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Subsidiary Agreement 1984-85

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Canada - New Brunswick Mineral Development Agreement

CANADA - NEW BRUNSWICK SUBSIDIARY AGREEMENT ON MINERAL DEVELOPMENT

THIS AGREEMENT made in duplicate this 25th day of June 1984.

- BETWEEN HER MAJESTY IN RIGHT OF CANADA (hereinafter referred to as Canada) represented by the Minister of Energy, Mines and Resources and the Regional Minister for New Brunswick,
- AND HER MAJESTY IN RIGHT OF NEW BRUNSWICK (hereinafter referred to as New Brunswick) represented by the Premier of New Brunswick and the Minister of Natural Resources.

WHEREAS Canada and New Brunswick entered into an Economic and Regional Development Agreement on 13 April 1984 to achieve the objectives set forth in section 3.1 thereof, through the making of specific subsidiary agreements;

WHEREAS the mineral industry has been identified by Canada and New Brunswick as an important element of the economy of New Brunswick;

WHEREAS increased mineral exploration and development of mines and mineral resources are consistent with the joint planning now being undertaken by Canada and New Brunswick relating to broader social and economic development;

WHEREAS New Brunswick has been carrying out a plan of mineral development in New Brunswick to enable the more effective assessment and utilization of its mineral resources;

WHEREAS the Governor in Council by Order in Council, P.C. 1984-4/2191 of June 21, 1984, authorized the Minister of Energy. Mines and Resources and the Regional Minister for New Brunswick to execute this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council 84-493 of June 21, 1984, authorized the Premier of the province of New Brunswick and the Minister of Natural Resources to execute this Agreement on behalf of New Brunswick.

THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS

1.1 In this Agreement:

- (a) "Eligible Costs" means those costs as defined in section 5.4;
- (b) "ERDA" means the Canada New Brunswick Economic and Regional Development Agreement made on 13 April 1984;
- (c) "Federal Ministers" means the Minister of Energy, Mines and Resources or the Minister of State (Mines) of Canada and the Regional Minister for New Brunswick and includes any person authorized to act on their behalf;
- (d) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;
- (e) "Fixed Assets" means tangible long-term assets such as land, buildings, or equipment;
- (f) "Management Committee" means the committee established pursuant to section 3.1;
- (g) "Ministers" means the Federal and Provincial Ministers;
- (h) "Project" means the smallest subcategory of the activities listed in Schedule A to be defined by the Management Committee;

- (i) "Provincial Ministers" means the Premier of the province of New Brunswick and the Minister of Natural Resources and includes any person authorized to act on their behalf; and
- (j) "Work Plan" means a document identifying which Projects will be carried out in the year and by which Party, the date by which the Management Committee anticipates that those Projects will be completed, and the estimated Eligible Costs to be attributed to each Project in the year.

2. PURPOSE, OBJECTIVE, AND SUBJECT MATTER

- 2.1 The principal purpose of this Agreement is to establish a framework for joint planning of the implementation of the Programs which have the objective of strengthening and diversifying the mineral industry sector of the provincial economy.
- 2.2 Canada shall undertake, either directly or through agents or contractors, in accordance with its laws and policies, its share of the Programs as set out in Schedule A.
- 2.3 New Brunswick shall undertake, either directly of through agents or contractors, in accordance with its laws and policies, its share of the Programs as set out in Schedule A.

