

The Crown Mineral Royalty Regulations

being

[Chapter C-50.2 Reg 29](#) (effective January 1, 2013) as amended by an [Errata Notice](#) published in Part II of the Gazette on February 14, 2014).

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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CHAPTER C-50.2 REG 29

The Crown Minerals Act

PART I

Preliminary Matters

Title

1 These regulations may be cited as *The Crown Mineral Royalty Regulations*.

Interpretation

2(1) In these regulations:

- (a) **“Act”** means *The Crown Minerals Act*;
- (b) **“affiliate”** means an affiliated body corporate within the meaning of subsection 2(2) of *The Business Corporations Act*, but does not include an organization designated by the minister as an industry sales organization that would otherwise be an affiliate within the meaning of this clause;
- (c) **“approved remote asset”** means a capital asset that:
 - (i) is located outside Saskatchewan;
 - (ii) is owned by a royalty payer or an affiliate of the royalty payer;
 - (iii) is used or intended to be used in the royalty payer’s Saskatchewan mining operations; and
 - (iv) is approved as a remote asset in writing by the minister;
- (d) **“capital asset”** means any real or personal property, whether tangible or intangible, including any plant or equipment, that:
 - (i) is held for use in the production or supply of goods or services; and
 - (ii) is expected to be used during more than one year;

but does not include:

- (iii) any interest in land or mineral rights;
- (iv) any property that, in the opinion of the minister, is properly referable to the production of any product other than the mineral for which the royalty payer is reporting; or
- (v) spare parts and servicing equipment unless the royalty payer expects to use them during more than one year and the parts or servicing equipment are only used in conjunction with an item of property, plant or equipment;

(e) **“capital cost”** means the total of the following:

(i) if:

(A) a capital asset is acquired from a person dealing at arm’s length with the royalty payer, the purchase price of the capital asset;

(B) a capital asset is acquired from an affiliate or from a person not dealing at arm’s length with the royalty payer, the lesser of:

(I) if the affiliate or person purchased the asset in an arm’s-length transaction, the purchase price of the capital asset paid by the affiliate or person, or, if the affiliate or person constructed the asset, the cost of construction; and

(II) the carrying value of the asset on the financial statements of the affiliate or person on the day on which the royalty payer acquires title to the asset;

(C) a capital asset is constructed by the royalty payer, the cost of construction; or

(D) a capital asset is approved as an approved remote asset subsequent to its acquisition, the least of:

(I) if the capital asset was acquired from a person dealing at arm’s length with the royalty payer and its affiliates, the amount that would be determined pursuant to paragraph (A);

(II) if a capital asset was acquired from an affiliate or from a person not dealing at arm’s length with the royalty payer, the amount that would be determined pursuant to paragraph (B); and

(III) the carrying value of the capital asset on the financial statements of the royalty payer or its affiliates at the time of the approval; and

(ii) all freight costs, installation charges and other costs incurred by the royalty payer and its affiliates for the purpose of putting the asset in place for the royalty payer, including:

(A) the cost of employee wages and benefits arising from the construction or acquisition of the asset;

(B) the costs of site preparation;

(C) initial delivery and handling costs;

(D) assembly costs;

(E) the costs of testing the asset; and

(F) the cost of services to provide health, safety and security during installation;

but does not include:

- (iii) any profit, gain, commission or overhead to an affiliate providing a capital asset to a royalty payer;
 - (iv) except for approved remote assets, the cost of any capital asset that is not located in Saskatchewan;
 - (v) except for approved remote assets, the cost of any capital asset that is not used exclusively with respect to a mineral produced from a mine;
 - (vi) the cost of feasibility studies, except those related to exploration, new mines and expansions;
 - (vii) interest;
 - (viii) operating costs, operating losses or deficits;
 - (ix) administrative and corporate expenditures;
 - (x) fees or expenses for legal or accounting services; or
 - (xi) the cost of directly or indirectly acquiring, from a person who is not dealing at arm's length with the royalty payer, any interest or right under or in relation to any patent, copyright, trademark, industrial design or other form of intellectual property or similar intangible;
- (f) **“consideration”** means money paid or agreed to be paid, property delivered or exchanged or agreed to be delivered or exchanged or any other form of compensation with respect to the sale of a mineral;
- (g) **“cost of construction”**, with respect to a capital asset, includes:
- (i) the costs of employee wages and benefits arising from the construction of the asset;
 - (ii) direct material costs related to the construction of the asset;
 - (iii) the costs of site preparation related to the construction of the asset;
 - (iv) initial delivery and handling costs of parts and materials related to the construction of the asset;
 - (v) the net costs of testing the asset;
 - (vi) indirect construction costs that are required for the construction of the asset but that cannot be individually traced to the constructed asset, including power, supplies, materials, construction labour and project management;
 - (vii) construction insurance;
 - (viii) the costs of services to provide health, safety and security during the construction of the asset;
 - (ix) the costs of design, engineering, procurement and construction management services related to the construction of the asset; and
 - (x) the cost of contractors, subcontractors, trades and subtrades directly attributable to the construction of the asset;

but does not include:

- (xi) any profit, gain, commission or overhead to an affiliate providing capital assets to a royalty payer;
- (xii) the cost of any capital asset, other than approved new mines or expansions, until that asset is in use;
- (xiii) the cost of feasibility studies, except those related to approved new mines and expansions;
- (xiv) interest costs;
- (xv) operating costs, operating losses or deficits;
- (xvi) administrative and corporate expenditures;
- (xvii) fees or expenses for legal or accounting services; or
- (xviii) the cost of directly or indirectly acquiring from a person who is not dealing with the royalty payer at arm's length any interest or right under or in relation to any patent, copyright, trademark, industrial design or other form of intellectual property or similar intangible;

(h) **“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;

(i) **“disposal”** includes:

- (i) 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; and
- (ii) compensation for assets taken, destroyed, injuriously affected, damaged or otherwise removed from the royalty payer's possession or control;

but does not include:

- (iii) any transfer of assets for the purpose only of securing a debt or a loan; or
- (iv) any transfer of assets by virtue of which there is a change in the legal ownership of the asset without any change in the beneficial ownership;

