventional prospecting, geological, geochemical and geophysical surveys - Hand and/or mechanical trenching - Sampling and analysis - Reclamation expenses - Related Physical Work (limited) - Drilling - Preparation of Final Report <p>Equipment Rental</p> <ul style="list-style-type: none"> - Owner operated equipment reimbursed at 25% of current commercial rental rates for light equipment (< 5 t), 75% for heavy equipment (> 5 t). - Commercial rental rates reimbursed at cost, but not to exceed specified Yukon Government maximums.
<p>Living/Camp/Field Costs</p> <ul style="list-style-type: none"> - \$50 per person, per day spent in the field carrying out proposed activities <p>Travel *</p> <ul style="list-style-type: none"> - Daily trips of reasonable distance to the area of exploration and two long distance round trips per 30 day period to locale at or near the area of exploration <p>Wages *</p> <ul style="list-style-type: none"> - For hired labor if required and workers compensation coverage <p><i>* Refer to separate 'Guidelines for Rental/Other Rates relating to YMIP claims'</i></p>		

Advances/Interim claims/Final payment

GRASSROOTS PROSPECTING	FOCUSED REGIONAL	TARGET EVALUATION
<p>Advance Payment</p> <ul style="list-style-type: none"> - \$1,000 for first time applicants and \$2,500 for applicants who have successfully completed the program in the past. <p>Interim claims</p> <ul style="list-style-type: none"> - Once during each 30 day period up to a maximum total of 85% of the approved funding amount. <p>Final payment</p> <ul style="list-style-type: none"> -15% of the approved funding will be withheld pending approval of the Summary or Technical Report and the Final Submission Form. - Minimum 30-person days of in field prospecting is required for full payment of the approved contribution amount. 	<p>Advance Payment</p> <ul style="list-style-type: none"> - not applicable <p>Interim claims</p> <ul style="list-style-type: none"> - Once during each 30 day period up to a maximum total of 85% of the approved funding amount. <p>Final payment</p> <ul style="list-style-type: none"> -15% of the approved funding will be withheld pending approval of the Summary or Technical Report and the Final Submission Form. - There is no required minimum number of days spent in the field carrying out the proposed activities. 	<p>Advance Payment</p> <ul style="list-style-type: none"> - not applicable <p>Interim claims</p> <ul style="list-style-type: none"> - Once during each 30 day period up to a maximum total of 85% of the approved funding amount. <p>Final payment</p> <ul style="list-style-type: none"> -15% of the approved funding will be withheld pending receipt and approval of the Summary or Technical Report and the Final Submission Form. - There is no required minimum number of days spent in the field carrying out the proposed activities.

Revised reporting requirements for all modules

- The deadline for submission of the Summary or Technical Report and Final Submission Form is **March 31st**
- A Project Status Report must be filed by **September 30th** of the calendar year in which funding is approved
- A Financial Summary Report must be filed by **February 15th** of the calendar year following funding approval

DESCRIPTION OF PROGRAM COMPONENTS

Grassroots - Prospecting

For the purpose of YMIP, prospecting is defined as: "the search for new mineral deposits by means of conventional prospecting; geological, geophysical and geochemical surveying; sampling; grid preparation; the excavation of pits and trenches by hand and limited amounts (up to 20 per cent of total project time) of related physical work such as claim staking".

The following conditions must be met in order to be eligible for the Grassroots Prospecting program:

- ▶ a maximum of six separate prospecting areas may be included in the proposal,
- ▶ prospectors (and their assistants) must be in the field prospecting for a minimum of 30-person days (the majority of work must be completed by the applicant),
- ▶ the use of heavy equipment is not an eligible expense (using heavy equipment automatically moves your proposal into the Target Evaluation category),
- ▶ a Daily Diary and a Summary Report together with a map showing traverses, locations of observations made, etc. are required at the completion of the project,

Focused – Regional

For the purpose of YMIP, basic exploration work is similar to that defined as prospecting (see above).

