

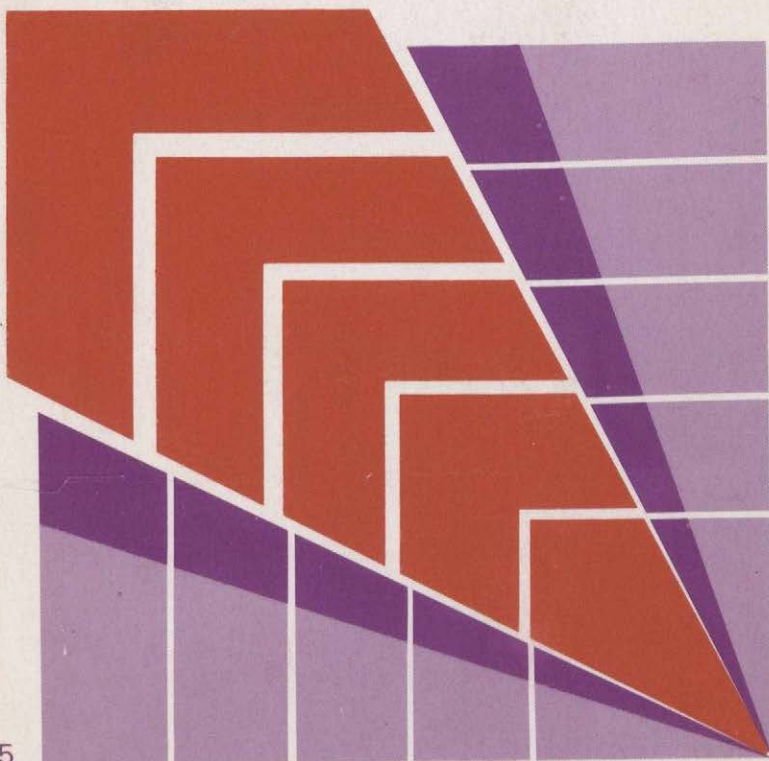
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Regional Economic Expansion
Expansion Économique Régionale

MINERAL DEVELOPMENT

CANADA/ NOVA SCOTIA



1975

FEBRUARY 17, 1975

subsidiary agreement



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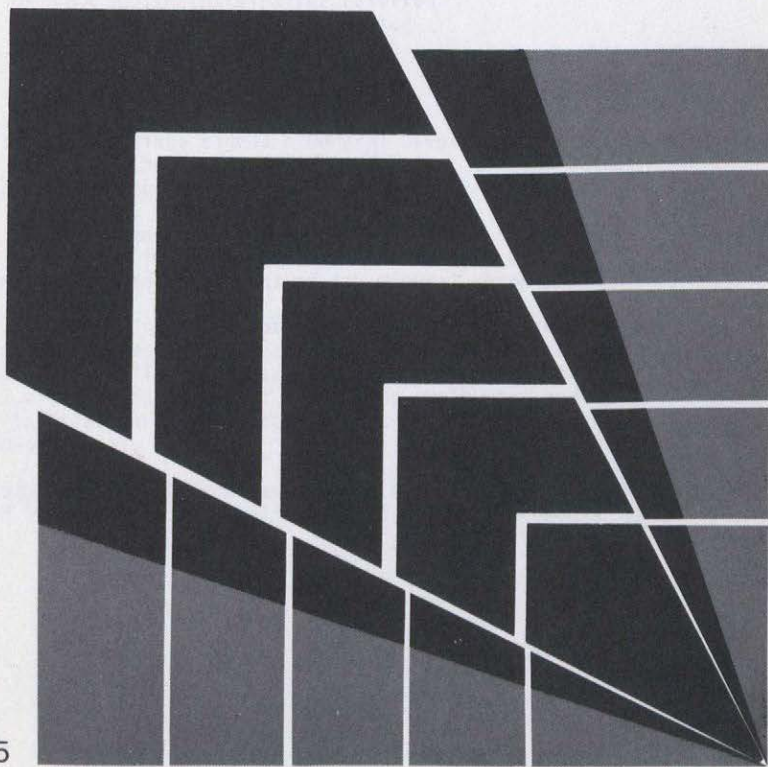
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MINERAL DEVELOPMENT

CANADA/ NOVA SCOTIA



FEBRUARY 17, 1975

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CANADA - NOVA SCOTIA

SUBSIDIARY AGREEMENT

MINERAL DEVELOPMENT

THIS AGREEMENT made this 17th day of February, 1975

BETWEEN:

THE GOVERNMENT OF CANADA
(hereinafter referred to as "Canada"),
represented by the Minister of
Regional Economic Expansion,

OF THE FIRST PART,

AND:

THE GOVERNMENT OF THE PROVINCE
OF NOVA SCOTIA (hereinafter referred
to as "the Province"), represented
by the Minister of Development,

OF THE SECOND PART.