3. MANAGEMENT AND COORDINATION

- 3.1 There shall be a Management Committee, responsible for the general administration and management of the Programs, which shall include four members, two of whom are to be appointed by the Federal Ministers, one being designated by them as co-chairman, and two of whom are to be appointed by the Provincial Ministers, one being designated by them as co-chairman.
- 3.2 Two additional members shall be appointed to the Management Committee pursuant to section 6.2.2 of ERDA.
- 3.3 The powers, duties, and functions of the Management Committee are:
 - to approve all procedures in respect of its own meetings, including rules for the conduct of meetings and the making of decisions where members are not physically present in one place;
 - (b) to prepare and recommend a Work Plan to the Parties before each fiscal year starting with the fiscal year commencing on 1 April 1985 during which this Agreement is in effect. For the fiscal year 1984, the Work Plan shall be prepared and recommended within a reasonable time after the signing of the Agreement;
 - (c) to describe each Project in an appropriate Project identification form which, inter alia, will provide for the Project name and description, its purpose and objectives, an outline of the way it is to be carried out and progress reported, and its annual and total cost;
 - (d) to establish technical, public information, and other sub-committees, as required;
 - (e) to arrange for financial statements;
 - (f) to submit progress reports annually, prior to the annual meeting of ERDA ministers referred to in Section 5 of ERDA, or as requested by the Ministers;
 - (g) to ensure a full and free flow of information between the Parties;
 - (h) to make available to government departments the results obtained under this Agreement to allow them to identify human, social, and economic development opportunities;

- (i) where it identifies significant human resources implications in respect of any Project, to develop a human resources plan for that Project;
- to ensure the preparation of and to approve a communications strategy and program to serve the information requirements of the public and to encourage public awareness of the activities of both governments under this Agreement;
- (k) to approve promotional and communications material released under this Agreement;
- (I) to ensure that all contracts incorporate all relevant provisions of this Agreement;
- (m) to meet at least twice a year for the purposes of this Agreement;
- (n) to adopt such procedures, forms, reports, and guidelines that are consistent with this Agreement as it deems expedient and appropriate to achieve its purpose and objective;
- (o) to appoint co-secretaries as required to assist the Management Committee;
- (p) to meet with representatives of federal and provincial departments or agencies or other persons as seems appropriate to facilitate cooperation and public good will in the management of the Agreement;
- (q) to add, amend or delete any Project in the Work Plan where it considers that the purposes and objectives of this Agreement would be furthered by that addition, amendment, or deletion;
- (r) to carry out any other duties, powers, or functions specified elsewhere in this Agreement or such as may be assigned to the Management Committee by the Ministers by agreement in writing; and
- (s) to recommend to the Ministers, pursuant to section 9, amendments to be made to this Agreement.
- 3.4 The Management Committee may transfer Projects between the Parties, may transfer funds from one Project to another Project, and may add, amend or delete any Project in which case the following shall apply;
 - (a) where adjustment is proposed for Projects in the same Program and does not affect the Program funding allocation defined in Schedule "A", then such amendment can be effected by the Management Committee;
 - (b) wheere adjustment is proposed for Projects between different Programs of Schedule A and affects cumulatively the total funding allocation for any Program by 10% or less, then such amendment can be effected by the Management Committee; and
 - (c) where adjustment is proposed for Projects between different Programs of Schedule A and affects cumulatively the total funding allocation for any Program by more than 10%, then such amendment can be effected by the Ministers in writing.
- 3.5 A quorum for all meetings of the Management Committee shall be two members of whom one shall be a member appointed by the Federal Ministers and one shall be a member appointed by the Provincial Ministers.
- 3.6 Decisions of the Management Committee shall be acted upon only if taken unanimously either by its members present and voting at a meeting or in accordance with paragraph 3.3(a).
- 3.7 Any matter with respect to which the Management Committee is not unanimous shall be referred to the Ministers, whose decision will be final
- 3.8 The Management Committee shall continue to exist and operate during the twelve-month period following termination of this Agreement with the necessary powers to wind up the Agreement.

4. ADMINISTRATION

- 4.1 This Agreement shall commence on and take effect as of April 1, 1984 and shall terminate on 31 March 1989 or such earlier date as may be agreed to in writing by the Ministers. No Project may be approved after the termination date of this Agreement. Costs incurred during the twelve-month period following termination shall be Eligible Costs.
- 4.2 Any contract awarded pursuant to this Agreement shall provide
 - (a) that any member of the Management Committee, or a duly authorized representative, shall be permitted to inspect the subject matter of the contract at all reasonable times and
 - (b) for a suitable indemnity clause or insurance policy for the benefit of both Parties and their ministers, officers, and employees.