(j) **“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;
- (k) **“gross revenue”** means the total amount determined in accordance with section 9;
- (l) **“mineral disposition”** means a mineral disposition as defined in *The Mineral Tenure Registry Regulations*;
- (m) **“mineral disposition lands”** means mineral disposition lands as defined in *The Mineral Tenure Registry Regulations*;
- (n) **“mining operations”** means the extraction, recovery or production of minerals from mineral disposition lands and the transportation of those minerals to the point at which processing operations begin, but does not include any processing operations;
- (o) **“operating costs”** means the costs incurred at the royalty payer’s mine to mine, refine and produce minerals in a saleable form, and includes:
- (i) salary payroll;
 - (ii) direct labour;
 - (iii) maintenance labour;
 - (iv) other payroll;
 - (v) employee benefits and payroll taxes;
 - (vi) operating supplies consumed;
 - (vii) repair materials consumed;
 - (viii) production materials consumed;
 - (ix) electricity consumed;
 - (x) natural gas consumed;
 - (xi) other utility costs;
 - (xii) insurance premiums;
 - (xiii) purchased services; and
 - (xiv) any other costs that, in the opinion of the minister, are directly attributable to mining, refining and producing minerals in a saleable form;

- (p) **“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 a person;
- (q) **“processing operations”** means any form of:
- (i) crushing, grinding, beneficiation, concentrating, smelting, leaching, milling, roasting, floatation, recrystallization or refining of the royalty payer’s share of minerals extracted, recovered or produced from, or allocated pursuant to a unitization agreement to, the production unit of the royalty payer; and
 - (ii) cleaning and sorting the output mentioned in subclause (i);
- (r) **“production unit”** means, subject to section 12:
- (i) the royalty payer’s processing facility to the extent used to process minerals produced from:
 - (A) the mineral disposition;
 - (B) any mineral disposition of which the royalty payer is named as lessee and from which minerals are, were, or will be processed at the processing facility; and
 - (C) any mine located on the mineral disposition lands; or
 - (ii) any:
 - (A) mineral disposition in which the royalty payer is named as lessee; and
 - (B) mine located on the mineral disposition lands;
 from which minerals are, were, or will be processed at a processing facility in which the royalty payer has no interest;
- (s) **“production unit of the royalty payer”** means, subject to section 12:
- (i) the royalty payer’s interest in the mineral disposition, as registered in the registry, forming part of the production unit; and
 - (ii) the portion of the royalty payer’s interest in a processing facility used to process the royalty payer’s minerals produced from the production unit;
- (t) **“qualifying environmental assurance”** means a trust, 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 *The Mineral Industry Environmental Protection Regulations, 1996*;
- (u) **“reclamation”** means the rehabilitation, before, during or after decommissioning, of all or part of the land, water or watercourses used or disturbed by the construction or operation of the production unit;
- (v) **“registry”** means the registry as defined for the purposes of Part VII of the Act;

- (w) **“royalty payer”** means:
 - (i) every holder of a mineral disposition to the extent of the holder’s interest in the mineral disposition as registered in the registry;
 - (ii) if a partnership is a holder of a mineral disposition, each partner to the extent of its interest in the partnership; and
 - (iii) if a joint venture has been entered into in relation to the mining of Crown minerals, each joint venture participant to the extent of its interest in the joint venture;
 - (x) **“royalty payer’s processing facility”** means any facility:
 - (i) in which the royalty payer:
 - (A) has an interest, whether or not the royalty payer is also the owner of the land on which the facility is situated; and
 - (B) is a lessee named in the mineral disposition forming part of the production unit; and
 - (ii) that 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;
 - (y) **“unitization agreement”** means an agreement for the unit operation of a mine;
 - (z) **“weighted average sale price”** means, with respect to a group of sales, the sum of all gross revenue associated with those sales divided by the total volume of those sales, expressed in dollars per unit of weight.
- (2) For the purposes of these regulations:
- (a) related persons, as determined in accordance with the *Income Tax Act* (Canada), are deemed not to deal with each other at arm’s length; and
 - (b) it is a question of fact whether persons not related to each other, as determined in accordance with the *Income Tax Act* (Canada), were at a particular time dealing with each other at arm’s length.

3 Jan 2014 cC-50.2 Reg 29 s2.

Application

3(1) Subject to sections 11 and 18, these regulations apply to all Crown minerals other than any Crown minerals that are subject to:

- (a) The Helium and Associated Gases Regulations, 1964, being Saskatchewan Regulations 559/64;
- (b) *The Coal Disposition Regulations, 1988*;
- (c) The Quarrying Regulations, 1957, being Saskatchewan Regulations 553/67;

- (d) The Subsurface Mineral Regulations, 1960, being Saskatchewan Regulations 541/67;
 - (e) The Oil Shale Regulations, 1964, being Saskatchewan Regulations 555/64;
 - (f) “The Petroleum and Natural Gas Regulations, 1969”, being Saskatchewan Regulations 8/69; or
 - (g) the “Alkali Mining Regulations”, being Saskatchewan Regulations 444/67.
- (2) These regulations do not apply to palaeontological objects as defined in *The Heritage Property Act*.

3 Jan 2014 cC-50.2 Reg 29 s3.

Royalties

4 The royalty reserved and excepted and the payments to be made under a mineral disposition of Crown mineral lands on or with respect to all minerals produced, saved or recovered from, or allocated pursuant to a unitization agreement to any Crown mineral lands must be calculated and paid in accordance with these regulations.

3 Jan 2014 cC-50.2 Reg 29 s4.

Power of minister to determine royalty payable

5(1) If the minister considers it appropriate, the minister may determine any questions that may arise in determining the amount of the royalty payable pursuant to a mineral disposition in any particular case, including the amount allowable as deductions for the purpose of determining the income derived from mining operations, gross revenue or net profits.

(2) The minister shall provide written notice to a royalty payer of any determination made pursuant to subsection (1).

3 Jan 2014 cC-50.2 Reg 29 s5.

Value may be determined by minister

6(1) Notwithstanding sections 15 and 27, if, in the minister’s opinion, the consideration to be included in the calculation of the gross revenue 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 15 or 27, the minister may deem a value that, in the minister’s opinion, accurately reflects the fair market value.

(2) Before the minister deems a fair market value in accordance with subsection (1), the minister shall provide the royalty payer affected with:

- (a) written notice of the minister’s intended action and the reasons for that intended action; and
- (b) an opportunity to make written representations to the minister, within 60 days after the date of receipt of the notice provided pursuant to clause (a), as to why the intended action should not be taken and why the royalty payer’s consideration is fair market value for that sale.

(3) The minister is not required to give an oral hearing to any person to whom a notice has been provided pursuant to subsection (2).

(4) After considering the representations mentioned in subsection (2), the minister shall issue a written decision on the fair market value of the minerals sold or consumed and shall serve a copy of the decision on the royalty payer.