WHEREAS Canada and the Province signed a General Development Agreement dated September 12, 1974, (hereinafter referred to as "the GDA") to achieve the objectives stated in section 3 thereof;

AND WHEREAS the Province has been carrying out a program of mineral exploration and evaluation in Nova Scotia so as to enable a more efficient reconnaissance and assessment of its mineral resources;

AND WHEREAS the Province wishes to continue and accelerate the said program and at the same time to broaden the scope of the program and to reduce or eliminate identifiable constraints to mineral exploration and development, all with the intention of increasing employment and investment opportunities through the development of the mineral-based industries in Nova Scotia;

AND WHEREAS Canada and the Province have agreed that public investment will be required to assist in the realization of the said program;

AND WHEREAS the Governor in Council by Order in Council P.C. 1975-337 of the 13th day of February, 1975, has authorized the minister of Regional Economic Expansion to enter into this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council No. 74-630 of the 11th day of June, 1974, has authorized the Minister of Development to enter into this Agreement on behalf of the Province.

NOW THEREFORE the parties hereto mutually agree as follows:

DEFINITIONS

1. In this Agreement:
 - (a) "eligible costs" means those costs referred to in section 4;
 - (b) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;
 - (c) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;
 - (d) "Management Committee" means the committee referred to in section 6;
 - (e) "Ministers" means the Federal Minister and the Provincial Minister;
 - (f) "programs" means the subject matter referred to in section 3; and
 - (g) "Provincial Minister" means the Minister of Development of the Province of Nova Scotia and includes anyone authorized to act on his behalf.

OBJECTIVE

2. The objective of Canada and the Province under this Agreement is to enable the Province to undertake a program of mineral development planning, evaluation and surveying.

SUBJECT MATTER

3. Schedule "A" attached to and forming part of this Agreement consists of programs which the Province shall arrange to have carried out and which are as follows:

- (1) Resource Development Planning
- (2) Mineral Resource Inventory
- (3) Mineral Evaluation Survey
- (4) Geological-Geochemical Survey
- (5) Laboratory Services
- (6) Program Management and Administration

FINANCIAL PROVISIONS

4. (1) The eligible costs to be financed or shared under this Agreement by Canada in respect of the programs listed in section 3 shall consist of:
 - (a) For staff employed on a full-time basis as determined by the Management Committee, gross salaries and wages and the employer's share of contributions for Canada Pension Plan and Unemployment Insurance as well as reasonable travel and relocation expenses incurred in accordance with applicable provincial travel and relocation policies and directives, but shall be limited to costs that are incremental to the Province for such activities under this Agreement, and shall not include costs for accommodation in provincial buildings or costs for provincial telephone and utilities systems and services or other similar costs; and
 - (b) the costs of external services obtained and other specific direct costs, including costs for acquisition and lease of equipment, as approved by the Management Committee.
- (2) Contracts and purchases made and work done prior to the date of this Agreement and after June 1, 1973, in respect of programs in section 3, may be accepted as complying with the provisions of this Agreement if they are approved in writing by the Federal Minister on the recommendation of the Management Committee.
- (3) If, at any stage of a program it appears to the Province that the costs thereof will exceed the estimated costs specified in Schedule "A", the Province shall promptly so inform the Management Committee and state the reasons for the increase.

- (4) Upon being so informed, the Management Committee shall consider the circumstances which have contributed to the increase in the estimated costs and shall prepare and present a report and recommendations to the Ministers in respect of the action proposed to be taken.
5. Notwithstanding anything in this Agreement, the total amount payable by Canada under this Agreement shall not exceed eighty per cent (80%) of the total eligible costs up to an amount of \$5,070,400.

ADMINISTRATION AND MANAGEMENT

6. (1) Each of the Ministers shall designate two officials to be responsible for the administration of this Agreement. These officials shall constitute the Management Committee whose function it shall be to oversee the implementation of the programs specified in section 3, and to fulfil responsibilities identified for the Management Committee elsewhere in this Agreement. The Federal Minister shall appoint one representative of the Department of Regional Economic Expansion of Canada, who shall act as Co-chairman, and one representative of the Department of Energy, Mines and Resources of Canada. The Provincial Minister shall appoint two representatives of the Province, one of whom shall act as Co-chairman.
- (2) The Management Committee shall submit for the approval of the Ministers annually and no later than September 1, an assessment of the progress made in implementing this Agreement, the effectiveness to date of the programs in achieving the objectives intended and the continuing relevance of the objectives themselves together with the projected budget required for the subsequent fiscal year.
- (3) A vacancy in the membership of the Management Committee shall not impair the right of the remainder to act, and a majority of the existing members shall constitute a quorum if one of such members is the representative of the Department of Regional Economic Expansion.
- (4) The signatures thereto of either of the Co-chairmen and one other member of the Management Committee, shall be sufficient verification for the purposes of this Agreement of any recommendation, approval or decision given by the Management Committee, provided that one of the signatures is that of the representative of the Department of Regional Economic Expansion.