5. FINANCIAL

- 5.1 Canada's expenditures in respect of Eligible Costs under this Agreement shall not exceed fifteen million (\$15,000,000) dollars.
- 5.2 New Brunswick's expenditures in respect of Eligible Costs under this Agreement shall not exceed seven million, three hundred and seven thousand (\$7,307,000) dollars.
- 5.3 The provision of financing by Canada and New Brunswick for the implementation of Programs under this Agreement is subject to the Parliament of Canada and the Legislative Assembly of the Province of New Brunswick respectively, having provided funds for the fiscal year in which such financing is required.
- 5.4 "Eligible Cost" includes reasonable direct costs incurred by a Party for the purposes of this Agreement that are incremental to their normal operations and that are
 - (a) invoiced to a Party under a contract made under this Agreement for goods or services,
 - (b) travel expenses of members of the Management Committee and of any sub-committees established pursuant to 3.3(d),
 - (c) any salary or benefits paid by a Party
 - (i) to employees hired specifically for managing or conducting Projects and
 - (ii) to permanent employees while assigned to the management or conduct of this Agreement, where the assignment is approved by the Management Committee,
 - (d) imputed costs of lease, acquisition or modification of fixed assets if done specifically for a Project.
 - (e) the cost for services performed by a Party that is the lesser of
 - (i) the normal rate for similar services performed for other users or

(ii) a reasonable imputed cost,

- (f) field party costs;
- (g) where approved in advance by the Management Committee, any overhead and publication costs of the Parties,
- (h) any cost overrun greater than twenty percent of the Eligible Costs estimated pursuant to paragraph 3.3(b) if

- (i) the Party implementing the Project giving rise to the overrun informed the Management Committee immediately after it became aware that such a cost overrun was probable, and
- (ii) the Management Committee approved the amount as an Eligible Cost, and
- (i) costs approved pursuant to section 5.5.
- 5.5 Where the Management Committee is satisfied that the acquisition of a fixed asset would not be timely enough for operational reasons or would not be cost effective, it may approve, as an Eligible Cost in relation to a fixed asset already owned or controlled by a Party, the lesser of:
 - (a) a reasonable imputed cost based upon planned usage for any Project; or
 - (b) the replacement cost.
- 5.6 The Parties will make best efforts to acquire or modify fixed assets that may be required for any Project. The fixed assets are and remain the property of the Party which owned or acquired them.
- 5.7 Canada and New Brunswick shall manage their respective contributions to the Programs under this Agreement in such a manner as to ensure that, to the extent possible and with full regard to administrative, logistical, and other constraints, including decisions of the Management Committee or the Minsiters, the contributions of the two Parties are applied at similar rates over the term of this Agreement.

6. RECORD, AUDIT AND PAYMENT PROCEDURES

- 6.1 Each Party will apply its payment procedures in respect of the Projects assigned to it.
- 6.2 Each of the Parties shall ensure that proper and accurate accounts and records are maintained for three years following the completion date with respect to each Project it is delivering. Each Party will make all such accounts and records available at all reasonable times, to authorized representatives of the other Party for inspection and audit and will afford to them all reasonable assistance and explanation in connection with such an inspection and audit.
- 6.3 For each fiscal year of this Agreement, each Party shall submit to the other Party a statement of Eligible Costs incurred on all Projects delivered by it under this Agreement, within one hundred (100) days following the end of the fiscal year.
- 6.4 Any member of the Management Committee or any authorized representative of either Party shall be permitted to inspect any Project at all reasponable times for the purpose of verifying and obtaining any information which may be required by the Ministers.

7. PUBLIC INFORMATION

- 7.1 The Management Committee shall develop a system to disseminate technical information to the Parties and to the public within a reasonable period of time.
- 7.2 Any general public announcement and any official ceremony of a Project, shall be arranged jointly by the Ministers.
- 7.3 The Parties will cooperate in public information activities relating to this Agreement. The planning of public information activities will be the responsibility of the Management Committee.
- 7.4 Publications arising out of this Agreement shall contain a prominent statement that the work was performed under this Agreement.

7.5 In all public information activities, the Parties will be guided by the principles that all interested persons should be kept informed, that the contributions of both Parties should be fairly acknowledged, and that both parties should have a fair opportunity to participate.