3 Jan 2014 cC-50.2 Reg 29 s6.

Production unit continues

7 A production unit is deemed to continue in existence after mining is discontinued or after the mineral disposition is terminated until:

- (a) decommissioning and reclamation have been completed;
- (b) the disposition issued by the Crown for the surface lands has been surrendered or terminated; and
- (c) all minerals produced from the production unit have been:
 - (i) disposed of or consumed; and
 - (ii) included in determining the royalties payable.

3 Jan 2014 cC-50.2 Reg 29 s8.

Disposal of interest in production unit

8(1) In this section:

- (a) **“beneficial interest”** means, with respect to a production unit, a right to production from the production unit or a right to proceeds from production from the production unit;
- (b) **“production unit capital bank”** means:
 - (i) in the case of minerals to which Part II applies, the allocated base and precious metals pre-production expenses as defined in section 10; and
 - (ii) in the case of uranium, the production unit capital bank balance;
- (c) **“purchaser”** means a person who is purchasing, leasing, renting or otherwise acquiring a beneficial interest in a production unit;
- (d) **“vendor”** means a royalty payer who is selling, leasing, offering for rent or otherwise transferring a beneficial interest in a production unit.

(2) Subject to subsections (3) to (7), if a vendor transfers a beneficial interest in a production unit to another person who, as purchaser of that beneficial interest, is or becomes a royalty payer, the opening production unit capital bank of the purchaser of that beneficial interest is the production unit capital bank of the vendor with respect to that beneficial interest on the day preceding the day of disposal.

(3) If, with respect to a vendor or a purchaser of a beneficial interest, a year is less than 365 days, the production unit capital bank for that year must be reduced to an amount A calculated in accordance with the following formula:

$$A = B \times \frac{Y}{365}$$

where:

B is the production unit capital bank transferred from the vendor to the purchaser of that beneficial interest; and

Y is the number of days in the vendor's or purchaser's year.

(4) If a vendor disposes of part of a beneficial interest in a production unit, the production unit capital bank of the vendor with respect to the part of the beneficial interest that has been disposed of is the amount A calculated in accordance with the following formula:

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

where:

B is the vendor's production unit capital bank with respect to that part of the beneficial interest immediately before the transfer;

C is the vendor's percentage interest in production in the production unit that corresponds to the part of the beneficial interest that has been disposed of; and

D is the vendor's percentage interest in production in the production unit that corresponds to the part of the beneficial interest immediately before the transfer.

(5) For the purposes of this section, a royalty payer with beneficial interests in more than one production unit shall keep a separate account of the production unit capital bank for each beneficial interest.

(6) On the transfer of a beneficial interest in a production unit, the production unit capital bank is to be transferred from the vendor to the purchaser by an amount agreed on between the vendor and purchaser to a maximum of the amount calculated pursuant to subsections (3) and (4).

(7) The minister may determine, for the purposes of this section, when a vendor has disposed of a beneficial interest in a production unit to another person.

Calculation of gross revenue

9(1) Subject to subsections (2) to (4), the royalty payer's gross revenue for a year is the total, without duplication, of the following amounts:

- (a) the consideration that is received or is receivable by the royalty payer in a transaction with a non-related person;
- (b) an amount deemed to have been received equal to the fair market value of all minerals in a transaction with a related or non-related person;

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 pursuant to a unitization agreement to, any mineral disposition lands forming part of the production unit of the royalty payer.

(2) For the purposes of determining the gross revenue of a royalty payer:

- (a) a sale of a mineral occurs:
 - (i) when the mineral changes ownership by any transfer, exchange, barter or lease, whether conditional or otherwise, or by any other means, for consideration; or
 - (ii) when any other transaction involving the mineral 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 consideration received for the mineral is equal to the fair market value less any of the following that have been approved by the minister:
 - (i) the cost of transporting the mineral from the royalty payer's mill or the mill that processed the royalty payer's mineral to the first point of sale;
 - (ii) expenses incurred by the royalty payer for the conversion of the mineral concentrate to a form further refined than the compound produced at the mill;
 - (iii) any other sale deductions the minister considers appropriate in the circumstances.

(3) The minister shall not approve a deduction for any surcharge imposed by a converter or refiner because the mineral concentrate did not meet the required specifications or standards as set out in the sales contract.

(4) In determining the gross revenue of minerals, sales of the following minerals must not be included:

- (a) any mineral that was received as a payment for custom milling;
- (b) any mineral that was not produced by the royalty payer but was purchased from another person.

PART II
Crown Mineral Royalties

DIVISION 1
Interpretation and Application of Part

Interpretation of Part

10 In this Part:

(a) **“allocated base and precious metals exploration expenses”**, with respect 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 expenditures incurred on Crown mineral lands other than mineral disposition lands;

(b) **“allocated base and precious metals historical exploration expenses”**, with respect to a production unit of a royalty payer, means the exploration expenses 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 does not include:

- (iv) expenditures incurred on Crown mineral lands other than mineral disposition lands;

(c) **“allocated base and precious metals pre-production expenses”**, with respect to a production unit of a royalty payer, means the total of:

- (i) the allocated base and precious metals 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 revenues of minerals produced before the beginning of commercial production from the royalty payer's production unit;

(iv) the proceeds of any disposal, 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 disposal, 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 previous years pursuant to section 14;

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

(i) the first day of the first month in which production equalled or exceeded 60% or more of the production unit's planned productive capacity, as communicated to the minister, over a period of 90 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) **“precious metals”** means the following minerals:

(i) gold;

(ii) silver;

(iii) platinum;

(iv) palladium;

(v) rhodium;

(vi) ruthenium;

(vii) osmium;

(viii) iridium;

(g) “**production costs**”, with respect to a production unit of the royalty payer, means the total of:

- (i) operating costs;
- (ii) the custom milling fees paid by the royalty payer if 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; and
- (iii) the production costs of the custom miller in providing the custom milling if 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;

(h) “**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.

3 Jan 2014 cC-50.2 Reg 29 s10.

Application of Part

11 This Part applies to the calculation of royalties for all minerals, other than uranium, extracted, recovered or produced from, or allocated pursuant to a unitization agreement to, any Crown mineral lands on or after January 1, 2013.

3 Jan 2014 cC-50.2 Reg 29 s11.

DIVISION 2

Calculation of Royalty

Each mine to form separate production unit

12(1) If a royalty payer shares in the production from more than one mine, each mine forms a separate production unit for the purpose of calculating the royalty payable by the royalty payer.

(2) Notwithstanding subsection (1) but subject to subsection (3), if a royalty payer owns two or more mines and the mines share a common processing facility, and the royalty payer owns the same percentage ownership interest in both the mines and the processing facility, or in any other circumstances the minister may determine, the mines form a single production unit for the purpose of calculating the royalty.