- (5) The Management Committee may establish subcommittees to advise and assist it in its work, which subcommittees may include persons who are not members of the Management Committee.
7. Canada and the Province agree to provide the Management Committee with all information necessary for the performance of its function.

PAYMENT PROCEDURE

8. (1) Subject to subsection 8(2), payments by Canada shall be promptly made to the Province on the basis of progress claims setting out the costs actually incurred and paid for the program, submitted in a form and verified in a manner satisfactory to the Federal Minister.
- (2) In order to assist with the interim financing of programs, Canada may, if the Province so requests, make interim payments to the Province of one hundred per cent (100%) of Canada's share of claims submitted, based on estimates of costs actually incurred as certified by a senior officer of the Province.
- (3) The Province shall account for each interim payment by submitting to Canada, within 120 days after such payment by Canada, a detailed statement of the actual expenditures incurred and paid, verified in a manner satisfactory to the Federal Minister. Any discrepancy between the amounts paid by Canada by way of interim payments and the amounts actually paid by the Province shall be promptly adjusted between Canada and the Province.

RECORDS AND AUDIT

9. The Province shall maintain proper and accurate accounts and records relating to the cost of the programs, and Canada may audit the amounts of all progress claims and payments and the provincial accounts and records relating thereto.

TENDERS AND CONTRACT AWARDS

10. (a) Unless the Management Committee otherwise agrees, all contracts shall be let pursuant to tenders invited by public advertisement;
- (b) opening of all tenders shall be public and the Management Committee shall be supplied with copies of each advertisement for tender, together with notice of the time and

place for tender opening, in sufficient time to enable any member of the Management Committee or his representative to be present at all tender openings and to participate in the evaluation of tenders;

- (c) all contracts shall be awarded to the responsible and responsive tenderer who submitted the lowest evaluated bid, unless otherwise agreed by the Management Committee;
- (d) all contracts for professional services shall be supervised in accordance with procedures to be approved by the Management Committee, and reports produced by consultants or resulting from such contracts shall become the property of both parties; and
- (e) all announcements of contract awards shall be made jointly by Canada and the Province.

IMPLEMENTATION

- 11. (a) All substantive amendments to contracts shall require the prior approval of the Management Committee;
- (b) any member of the Management Committee or his representative shall be permitted to inspect the programs at all reasonable times for the purpose of verifying progress claims and obtaining any other information concerning the relevant program which may be required by the Federal Minister or the Provincial Minister; and
- (c) the Province shall forward to the Management Committee a report as to the progress of the work, in such detail and at such time as may be required by the Management Committee.

GENERAL

- 12. (1) This Agreement shall terminate on March 31, 1980, and Canada shall not pay any claim received after March 31, 1981.
- (2) The terms and conditions of the GDA apply to this Agreement.
- (3) This Agreement does not vest in Canada any proprietary interest in the equipment or facilities acquired hereunder, which shall be and remain the property of the Province.

EVALUATION

13. During this Agreement, Canada and the Province shall jointly effect an assessment of the programs listed in Schedule "A" with regard to the stated objectives. Annual progress reports shall be submitted by the Management Committee to the Ministers on or before the annual meeting of the Ministers as prescribed under subsection 9.1 of the GDA. In addition, Canada and the Province shall also jointly effect an evaluation of all the programs with respect to the general economic and socioeconomic development objectives of this Agreement.

AMENDMENTS

14. This Agreement, and Schedule "A" thereof, may be amended as agreed from time to time by the Ministers in writing. Each program added to Schedule "A" shall form part of this Agreement and shall be governed by the terms thereof as fully and effectively as if it had originally been included in this Agreement. It is expressly understood and agreed, however, that any amendment to section 5 shall require the approval of the Governor in Council.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion, and on behalf of the Province by the Minister of Development.