8. EVALUATION

- 8.1 Prior to 31 December 1984, the Management Committee will develop a plan for evaluating the Programs which will identify major evaluation criteria, the character and timing of data collection, responsibilities for data collection, responsibilities for evaluation activities, and the timing and nature of any interim reports.
- 8.2 The Management Committee will submit a final and comprehensive evaluation report to the Ministers within twelve months after the termination of this Agreement.

9. AMENDMENTS

9.1 This Agreement and schedules thereof may be amended from time to time by written agreement of the Ministers. Each program added to schedules shall form part of this Agreement as if it had originally been included in this Agreement. It is expressly understood and agreed however that any amendment to Sections 2.1, 2.2, 2.3, 4.1, 4.2, 5.1, 5.2, 6.1 and 6.2 may require the approval of the Governor in Council and Lieutenant Governor in Council.

10. GENERAL

- 10.1 The laws in effect in New Brunswick shall apply to this Agreement.
- 10.2 In carrying out its responsibilities under this Agreement the Management Committee will take account of the Federal Environmental Assessment Review Process and the New Brunswick government impact policy for environment impact assessment.
- 10.3 Nothing in this Agreement is to be construed as authorizing one Party to contract for or to incur any obligation on behalf of the other or to act as agent for the other.
- 10.4 All property, including patents, copyrights, and other intellectual property and any revenue, acquired as a result of the Work shall be disposed of, licensed, or otherwise dealt with as the Ministers may from time to time determine.
- 10.5 (a) Schedule "A" attached to and forming part of this Agreement contains the programs identified for implementation.
 - (b) Schedule "B" contains background, strategy, objectives, and initiatives for the programs.
- 10.6 No member of the House of Commons of Canada or the Legislative Assembly of New Brunswick shall be admitted to any share or part of this Agreement or to any benefit arising herefrom.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Her Majesty in right of Canada by the Regional Minister for New Brunswick and the Minister of State (Mines) on behalf of the Minister of Energy. Mines and Resources and on behalf of Her Majesty in right of New Brunswick by the premier of the province of New Brunswick and the Minister of Natural Resources.

FOR HER MAJESTY IN RIGHT OF CANADA:

Date

Minister of State (Mines)

Date

Regional Minister for New Brunswick

FOR HER MAJESTY IN RIGHT OF NEW BRUNSWICK

Date

Premier of the province of New Brunswick

Date

Minister of Natural Resources

SCHEDULE A Summary of Program Costs

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| | | Federal Share | Provincial Share | Total |
|-------|---|--|--|---|
| ι. | Geoscience Program | | (\$000) | |
| | Metallic Mineral Deposits Regional Geology Geochemistry Geophysics Surficial Geology/Till Geochemistry Geoscience Compilation Drill Core Management | 2,220 2,200 300 1,880 1,900 0 0 8,500 | 800 1,390 0 230 0 1,153 300 3,873 | 3,020 3,590 300 2,110 1,900 1,153 300 12,373 |
| 11. | Mining and Minerals Technology Program | | · | , |
| | Ferric Chloride Leach Process Manganese Processing Evaluation Evaluation of Aggregates Mineralogical Studies, Potash Backfill, Potash Dewatering Evaluation, Coal Peat Geochemistry | 1,700 200 500 200 400 0 0 3,000 | 0 0 0 125 150 275 | 1,700 200 200 400 125 150 |
| 10. | Economic Development Program | 3,000 | 275 | 3,275 |
| | A. Government-Initiated Studies Manganese Market Review Processing Opportunities Commodity Studies Resource Management Strategies | 100 400 500 0 1,000 | 0 0 350 2,511 2,861 | 100 400 850 2,511 3,861 |
| | B. Firm-Specific Assistance | 1,000 | 0 | 1,000 |
| 1V. | Public Information, Evaluation, Administration Program | 1,500 | 298 | 1,798 |
| TOTAL | | 15,000 | 7,307 | 22,307 |

SCHEDULE B

Summary of Programs

The federal and provincial activities to be undertaken under this Agreement have been jointly planned by Energy, Mines and Resources and the Department of Natural Resources and will be implemented in a coordinated and cooperative manner. They fall into four programs:

I. GEOSCIENCE PROGRAMS

Government geoscience is an essential step leading to the exploration for and discovery of exploitable mineral deposits. The complementary geoscience programs of the two departments will provide new and more detailed information on those selected areas known or suspected to have a high potential for undiscovered deposits. Exploration will thus be encouraged and the probability of success will be improved.