- (3) For the purposes of subsection (2):
- (a) a royalty payer may apply to the minister in a form and manner approved by the minister to request that the mines be considered one production unit; and
 - (b) the minister may approve the application made pursuant to clause (a) if the minister is satisfied that the mines comply with the requirements mentioned in subsection (2).
- (4) For the purposes of these regulations, if any mine associated with a production unit formed pursuant to these regulations was in commercial production before January 1, 2013, the production unit is deemed to be in commercial production as of the date of the beginning of commercial production at that mine.

3 Jan 2014 cC-50.2 Reg 29 s12.

Rate of royalty

13(1) The royalty payment to be made pursuant to Part IV for the production unit of the royalty payer for all minerals is:

- (a) 5% of the royalty payer's net profit related to the production unit of the royalty payer for the year for:
 - (i) those sales or other disposals of precious metals from the production unit that, when added to the cumulative sales or other disposals of precious metals in previous years, are less than or equal to 1,000,000 troy ounces of precious metals; and
 - (ii) those sales or other disposals of all minerals from the production unit that, when added to the cumulative sales or other disposals of all minerals in previous years, are less than or equal to 1,000,000 metric tonnes; and
 - (b) 10% of the royalty payer's net profit related to the production unit of the royalty payer for the year for:
 - (i) those sales or other disposals of precious metals from the production unit that, when added to the cumulative sales or other disposals of precious metals in previous years, are greater than 1,000,000 troy ounces of precious metals; or
 - (ii) those sales or other disposals of all minerals from the production unit that, when added to the cumulative sales or other disposals of all minerals in previous years, are greater than 1,000,000 metric tonnes.
- (2) If, 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.

3 Jan 2014 cC-50.2 Reg 29 s13.

Calculation of net profit

14(1) In this Part, “**net profit**” is the amount NP calculated in accordance with the following formula:

$$NP = A + B - C$$

where:

A is 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 pursuant to a unitization agreement to, the production unit;

B is 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 base and precious metals pre-production expenses to the extent that the proceeds exceed the unclaimed balance of allocated base and precious metals pre-production expenses; or
- (b) deducted as a production cost, if 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 clause; and

C is equal to the lesser of the sum, for the year, of the following and that portion of the following that would result in the royalty payer reporting zero net profit:

- (a) 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;
- (b) costs for the operation of residential or community services or facilities at the production unit or at a location that, in the opinion of the minister, is near the production unit for the use of persons who normally work at the production unit;
- (c) general and administrative expenses properly attributable to the production unit of the royalty payer;
- (d) all costs and expenses incurred by the royalty payer for the purpose of developing new markets or expanding existing markets for minerals produced in Saskatchewan;
- (e) the cost of insurance associated with the royalty payer’s share of:
 - (i) assets used in the production of minerals from the production unit; and
 - (ii) 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;

- (f) municipal and school taxes for which the royalty payer is liable for the production unit;
- (g) allocated base and precious metals exploration expenses incurred by the royalty payer during the year and the amount by which the total of allocated base and precious metals exploration expenses from previous years exceeds the total of the allocated base and precious metals exploration expenses previously deducted by the royalty payer pursuant to this clause;
- (h) a depreciation allowance with respect to capital assets installed after the beginning of commercial production and:
 - (i) used in the production of minerals from the production unit; or
 - (ii) 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;

in an amount not exceeding the undeducted balance of the cost of those capital assets at the end of the year;

- (i) with respect to the production unit of the royalty payer and subject to section 16, an amount not exceeding the allocated base and precious metals pre-production expenses less the total of any amounts previously deducted by the royalty payer as allocated pre-production expenses in any previous year with respect to that production unit, multiplied by the capital recovery factor;
- (j) 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 subclause (k)(ii) and that are approved by the minister;
- (k) the cost of providing, or of contributions to:
 - (i) a qualifying environmental assurance; and
 - (ii) any other assurance fund required pursuant to *The Mineral Industry Environmental Protection Regulations, 1996*, with the written approval of the minister;
- (l) 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, the payment of which is the responsibility of the royalty payer;
- (m) the net losses in previous years, calculated as the amounts, if any, by which the total of the items in clauses (c) to (l) exceeds the net profit for previous years less the amounts previously deducted by the royalty payer pursuant to this clause.

(2) In making calculations pursuant to subsection (1), no deduction shall be made for:

- (a) depletion in the value of any mineral reserve by reason of exhaustion or partial exhaustion of that reserve;
- (b) interest or other financing costs;

- (c) expenses incurred for exploration on mineral lands other than mineral disposition lands;
 - (d) taxes on profits, income or capital;
 - (e) royalties;
 - (f) dividends or any distribution of surplus or capital;
 - (g) 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;
 - (h) any expenditure incurred in purchasing or acquiring the right to produce minerals or an option to purchase or acquire that right; or
 - (i) reserves or provisions for reclamation or decommissioning other than contributions to an assurance fund required pursuant to *The Mineral Industry Environmental Protection Regulations, 1996*.
- (3) For the purpose of calculating net profit, the royalty payer must deduct at least the portion of the C amount mentioned in subsection (1) that would result in the royalty payer reporting zero net profit.
- (4) If the total amount in the assurance fund mentioned in clause (k) of the C amount mentioned in subsection (1) exceeds the cost of the royalty payer's share of decommissioning and reclamation costs for the production unit, for the purpose of calculating the net profit:
- (a) a royalty payer shall carry back and apply to operating profits of the year of termination the excess amount; 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.
- (5) Notwithstanding any other provision of these regulations, the net profit 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 before 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 Jan 2014 cC-50.2 Reg 29 s14; 14 Feb 2014
Errata Notice.

Fair market value

- 15(1)** Subject to subsection (2), the fair market value for an arm's-length sale of a mineral pursuant to this Part is the price paid by the purchaser to the royalty payer for the mineral.
- (2) If a mineral 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 mineral.

(3) Subject to subsection (5), the fair market value for a sale of a mineral that is not at arm's length is deemed to be:

- (a) the weighted average sale price of all arm's-length sales of minerals in the current year;
 - (b) in the case of a mineral that is resold in an arm's-length sale, the sale price of the mineral in the first arm's-length sale; and
 - (c) in the case of a mineral that is sold and subsequently consumed, the weighted average sale price for all sales of minerals from the royalty payer to arm's-length purchasers in the current year.
- (4) For the purposes of calculating the gross revenues of the royalty payer in the current year, an estimated weighted average sale price must be used as an interim value of sales until the gross revenues have been determined for the current year.
- (5) The minister may approve a sale price of a mineral that is agreed on by a royalty payer and a purchaser who are not dealing with each other at arm's length.