The following conditions must be met in order to be eligible for the Focused Regional program:

- ▶ applicants must submit a detailed work plan outlining the location and type of exploration. Work carried out in the field must closely follow that outlined in the work plan,
- ▶ the use of heavy equipment is not an eligible expense (using heavy equipment automatically moves your proposal into the Target Evaluation category),
- ▶ there is no minimum or maximum time that must be spent in the field,
- ▶ A Technical Report is required at the completion of the project,

Target Evaluation

For the purpose of YMIP, Target Evaluation is defined as: "mineral exploration work directed at appraising the potential of a previously under-evaluated occurrence or target by means of conventional prospecting, geological, geophysical and geochemical surveying, sampling, drilling, grid preparation and the excavation of pits and trenches (by hand or with equipment)."

The following conditions must be met in order to be eligible for the Target Evaluation program:

- ▶ exploration must be conducted on either quartz claims, placer claims or exploration leases, coal exploration licenses or quarry leases, not on Crown land,
- ▶ the maximum cumulative amount of funding provided for exploration on any individual mineral occurrence or target will be \$200,000,
- ▶ there is no minimum or maximum time that must be spent in the field,
- ▶ a Technical Report is required at the completion of the project,

GENERAL PROGRAM REQUIREMENTS – ALL MODULES

Funding under all modules is subject to the following conditions:

- ▶ all operations must be in compliance with the laws of general application, particularly those related to mining, water, land use and environmental regulations,
- ▶ copies of any necessary approvals and permits typically required to carry out exploration programs in Yukon must be submitted prior to final approval of funding,
- ▶ the recipient is a legal entity in good standing with the power to contract.

The Department will refuse an application if the individual or company:

- ▶ has shown poor performance and/or reporting on previous YMIP programs,
- ▶ has failed to pay contractors for invoices on any Yukon projects,
- ▶ is in default of any YTG grant, loan, permit, etc.,
- ▶ is in non-compliance of a water license anywhere in Yukon,
- ▶ failed to be available for a property inspection without reasonable cause,
- ▶ proposed a project within an area identified by the Yukon Government or the Federal Government as a Study Area for: National or Territorial Parks, The Protected Areas Strategy or Special Management Areas as outlined by the Umbrella Final Agreement.

DO YOU QUALIFY?

To qualify you must meet the following conditions:

- ▶ be nineteen years of age or over, and/or
- ▶ be a company or partnership registered to do business in Yukon and/or be the party funding the work program for an exploration proposal on claims that have been optioned from another party or are the subject of a joint venture agreement, and
- ▶ be eligible to stake mineral claims or leases in the Yukon as governed by one or more of the following: Yukon Placer Mining Act; Yukon Quartz Mining Act; Territorial Coal Regulations; Territorial Quarrying Regulations; and/or Territorial Dredging Regulations,
- ▶ have a prospecting or exploration target that includes any of the mineral commodities defined in the above legislation,
- ▶ submit a completed Application for Funding Form and a Prospecting or Exploration Proposal, to work in the Yukon on ground that you have the legal right to prospect or conduct exploration on, i.e. Crown land, staked or leased ground, etc.,

DEADLINES FOR YMIP – ALL MODULES

The **application deadline for YMIP** is **March 31st**, qualified applications received after this date may be considered on the basis of available funding.

A **Project Status Report Form** is required for all projects and must be filed by **September 30th** of the calendar year in which funding is approved. This report form will include a summary of the work completed and an accurate estimate of eligible expenditures to date on the project.

A **Financial Summary Report Form** is required for all projects and must be filed by **February 15th** of the calendar year following funding approval. This report form will include a detailed list of eligible expenditures that are being claimed for the project, tabulated by date(s), recipient(s) of payment, nature of the expense and the amount, supported by accompanying receipts.

A separate **Final Submission Form** and **Summary or Technical Report** is required for each project and must be filed by **March 31st** of the calendar year following funding approval.

Final contribution payments may be forfeited and interim payments and advances may be recalled if required reporting and documentation of work performed are not submitted by the above dates. Future eligibility for funding may also be affected.

HOW TO APPLY

Applications for YMIP contributions must include:

1. APPLICATION FOR FUNDING FORM

Please be sure to fill out all parts of the form and include:

- a) Government or industry reference - an employee of the Yukon Government - Department of Energy, Mines and Resources, the Yukon Geological Survey (YGS), or a geologist with Yukon work experience,
- b) Contact telephone number(s) - which can be used to locate you before, during or after your project,
- c) number of years of prospecting or exploration experience and, if applicable, the type of training or relevant education obtained.

Please attach additional pages to include information you feel is important to your application.