IN THE PRESENCE OF:

GOVERNMENT OF CANADA

Witness

Minister of
Regional Economic Expansion

GOVERNMENT OF THE PROVINCE
OF NOVA SCOTIA

Witness

Minister of Development

CANADA - NOVA SCOTIA
SUBSIDIARY AGREEMENT
MINERAL DEVELOPMENT
SCHEDULE "A"

1. The program to be undertaken in this Agreement will comprise the following items:
 - (1) Resource Development Planning
 - (2) Mineral Resource Inventory
 - (3) Mineral Evaluation Survey
 - (4) Geological-Geochemical Survey
 - (5) Laboratory Services
 - (6) Program Management and Administration

2. Description of items:

- (1) Resource Development Planning

The purpose of resource development planning is to identify development opportunities and devise programs to optimize governmental efforts in promoting exploration and exploitation of the mineral resource. The formulation of long-term policies and legislation is necessary to maximize the opportunities to increase employment, income, and revenues to the Province. The key activities within the program are:

- (a) the economic analysis of all pertinent data relative to opportunities for Nova Scotia mineral development. Such analyses include price structure, actual and contingency forecasting, identification of commodity shortages, short and long-term supply and demand, and market potential;
 - (b) the analysis and evaluation of energy supplies, trends and price structure for coal, petroleum, natural gas and nuclear fuels;

- (c) the revision of all legislation within the concepts of proper resource management to optimize development opportunities;
- (d) to provide background data for the preparation of position papers respecting national mineral policy objectives and on national and international issues affecting development opportunities within the Province; and
- (e) in concert with currently stated national objectives on further processing prior to export, to immediately pursue identified opportunities in the smelting, concentrating and manufacturing of Nova Scotia deposits such as lead, zinc, barium, fluorite, etc. General activities aimed at achieving further economic processing on a regional as well as a provincial basis, of such commodities as gypsum, limestone, etc.

(2) Mineral Resource Inventory

To provide a base for formulating policies and programs regarding mineral exploration and development, a complete and comprehensive data and information system on the nature, extent and location of known mineral occurrences is required. An inventory of known resources is the first step in developing priorities of action. The key activities in the program are:

- (a) compilation and field checking of known occurrences and the recording of data on a standardized format;
- (b) the establishment of a computerized system of retrieval and processing of data with special consideration given to methods and techniques developed by the Canadian Geoscience Centre;
- (c) the preparation of mineral probability and potential maps for the Province as an aid to planning, exploration and land-use priorities; and
- (d) the continuous up-dating and recording of new information.

(3) Mineral Evaluation Survey

The examination, mapping and evaluation of known mineral occurrences and the search for new deposits of industrial minerals provides a direct means of encouraging mineral

development and the utilization of provincial resources. The rapid publication of data is a necessary prerequisite to maximize the benefits of such a program. The key activities of the program are:

- (a) mapping and evaluation of the significant metallic mineral occurrences and the establishment of a metallogenic framework;
- (b) the location and evaluation of deposits of limestone, barite, fluorite, silica, salt, potash, clays and aggregates;
- (c) evaluation of reserves of coal and other energy minerals to determine the location of sufficient reserves to encourage the development of new mining opportunities. Special emphasis will be placed on drilling for coal deposits within the general framework of the program attached as an Appendix to this Schedule; and
- (d) diamond drilling where required to bring a deposit to the stage where a company may be interested in taking over exploration and development.

(4) Geological-Geochemical Survey

One of the most useful functions in stimulating continuing exploration activity by private industry is the provision of basic geological data and concepts. The program will be designed to individual requirements of selected priority areas, with the objective of carrying out a comprehensive and coordinated approach utilizing a broad range of geological, geochemical and geophysical techniques. The key activities of the program are:

- (a) the establishment of priority areas including Cape Breton Island; carboniferous limestones and associated lead-zinc deposits of the Windsor Basin; Antigonish Highlands; the Cobequid Mountains, and Paleozoic rocks of Western Nova Scotia;
- (b) geochemical surveys to outline geochemical target zones and the transposition to mineral exploration targets is a key strategy;
- (c) emphasis will be placed on accurate analytical techniques and interpretation of results; and

(d) geophysical support and diamond drilling will be part of the approach, if necessary.

(5) Laboratory Services

The Department of Mines operates a laboratory to perform analytical services, ceramic testing and small scale mineral dressing tests. The laboratory has been a valuable asset to the Department and to prospectors and mining companies. Major analytical equipment is now obsolete and of insufficient capacity to meet increasing demands of the Department and industry. The key activities of the program are:

- (a) the acquisition of a high volume x-ray fluorescent unit;
- (b) addition of atomic absorption unit;
- (c) upgrading of sample preparation facility; and
- (d) upgrading of mineral dressing facility.