3 Jan 2014 cC-50.2 Reg 29 s15.

Determining costs and allocating expenses

16(1) Subject to section 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.

(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 section 10 amongst themselves in the manner approved by the minister.

3 Jan 2014 cC-50.2 Reg 29 s16.

PART III Crown Uranium Royalties

DIVISION 1 Interpretation and Application of Part

Interpretation of Part

17(1) In this Part:

- (a) **“allocated uranium exploration expenses”**, with respect to a royalty payer, means exploration expenses that have been allocated to the royalty payer, but does not include expenditures incurred on Crown mineral lands other than mineral disposition lands;
- (b) **“allocated uranium historical exploration expenses”**, with respect to a royalty payer or a person who becomes a royalty payer, means the exploration expenditures that:
 - (i) with respect to a person who becomes a royalty payer, have been incurred by the person who becomes a royalty payer during the 15-year period ending with the person becoming a royalty payer;

- (ii) with respect to a royalty payer who has purchased a production unit, have been incurred with respect to the purchased production unit during the 15-year period ending with the beginning of production; and
- (iii) have been incurred after January 1, 2013;

but does not include:

- (iv) those expenditures incurred on Crown mineral lands other than mineral disposition lands; and
- (v) those expenditures claimed in a previous year by the royalty payer or any other royalty payer;
- (c) **“basic royalty”** means the basic royalty described in section 20;
- (d) **“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 production unit;
- (e) **“capital addition”** means the capital addition determined in accordance with section 25;
- (f) **“capital bank”** means the capital bank determined in accordance with section 23;
- (g) **“exploration bank”** means the exploration bank calculated in accordance with section 24;
- (h) **“index value”** means the amount A calculated in accordance with the following formula:

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

where:

B is the price index for the previous year; and

C is the price index for 2012;

- (i) **“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 of triuranium octoxide, also known as U₃O₈;
- (j) **“mill”** means a mill located in Saskatchewan and used in the processing of uranium;
- (k) **“new mine”** means a mine that begins to produce uranium and is located on a production unit where no uranium production has occurred;
- (l) **“price index”** means the implicit price index for a year published by the Bank of Canada as the gross domestic product at market value in the Table titled “Gross domestic product: Implicit chained prices”;

- (m) **“production cost”** means the production cost determined in accordance with section 26;
 - (n) **“profit royalty”** means the profit royalty determined in accordance with section 21;
 - (o) **“Saskatchewan resource credit”** means the Saskatchewan resource credit described in section 29;
 - (p) **“uranium”** means either or both of the following produced from Crown mineral lands in Saskatchewan:
 - (i) uranium ore;
 - (ii) uranium concentrate;
 - (q) **“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;
 - (r) **“uranium ore”** means any substance found in nature that contains commercially recoverable amounts of U_{235} or U_{238} , with or without other minerals.
- (2) A royalty payer continues to be a royalty payer until all facilities in which the royalty payer has an interest cease to continue in existence in accordance with section 7.
- (3) For the purposes of this Part, the minister may designate two or more mines as one production unit if the mines are the subject of:
- (a) the same mineral disposition; or
 - (b) separate mineral dispositions with the same royalty payers.

3 Jan 2014 cC-50.2 Reg 29 s17.

Application of Part

18 This Part applies to the calculation of royalties with respect to uranium sold or consumed on and after January 1, 2013, whether or not the uranium was produced in Saskatchewan from Crown mineral lands before that date.

3 Jan 2014 cC-50.2 Reg 29 s18.

DIVISION 2 Calculation of Royalty

Calculation of royalty

19 The royalty payment to be made pursuant to Part IV by the royalty payer is the amount A calculated in accordance with the following formula:

$$A = B + C - D$$

where:

B is the basic royalty payable;

C is the profit royalty payable; and

D is the Saskatchewan resource credit.

3 Jan 2014 cC-50.2 Reg 29 s19.

Basic royalty

20 The basic royalty is 5% of the royalty payer's gross revenue.

3 Jan 2014 cC-50.2 Reg 29 s20.

Profit royalty

21 The profit royalty is the sum of:

(a) 10% of the royalty payer's net profit for net profit up to and including the product of:

(i) \$22.00 per kilogram of uranium sold; and

(ii) the index value; and

(b) 15% of the royalty payer's net profit for net profit in excess of the product of:

(i) \$22.00 per kilogram of uranium sold; and

(ii) the index value.

3 Jan 2014 cC-50.2 Reg 29 s21.

Calculation of net profit

22 In this Part, "**net profit**" is the amount NP calculated in accordance with the following formula:

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

where:

A is the royalty payer's gross revenue, if any, for the year that has been derived from the royalty payer's share of the uranium extracted, recovered or produced from, or allocated pursuant to a unitization agreement to, the royalty payer's production units;

B is 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 capital bank to the extent that the proceeds exceed the unclaimed balance of the capital bank; or

(b) deducted as a production cost, if 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 clause;

C is the capital bank or the portion of the capital bank claimed by the royalty payer;

D is the production cost;

E is the exploration bank or the portion of the exploration bank claimed by the royalty payer; and

F is the sum of:

(a) the sum of all decommissioning and reclamation costs incurred in the year; and

(b) for the year of termination of production and the two years preceding the year of termination of production, that portion of decommissioning and reclamation costs incurred in the three-year period immediately following the year of termination of production required to reduce the net profit to zero, to a total maximum value claimed against net profit in the year of termination of production and the two years preceding the year of termination of production of the total decommissioning and reclamation costs incurred in the three-year period immediately following the year of termination of production.

3 Jan 2014 cC-50.2 Reg 29 s22.

Capital bank

23 For the purposes of this Part, the capital bank of a royalty payer at the end of a year is the amount A calculated in accordance with the following formula:

$$A = B + C - D$$

where:

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

C is the capital addition; and

D is the total capital bank claimed for the year.

3 Jan 2014 cC-50.2 Reg 29 s23.

Exploration bank

24 For the purposes of this Part, the exploration bank of a royalty payer at the end of a year is the amount A calculated in accordance with the following formula:

$$A = B + C - D$$

where:

B is the amount in the exploration bank at the end of the previous year;

C is the sum of the allocated uranium exploration expenses and allocated uranium historical exploration expenses; and

D is the total exploration bank claimed for the year.

3 Jan 2014 cC-50.2 Reg 29 s24.

Capital addition

25(1) Subject to subsections (2) and (3), the capital addition is the sum of all capital costs in the year with respect to the royalty payer's production units.