2. PROSPECTING OR EXPLORATION PROPOSAL

Document your prospecting or exploration proposal by providing information on all of the following categories;

- a) Project Location:
 - i) Name of area or property name,
 - ii) Identify project location(s) by: area, mining division, claim map sheet/NTS map sheet, and latitude and longitude and claims if applicable. A Grassroots Prospecting proposal may include more than one geographic area (maximum of six),
 - iii) Location map(s) of project area(s). Proposed prospecting or exploration areas must be clearly identified on a current claim or property map,
 - iv) If work is to be done on claims or leases, a list of claims/leases and a recent claim map with the claims/leases outlined is also required.
- b) Access - Route and method of transportation to the project area.
- c) Project or target areas must be described by:
 - i) Commodities, and/or minerals,
 - ii) Deposit type and geology.
- d) Reason/rationale for your YMIP project.
- e) Description of type and amount of proposed work, i.e. prospecting; geological, geophysical and geochemical surveys; trenching; drilling; reclamation or other actions proposed to reduce environmental/resource concerns.
- f) Description of the type of supporting data or results which will be included in the Summary or Technical Report, i.e. rock descriptions, assays, trench maps, drill logs, geophysical data, etc.
- g) An accurate estimate of the project budget.
- h) List any partners that are applying for YMIP assistance or will be working with you on this project.

Note: Applications that are not complete will not be considered for funding. Applicants are encouraged to discuss their project proposal(s) with the Mineral Development Geologist prior to submission.

HOW WILL YOUR APPLICATION BE ASSESSED?

Applications will be reviewed and evaluated on the basis of the following criteria;

- ▶ quality and documentation of the project proposal,
- ▶ target considerations, such as basis for selection, commodity economics, etc,
- ▶ ability, experience, training and past performance of applicant,
- ▶ financial commitment of applicant,

Funding is not automatic. Applications will be reviewed and evaluated by the Department of Energy, Mines and Resources and only well-conceived, technically sound applications will be considered for funding.

Funding is not on a first-come, first-served basis. The amount of money to be awarded each year is within the discretion of the Government of Yukon and the Department of Energy, Mines and Resources. Contributions will be awarded based on project evaluation and are subject to availability of funds.

The Department will determine that a project proposal is beyond the intended scope of the program if:

- ▶ the proposed budget is greater than \$200,000,
- ▶ the proposal includes underground development (other than shafting to test a placer occurrence),
- ▶ any portion of the work plan can be interpreted as preparation for mining,
- ▶ the project includes a bulk sampling program, which can be construed as a high-grade mining activity.

Applicants who feel that their application was incorrectly evaluated will have until June 15th to submit a written appeal to the Mineral Development Geologist requesting that their application be reevaluated. A committee of geologists not involved in the original assessment process will review the application and make recommendations to the Director of the Yukon Geological Survey, whose decision in the matter will be final.

PROCEEDING WITH YOUR PROSPECTING OR EXPLORATION PROGRAM

Successful applicants will be required to enter into a Contribution Agreement with the Government of Yukon. Contributions are for a twelve-month period commencing April 1st of each year. Work performed prior to April 1st will not be eligible for reimbursement.

Prospecting and exploration applicants should make every effort to have a contact telephone number or address while in the field. The Mineral Development Geologist or another YGS geologist may visit successful applicants in the field and the project area must be available for inspection at a mutually convenient time.

Review the requirements for YMIP Final Submission before proceeding with your YMIP assisted prospecting or exploration project. This will benefit you when submitting your final documentation.

Successful applicants must notify the Mineral Development Geologist by August 15 if work has not started on the proposed program or if work is discontinued before the proposed project is completed. Any changes to the approved work program should be discussed with the Mineral Development Geologist prior to alteration of the work plan. Failure to do so may result in termination of program agreement and recall of initial contribution payments.

Grassroots Prospecting programs documenting less than the required 30 person-days prospecting in the field will have the amount of the contribution agreement reduced. A successful candidate, who documents less than 30 person-days prospecting, or who fails to account for prospecting days, may, at the discretion of the Department of Energy, Mines and Resources, be required to return the advance payment.

ADVANCES

Once the signed contribution agreement has been received, the successful Grassroots Prospecting applicant may be eligible for an advance. Applicants who have been on the program in previous years and have successfully completed the program may receive an advance of \$2,500. Applicants who are applying for the first time may be eligible for an advance of \$1,000. Advances are not available until after May 1st.