(6) Program Management and Administration

The proposal envisages a five-year agreement commencing in the fiscal year 1974-75 and terminating in the fiscal year 1978-79. The provincial Department's budget submission for 1974-75 provides for key professional positions who would act in a supervisory role.

A summary of estimated expenditures for the program of mineral exploration, evaluation and development in the Province follows:

CANADA - NOVA SCOTIA SUBSIDIARY AGREEMENT

MINERAL DEVELOPMENT

SCHEDULE "A"

<u>Program Description</u>	<u>Estimated Total Cost (\$000's)</u>	<u>Federal Share (\$000's)</u>
1. Resource Development Planning	715	572
2. Mineral Resource Inventory	120	96
3. Mineral Evaluation Survey	1,920	1,536
4. Geological-Geochemical Survey	2,505	2,004
5. Laboratory Services	325	260
6. Program Management and Administration	753	602.4
	<u>6,338</u>	<u>5,070.4</u>

CANADA - NOVA SCOTIA
SUBSIDIARY AGREEMENT
MINERAL DEVELOPMENT
APPENDIX TO SCHEDULE "A"

PROPOSAL FOR A COAL RESOURCE

INVENTORY AND EVALUATION IN NOVA SCOTIA

PURPOSE

The purpose of this proposal is to outline the studies and a drilling program required to evaluate the coal resources in the Province of Nova Scotia. The main areas of present interest will be centered in Pictou, Cumberland and Inverness Counties. In addition, several coal seams are known that have not received sufficient attention to evaluate their economic potential. It is anticipated that the program as outlined below will require at least three years.

OBJECTIVES

The objectives of this coal resource inventory program are:

- (1) to continue a review of the available geologic data derived from outcrops, previous diamond drilling and underground workings;
- (2) to assess by drilling individual coal seams considered to hold a potential reserve of mineable coal;
- (3) to collect and provide basic information on the quality and quantity of the coal with a view to establishing a viable mining operation; and
- (4) to study the environmental factors involved in surface and underground operations.

METHODS OF INVESTIGATION

A detailed geological study is essential in the areas chosen for investigation to gather data on the rock types, structural features and, if possible, examine the coal seam. In conjunction with this study, the results of all previous drilling in the immediate area will be compiled and interpretations made.

The location of the boreholes will be made after a careful study of the information derived from the geological investigations. All new borehole locations and coal outcrops will be located by transit and chain surveys and tied to existing survey monuments. Elevations of the holes will be established from known bench marks. Wherever possible, previous drill holes in the adjoining area will be located, especially if the survey notes are available.

It is proposed that diamond core drilling be used in this coal inventory program. It is necessary that each hole be surveyed at 150 foot intervals to determine deviation. If necessary, wedges will be used to keep the hole on the designed course.

In case of water loss or highly fractured rock, it will be necessary to cement or case off the troublesome area. On completion of the borehole, each coal seam intersected will be cemented off at the roof; also the hole will be plugged and cemented for approximately 20 feet from the surface of bedrock.

When the borehole is completed to the desired depth, a down-hole geophysical survey, including caliber, gamma-neutron and gamma-logging surveys will be made. If considered necessary, resistivity and self-potential surveys will be performed.

PROCEDURE FOR SAMPLING AND ANALYSIS

The drill core will be logged in great detail and the coal intersections noted. Each coal seam will be examined closely and the occurrence of shale or other impurities noted in minute detail. The coal section will then be split and one-half of the core bagged and labelled for analytical investigations; the remaining portion of the coal will be carefully placed in the core box for future reference. The core boxes will be shipped and stored at the headquarters of the Nova Scotia Department of Mines in Stellarton.

Three laboratories are available to perform the coal analysis. In addition to the main laboratories in Ottawa, the Department of Energy, Mines and Resources has a laboratory at Point Edward, in the Sydney area, equipped for coal analysis. The provincially-owned laboratories at the Nova Scotia Technical College, Halifax, are well staffed and have excellent facilities for coal analysis.

STORAGE OF CORE

The drill core will be kept at all times in a locked storage room. It will be available for inspection at any time by authorized personnel from the Department of Energy, Mines and Resources.

AREAS AND COAL SEAMS OF INTEREST

It is proposed that the initial part of this program will be in Pictou, Cumberland and Inverness Counties. Specifically, the seams to be investigated are:

- (1) Acadia Seam
- (2) Foord Seam
- (3) G. Group
- (4) McGregor Seam
- (5) Third and Fourth Seam

The numbers do not necessarily indicate the order in which the seams will be investigated.

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