(2) Subject to subsection (3), the capital additions for:

(a) the years 2013, 2014 and 2015 is 50% of the royalty payer's capital costs for the year with respect to the royalty payer's production units; and

(b) the year 2016 is the sum of:

(i) all the royalty payer's capital costs in 2016 with respect to the royalty payer's production units; and

(ii) with respect to each of the years 2013, 2014 and 2015, 50% of the product of:

(A) the royalty payer's capital costs with respect to the royalty payer's production units in each year; and

(B) the index value for 2016 divided by the index value for the year in which the capital costs were incurred.

(3) In the case of the Cigar Lake production unit, the capital addition for the year 2016 is the sum of:

(a) the amounts mentioned in subclauses (2)(b)(i) and (ii); and

(b) the capital addition for the Cigar Lake production unit, as approved by the minister, that was effective on January 1, 2013 multiplied by the index value for 2016.

3 Jan 2014 cC-50.2 Reg 29 s25.

Production cost

26(1) The production cost for a year is the sum of all of the following in the year:

(a) the difference between:

(i) all costs, charges and expenses incurred by the royalty payer and its affiliates at a place in Saskatchewan where production occurs that are operating costs; and

(ii) any amount paid to the royalty payer or its affiliates:

(A) as compensation for damage or pursuant to a policy of insurance with respect to damage to property or assets of the royalty payer used in connection with the production of uranium if the costs of repairing that damage are within the scope of subclause (i); or

(B) paid to the royalty payer or its affiliates pursuant to a policy of insurance with respect to maintaining ongoing mining operations after an insurable loss occurs;

- (b) the custom milling fees paid by the royalty payer if the uranium ore from the production unit is processed by a custom miller and:
 - (i) the custom milling fees are paid in money, not in kind; and
 - (ii) the custom miller is deemed to deal at arm's length with the royalty payer;
- (c) the production costs of the custom miller in providing the custom milling if the uranium ore from the production unit is processed by a custom miller and:
 - (i) the custom milling fees are paid in kind; or
 - (ii) the custom miller is not deemed to deal at arm's length with the royalty payer;
- (d) storage costs incurred respecting uranium stored off-site;
- (e) transportation costs for the year;
- (f) all taxes, rates, assessments, fees and duties levied or imposed with respect to the production unit of the royalty payer, including:
 - (i) school taxes;
 - (ii) municipal taxes;
 - (iii) business taxes;
 - (iv) sales taxes for non-capital items; and
 - (v) annual disposition rentals;but not including:
 - (vi) any mineral rights taxes; or
 - (vii) any tax measured by reference to the income or the capital of the royalty payer;
- (g) the costs of providing, or of contributions to:
 - (i) a qualifying environmental assurance; and
 - (ii) any other assurance fund as required pursuant to *The Mineral Industry Environmental Protection Regulations, 1996*, with the written approval of the minister;
- (h) if the consideration for the sale or other disposition of uranium that was purchased from another royalty payer who is dealing with the royalty payer at arm's length at the time of the purchase is included in the gross revenue of the royalty payer for the year, the actual cost of that uranium;
- (i) marketing costs;
- (j) mine research and development costs;
- (k) donations to religious, charitable, educational or similar non-profit organizations in Saskatchewan;

- (l) subject to subsection (3), any portion of the total of the amounts, if any, by which profits in any of the 10 preceding years were less than zero, to the extent that the portion has not been deducted from profits in previous years; and
 - (m) operating costs.
- (2) In making calculations in accordance with subsection (1), no deduction shall be made for:
- (a) depletion in the value of any mineral reserve by reason of exhaustion or partial exhaustion of that reserve;
 - (b) interest or other financing costs;
 - (c) taxes on profits, income or capital;
 - (d) royalties;
 - (e) dividends or any distribution of surplus or capital;
 - (f) 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;
 - (g) any expenditure incurred in purchasing or acquiring the right to produce minerals or an option to purchase or acquire that right;
 - (h) reserves or provisions for reclamation or decommissioning other than contributions to an assurance fund required pursuant to *The Mineral Industry Environmental Protection Regulations, 1996*; or
 - (i) subject to subsection (1), the amount of any deduction mentioned in subsection (1) that could have been taken in a previous year but was not.
- (3) For the purposes of clause (1)(l), “**the 10 preceding years**” does not include any year before 2013.

3 Jan 2014 cC-50.2 Reg 29 s26.

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 28, if 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 6 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 weighted 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 resold 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 weighted 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 revenues of the royalty payer in the current royalty year, a weighted estimated average sale price must be used as an interim value of sales until the gross revenues have been determined for the current year.

(5) The minister may approve a sale price of uranium that is agreed on by a royalty payer and a purchaser who are not dealing with each other at arm's length.

3 Jan 2014 cC-50.2 Reg 29 s27.

Value assigned to uranium loaned or sold

28(1) If uranium is loaned or sold by a royalty payer, and any consideration for the loan or sale includes the right of the royalty payer to receive uranium, whether or not the uranium received was produced in Saskatchewan:

(a) the value of any part of the consideration that is not uranium must be included in calculating the gross revenue of the royalty payer for the month in which the consideration is received; and

(b) subject to sections 6 and 27, the proceeds of any sale of the uranium received by the royalty payer as consideration must be included in calculating the gross revenue of the royalty payer for the month in which that uranium is sold.

(2) If 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 revenue of the royalty payer, the value of the uranium for the month in which it is delivered.

(3) Subject to sections 6 and 27, 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.

3 Jan 2014 cC-50.2 Reg 29 s28.

DIVISION 3

Credits and other Exemptions

Saskatchewan resource credit

29 The Saskatchewan resource credit is:

(a) for the year 2013:

(i) 1% of the royalty payer's gross revenue before April 1; and

(ii) 0.75% of the royalty payer's gross revenue on or after April 1; and

(b) for the year 2014 and all subsequent years, 0.75% of the royalty payer's gross revenue.

3 Jan 2014 cC-50.2 Reg 29 s29.

Exemption from profit royalties

30 Sales of uranium are not subject to profit royalties if:

- (a) the sales are from a secondary source of previously processed material; or
- (b) the uranium that is sold is uranium that was produced before January 1, 2011.

3 Jan 2014 cC-50.2 Reg 29 s30.

Effective date of transfer

31(1) Notwithstanding section 84 of *The Mineral Tenure Registry Regulations*, 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 mineral disposition that is not the date on which the transfer was recorded in the registry.

(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.

3 Jan 2014 cC-50.2 Reg 29 s31.

PART IV

Payment of Royalties, Records, Assessments and Refunds

DIVISION 1

Payment of Royalties

Royalty payments

32 Every royalty payer shall remit royalty payments in accordance with these regulations for all minerals sold or consumed by the royalty payer.