ELIGIBLE EXPENDITURES

Eligible prospecting or exploration activities/expenses consist of:

- ▶ a daily living/camp/field allowance of \$50 per person, per day can be claimed for time spent working on the designated project within the designated period of the project. This allowance will cover expenses such as groceries, basic field supplies such as notebooks, hand lenses, compasses, sample bags, etc.,
- ▶ transportation of personnel, supplies and machinery within Yukon by land, air, water or horseback,
- ▶ conventional prospecting, assays and analysis for all samples,
- ▶ wages and workers compensation coverage for assistants and employees,
- ▶ heavy equipment costs on the Target Evaluation program (ineligible on Grassroots Prospecting and Focused Regional programs),
- ▶ reclamation expenses (i.e. backfilling trenches, contouring and revegetation, erosion control, drainage protection measures, etc.),
- ▶ road building costs on claims for the Target Evaluation program, not exceeding 25% of the total contribution and reimbursed at a rate of 50%,
- ▶ reasonable amount of time for report preparation,

Please consult with the Mineral Development Geologist if you are unsure if an expense is eligible.

Rates for wages and equipment rental must be reasonable and customary for the service provided.

Traveling expenses by road (within Yukon) may be reimbursed at the current Yukon Government rate/km for the use of the applicant's own vehicles OR expenses for fuel, oil, etc., but not both. Costs of other forms of travel within Yukon (air, boat, horseback, etc.) may also be claimed. Transportation costs are not to exceed 25% of the total contribution unless otherwise authorized by the Mineral Development Geologist.

The Department of Energy, Mines and Resources reserves the right to reject costs not included in the original application, unless those costs have been authorized in advance by the Mineral Development Geologist.

INELIGIBLE EXPENDITURES

Ineligible prospecting or exploration activities/expenses consist of, but are not limited to:

- ▶ accommodation,
- ▶ travel expenses outside of Yukon,
- ▶ recording, renewing, grouping, transferring or otherwise acquiring or maintaining an interest in a mineral property,
- ▶ costs associated with applying for permits and/or licenses,
- ▶ management, accounting, legal fees, funds to assist with a prospectus,
- ▶ cost of acquisition or construction or depreciation of fixed assets (land, buildings, vehicles, machinery or equipment),
- ▶ any activities which results in net income from mineral production for the applicant,
- ▶ camp construction and other work not generating property evaluation information,
- ▶ truck repairs, equipment purchase or other repair costs,
- ▶ costs related to acquisition of mining lands, transfers, option payments, etc.,

- ▶ tents, packs, personal camp gear (sleeping bags, etc.), hiking boots.

PAYMENTS

All cheques take 10 to 14 working days to process, following approval of your advance or claim. Cheques will be issued by mail and will be sent to the address provided on the application form unless the Department is notified.

Arrangements may also be made to have payments directly deposited, by completing and submitting the appropriate paperwork (i.e. Direct Deposit Application – YG4980) when the contribution agreement is returned.

Receipts are required for all claimed expenses except meals, groceries, field supplies and camp costs which are covered by the daily living allowance and fuel for vehicles if the rate/km is claimed in lieu of receipts.

All other expenses claimed must be supported by a detailed list of expenditures submitted with every claim and, if requested, accompanied by clearly labeled receipts, invoices, vouchers, etc. Receipts must be submitted for all helpers employed during the YMIP project. Interim claims may be made once every 30 days.

Fifteen per cent (15%) of the total contribution will be held back pending submission of the Final Submission Form and the Summary or Technical Report.

IS YOUR YMIP FUNDING TAXABLE?

YMIP contributions are taxable under certain circumstances. We recommend that you contact your local Revenue Canada Office and/or an accounting professional concerning the possible tax implications of your contribution.

YMIP FINAL SUBMISSION

After completion of the proposed project, a YMIP Final Submission Form and Summary or Technical Report (**one full hard copy, one electronic copy in Portable Document Format (.pdf) version 5 or higher and survey data in spreadsheet format, preferably Excel (.xls)**) should be submitted as soon as possible.