3 Jan 2014 cC-50.2 Reg 29 s32.

Basic royalty payment - uranium

33 On or before the last day of the month following the month in which the royalty payer sold or consumed uranium, the royalty payer shall submit to the minister the basic royalty payment calculated in accordance with section 20.

3 Jan 2014 cC-50.2 Reg 29 s33.

Estimated profit royalty payment

34(1) In this section, “**profit royalty**” means:

- (a) in the case of minerals to which Part II applies, the royalty calculated in accordance with section 13; and
- (b) in the case of uranium, the profit royalty calculated in accordance with section 21.

- (2) On or before the last day of each quarter in any year, every royalty payer shall:
- (a) submit to the minister an estimate of the profit royalties payable for the year in a form and manner approved by the minister; and
 - (b) pay to the minister an instalment of the profit royalties with respect to that quarter, calculated in accordance with subsection (3).
- (3) The instalment of profit royalties payable with respect to:
- (a) the first quarter in a year is 25% of the profit royalties for the year, calculated on the estimate made in the first quarter of that year's profit royalties;
 - (b) the second quarter in a year is the difference between:
 - (i) 50% of the profit royalties for the year, calculated on the estimate made in the second quarter of that year's profit royalties; and
 - (ii) the amount paid pursuant to clause (a);
 - (c) the third quarter in a year is the difference between:
 - (i) 75% of the profit royalties for the year, calculated on the estimate made in the third quarter of that year's profit royalties; and
 - (ii) the total of the amounts paid pursuant to clauses (a) and (b); and
 - (d) the fourth quarter in a year is the difference between:
 - (i) the profit royalties for the year, calculated on the estimate made in the fourth quarter of that year's profit royalties; and
 - (ii) the total of the amounts paid pursuant to clauses (a) to (c).
- (4) If the amount of an instalment calculated pursuant to clause (3)(b), (c) or (d) is a negative amount, the instalment payable for that quarter is zero.
- (5) After the last day of each year, every royalty payer shall determine the amount of the profit royalties payable for that year, based on the actual amount of profits for that year.
- (6) If the amount of the profit royalties determined pursuant to subsection (5) exceeds the total of the instalments paid pursuant to subsection (3), the royalty payer shall pay to the minister the difference between those amounts on or before March 31 of the year following the year for which the determination is made.
- (7) In addition to any other amount that is payable pursuant to this section, every royalty payer shall pay to the minister, on or before March 31 of the following year, the sum of the following amounts of interest at the rate set out in section 43 and calculated:
- (a) for the period commencing on April 1 in the year and ending on June 30 in the year, on the amount, if any, by which 20% of the profit royalties for the year exceeds the amount remitted on March 31 in the year;
 - (b) for the period commencing on July 1 in the year and ending on September 30 in the year, on the amount, if any, by which 42.5% of the profit royalties for the year exceeds the amount remitted on or before June 30 in the year;

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(c) for the period commencing on October 1 in the year and ending on December 31 in the year, on the amount, if any, by which 67.5% of the profit royalties for the year exceeds the amount remitted on or before September 30 in the year;

(d) for the period commencing on January 1 in the year immediately following and ending on the day on which payment is received by the minister, on the amount, if any, by which 95% of the profit royalties for the year exceeds the amount remitted on or before December 31 in the year.

3 Jan 2014 cC-50.2 Reg 29 s34.

Return to accompany payment

35(1) Subject to subsection (2), every royalty payment submitted pursuant to section 33 or 34 must be accompanied by a return in a form and manner approved by the minister.

(2) The minister may, if the minister considers it appropriate, waive the requirements of subsection (1) with respect to one or more payments.

3 Jan 2014 cC-50.2 Reg 29 s35.

Annual return

36(1) On or before March 31 of the year following the end of each year, a royalty payer shall submit to the minister an annual return in a form and manner approved by the minister.

(2) The annual return mentioned in subsection (1) must:

(a) be accompanied by the financial statements for the production unit or, if the production unit has no financial statements, the financial statements of the royalty payer, and a reconciliation of those financial statements to the return;

(b) be signed by the royalty payer or, if the royalty payer is a corporation, by an authorized officer of the corporation; and

(c) include the royalty payer's or officer's solemn oath or affirmation that the financial statements are true and complete to the best of the royalty payer's or officer's knowledge and belief.

3 Jan 2014 cC-50.2 Reg 29 s36.

DIVISION 2**Records****Copy of mineral sales contract to minister**

37 With respect to a contract for the sale of a mineral, the minister may request, from any party to the contract:

(a) in the case of a written contract, a copy of the contract; and

(b) in the case of an oral contract, a copy of the terms of the contract in writing.

3 Jan 2014 cC-50.2 Reg 29 s37.

Copy of documentation to minister

38(1) Within 30 days after entering into a contract involving a change in a royalty payer's interest in a production unit, 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 production unit and in connection with exploration for minerals, including:
- (a) information with respect to:
 - (i) pre-production;
 - (ii) the production of minerals from mineral disposition lands; and
 - (iii) the refining, sale or consumption of minerals produced from mineral disposition lands;
 - (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.

3 Jan 2014 cC-50.2 Reg 29 s38.

Royalty payer to keep books of account at or near production unit

39(1) Every person liable to pay a royalty pursuant to a mineral disposition shall keep at or near each production unit within the mineral disposition lands full, correct and complete books of account of all minerals, mineral ores and mineral-bearing substances taken from the production unit, showing:

- (a) the quantity, weight and other particulars of the minerals, mineral ores and mineral-bearing substances and the value of those minerals, mineral ores and mineral-bearing substances; and
 - (b) the returns from processing operations until the weight of those returns 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.

3 Jan 2014 cC-50.2 Reg 29 s39.

Record retention

40(1) Subject to subsection (2), unless otherwise provided, a royalty payer shall retain, for a period of four years after the year with respect to which royalties are paid, or the date of refiling of a royalty return pursuant to subsection 41(5), all records required to calculate the royalties payable pursuant to these regulations.

(2) If 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 four-year period mentioned in subsection (1) has expired.