Deadline for these submissions is **March 31st for all modules...no extensions will be allowed.**

Final submissions for the YMIP program must include:

- ▶ a fully completed **Final Submission Form**,
- ▶ a **Summary or Technical Report**, as detailed below and in Schedule B of the contribution agreement,
- ▶ a detailed list of expenditures that have not previously been claimed supported by accompanying receipts, as well as a summary of all expenses claimed in total on each project. Expenses must have been incurred within the designated project period,
- ▶ For Grassroots Prospecting programs, a daily log (diary) outlining the work activity for each day must be submitted in order to be paid the Daily Living Allowance. It must indicate the dates worked, the description of work accomplished and show on a map, traverses made and the locations of any work performed, observations made, etc.

The **Summary or Technical Report** is a report documenting work performed, complete with supporting maps and data. This report must contain the following information for each activity that was completed during your prospecting/exploration program. **The quality and content of the report and maps may influence your future eligibility for assistance.**

For evaluation and prospecting surveys: a summary of all previous relevant investigation; details of surface evaluation; a description of the methods of sampling employed and the methods of analyzing and assaying; tabulated results of all analyses and assays; and conclusions and recommendations shall be submitted.

For geological mapping: a table of formations; detailed geological information concerning rock types, structures, veins or mineralized zones or coal seams occurring on the claims or leases; an interpretation of the geological observations made; and conclusions and recommendations shall be submitted.

For geophysical surveys: a description of the methods of survey and equipment used; dates of survey; number of stations established; kilometers of line surveyed; copies of geophysical readings or profiles; pertinent calculations; maps showing the data in graphic form; station (GPS) location and survey data in spreadsheet format; an interpretation of the data collected which would include references to the available geology; and conclusions and recommendations shall be submitted.

For geochemical surveys: type and amounts of samples collected; survey dates; particular soil horizon sampled; a description of the methods and equipment used; the method of analyzing the samples, copies of all analyses, maps showing the data in graphic form; GPS location data and analytical data in spreadsheet format; an interpretation of the data collected which would include references to the available geology; and conclusions and recommendations shall be submitted.

For analytical results: the total number of samples collected; sample location; description; analytical methods used and if a field analytical method is used for determining the metal content, a description of the method; metals determined and concentration units and the name of the commercial lab. Assay results shall be accompanied by assay or analytical certificates (hard copies and electronic copies in spreadsheet format) and plans or sections or both showing sample locations, assay results and the sample dimensions, and indicating the type of grab, chip, panel, channel, drill core or other type of samples taken will be submitted.

For trenching: dates of the work carried out; names of all persons who performed the work; the equipment used; an accurate plan showing the locations of trenches or other surface workings relative to the local topography and claim or lease boundaries; the dimensions of the workings and the volume of material excavated; descriptions of the materials excavated; assays or other analytical results obtained from samples or specimens taken from the workings; and photographs of the trenches prior to backfilling; will be submitted.

For diamond drilling: an accurate map showing the location of drill holes relative to the local topography and claim boundaries and their bearing and dip; complete drill logs including rock types and mineralization; the results of physical or chemical tests performed; assays or analysis of core or sections of core and if no assays are provided, the reason for their absence; and a summary which outlines the objectives, results and recommendations of the drilling program shall be submitted.

For rotary (percussion) and auger drilling: an accurate map showing the location of drill holes relative to the local topography and claim boundaries and their bearing and dip; complete drill logs including rock types and mineralization; the results of physical or chemical tests performed; assays or analysis of cuttings which have been sampled and if no assays are provided, the reason for their absence; and a summary which outlines the objectives, results and recommendations of the drilling program shall be submitted.

Incomplete and/or late reporting of your prospecting or exploration project may result in reduction of your contribution and/or may render you ineligible for future YMIP funding. Failure to meet the final reporting requirements will result in forfeiture of your contribution and affect your future eligibility for funding.

RELEASE OF INFORMATION

Release of information submitted in fulfillment of the Final Submission for the Yukon Mining Incentives Program will be governed by THE ACCESS TO INFORMATION AND PROTECTION TO PRIVACY ACT for a period of five years for the Grassroots Prospecting module and for a period of two years for the Focused Regional and Target Evaluation modules, after which time they will be made available for public inspection.

For further information and guidance, please contact the Mineral Development Geologist at:

Government of Yukon
Department of Energy, Mines and Resources
Yukon Geological Survey

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