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

3 Jan 2014 cC-50.2 Reg 29 s40.

DIVISION 3 Assessments and Refunds

Assessments

41(1) The minister may assess or from time to time reassess the amount of any royalties imposed by these regulations, and of any interest, penalties or other amounts that may be payable pursuant to these regulations with respect to those royalties:

- (a) within four years after the day on which those royalties became due and payable; or
 - (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 four years after the day on which those royalties became due and payable; or
 - (c) within four years after the date on which a royalty return was last filed or refiled by a royalty payer.
- (2) The minister shall send notice of any assessment or reassessment pursuant to subsection (1) to the royalty payer.
- (3) Every royalty payer shall pay any amount that is assessed or reassessed by the minister pursuant to this section within 30 days after the mailing of the notice of assessment or reassessment, whether or not an appeal of the assessment or reassessment is taken.
- (4) Liability for the royalties payable in accordance with these regulations, and for any interest, penalties 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 pursuant to this section or by the fact that no assessment or reassessment has been made pursuant to this section.
- (5) If a royalty payer wishes to refile a royalty return, the royalty payer shall do so within four years after the day on which those royalties became due and payable pursuant to these regulations.

3 Jan 2014 cC-50.2 Reg 29 s41.

Refunds

42(1) Subject to subsections (2) and (3), if a royalty payer has made an overpayment of royalty, the minister:

- (a) shall refund the amount of the overpayment to the royalty payer; and
- (b) may pay interest at the rate and in the manner set out in section 44.

(2) If a royalty payer owes any royalty to the Crown pursuant to the Act or these regulations and has subsequently made an overpayment to the minister:

- (a) the minister shall retain the amount of the overpayment, or as much of the overpayment as is required, and apply it to the royalty owing; and
- (b) the minister shall notify the royalty payer of the set-off.

(3) No refund is payable if the fact of the overpayment did not come to the knowledge of the minister within four years from the date on which the overpayment occurred.

(4) Notwithstanding *The Limitations Act*, no action may be brought to recover an overpayment after the expiration of four years from the date on which the overpayment occurred.

(5) The refund for an overpayment of royalty is to be made in a manner approved by the minister.

3 Jan 2014 cC-50.2 Reg 29 s42.

PART V**Interest and Recovery of Royalty****Interest on assessments**

43(1) Every royalty payer shall pay interest at the rate set out in subsection (2) 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 received by the minister as shown in the records of the minister.

(2) For the purposes of subsection (1), the rate of interest per annum with respect to unpaid royalty is the rate equal to the sum of:

- (a) the prime lending rate of the bank holding Saskatchewan's general revenue fund as determined and adjusted in accordance with this section; and
- (b) three percentage points.

(3) The interest rate set out in this section is to be determined on June 15 and December 15 in each year and:

- (a) the interest rate as determined on June 15 applies to unpaid royalties that are owing on or after July 1; and
- (b) the interest rate as determined on December 15 applies to unpaid royalties that are owing on or after January 1 of the following year.

3 Jan 2014 cC-50.2 Reg 29 s43.

Interest on refunds

44(1) For the purposes of section 42, the rate of interest per annum with respect to an overpayment of royalty is the rate equal to the prime lending rate of the bank holding Saskatchewan's general revenue fund as determined and adjusted in accordance with this section.

(2) The interest rate set out in this section is to be determined on June 15 and December 15 in each year and:

- (a) the interest rate as determined on June 15 applies to any royalty that is overpaid on or after July 1; and
- (b) the interest rate as determined on December 15 applies to any royalty that is overpaid on or after January 1 of the following year.

3 Jan 2014 cC-50.2 Reg 29 s44.

Lien

45(1) All royalties, penalties and costs payable pursuant to any mineral disposition or pursuant to these regulations constitutes a first lien, charge and encumbrance in favour of the Crown, in priority over any claim, privilege or encumbrance of any person, whether the right or title of that person has accrued before or accrues after the attaching of the first lien, on:

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

(2) The priority of the first lien, charge and encumbrance mentioned in subsection (1) is not lost or impaired by any neglect, omission or error of any official, officer or person, or by want of registration, or by the tender or acceptance of any partial payment of the royalties, interest, penalties or other amounts mentioned in subsection (1).

(3) The first lien, charge and encumbrance mentioned in subsection (1) may be realized by the seizure or the seizure and sale of all or any part of the estate, real and personal, of the person who is liable to pay those royalties and all interest, penalties or other amounts with respect to those royalties.

3 Jan 2014 cC-50.2 Reg 29 s45.

Action for recovery

46(1) If any royalty, interest, penalty or other amount due and owing pursuant to the Act and these regulations is not paid, the minister may bring an action in a court of competent jurisdiction to obtain payment of the royalty, interest, penalty or other amount as a debt due to the Government of Saskatchewan.

(2) The right of action provided in subsection (1) is in addition to all other rights that may be exercised pursuant to the Act.

3 Jan 2014 cC-50.2 Reg 29 s46.

Injunction, etc.

47(1) In addition to any other remedies for the recovery of the royalty payable pursuant to a mineral disposition, the minister may apply to a court of competent jurisdiction for an injunction or order in the nature of an injunction, or the appointment of a receiver with all necessary powers, or any other relief or remedy as may be deemed necessary or expedient for securing payment of the royalty.

(2) On an application pursuant to this section, the court may issue the order requested or any other order that the court considers appropriate on any terms and conditions that the court considers appropriate.

3 Jan 2014 cC-50.2 Reg 29 s47.

Distress

48(1) If default is made in the payment of any royalties, interest, penalties or other amounts due and owing pursuant to the Act and these regulations, the royalties, interest, penalties and other amounts may be levied and collected by distress, together with all costs of distress, on the goods and chattels, wherever found, of the royalty payer under a warrant signed by the minister directed to the sheriff having jurisdiction in the area in which the royalty payer may have any goods or chattels.

(2) The sheriff shall realize the amount directed to be realized by the warrant, together with all incidental costs, by the sale of the goods and chattels distrained or as may be necessary to satisfy the amount directed to be levied by the warrant together with the costs of the distress and sale.

3 Jan 2014 cC-50.2 Reg 29 s48.

Deduction or set-off

49 If any royalties, interest, penalties or other amounts imposed pursuant to the Act and regulations are not paid when due, the minister may require the retention by way of deduction or set-off of any amount that the minister may specify from or out of any amount that is or may become payable by the Crown to the royalty payer or to any other person on behalf or for the benefit of the royalty payer.

3 Jan 2014 cC-50.2 Reg 29 s49.

PART VI

Repeal and Coming into Force

Saskatchewan Regulations 30/86 repealed

50 *The Mineral Disposition Regulations, 1986*, being Saskatchewan Regulations 30/86, are repealed.

3 Jan 2014 cC-50.2 Reg 29 s50.

Coming into force

51 These regulations come into force on the day on which they are filed with the Registrar of Regulations but are retroactive and are deemed to have been in force on and from January 1, 2013.

3 Jan 2014 cC-50.2 Reg 29 s51.