Federal Geoscience Program

1. Metallic Mineral Deposits

Investigations of selected deposits and of mineral-rich regions will be carried out as the most effective way to aid and stimulate exploration by industry. Intensive studies of known major deposits lead to a clearer definition of the character of exploration targets. Examples would be base metal deposits in the Bathurst area and tin and tungsten deposits in central New Brunswick granites and in certain volcanics in the southern part of the province.

Estimated cost \$2,220,000

2. Regional Geology

Investigations will be undertaken to provide the geological setting of the mineralrich regions, to be integrated with the above activity. Such metallogenic studies clarify the geological framework on which mineral deposit studies and subsequent mineral exloration are based. For example, an improved understanding of the complex geology of the Bathurst area will more clearly identify "fertile" rock units in which new deposits are most likely to be found.

Estimated cost \$2,200,000

3. Geochemistry

Most of the province has been covered by stream sediment geochemical surveys, but follow-up work has not been done to explain all the promising anomalies. Geochemical surveys will be carried out in local areas to identify the deposits that have given rise to the most encouraging but unexplained anamalous geochemical metal values.

Estimated cost \$300,000

4. Geophysics

Geophysical surveys, using the most recently developed techniques, will be undertaken in metal-rich areas to support mineral deposit and regional geological investigations. New advances in aeromagnetic gradiometer surveys are particularly applicable to characterizing and tracing rock formations, especially through overburden-covered areas, Airborne gamma-ray spectrometric surveys clearly identify granites with high concentrations of uranium and thorium, and indirectly of tin, tungsten and molybdenum.

Estimated cost \$1,880,000

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5. Surficial Geology and Till Geochemistry

A very large percentage of the surface, including an unknown number of undiscovered mineral deposits, is covered by ground-up bedrock (till) deposited by glaciers. Understanding the mineral distribution in these tills is important to mineral exploration. Regional investigations will be carried out, including tracing of economic minerals within the till back to the bedrock source.

Estimated cost \$1,900,000

Provincial Geoscience Program

1. Metallic Mineral Deposits

Metallogenic studies will be carried out in selected areas, particularly the Bathurst-Newcastle camp and the Bay of Fundy gold-bearing zone.

Estimated cost \$800,000

2. Regional Geology

Mapping of selected areas will be carried out to improve the level of geological detail. A comprehensive geoscientific evaluation of the northwestern part of the province will be undertaken.

Estimated cost \$1,390,000

3. Geophysics

Geophysical surveys will be carried out in areas of mineral potential being studied under other projects. Mainly this will involve an acceleration of ongoing gravity studies in selected areas of economic potential.

Estimated cost \$230,000

4. Geoscientific Compilation

Information gathered during previous site-specific geological and mineral resource studies will be evaluated, compiled and published to improve the data base and the efficiency of retrieval.

Estimated cost \$1,153,000

5. Drill Core Management

The capacity for storage of diamond drill core will be expanded, and the indexing of stored core will be undertaken, particularly in the Sussex area.

Estimated cost \$300,000

II. MINING AND MINERALS TECHNOLOGY PROGRAMS

The mining and minerals industry will benefit from research and development aimed at raising efficiency and productivity by improving existing operations and developing new and better techniques for mining and mineral processing operations. In addition, prospects for new developments of mineral deposits will be increased.

Federal Technology Program

1. Application of the Ferric Chloride Leach (FCL) Process to New Brunswick Complex Sulphide Ores

The FCL process is a promising means for improving the recovery of base and precious metals from the complex sulphide ores of New Brunswick. It has a major advantage of producing elemental sulphur instead of sulphuric acid or sulphur dioxide. It appears well suited to the New Brunswick ores, offering high metal recovery rates. The

major component of this project will be the construction and operation of a small pilot plant for the technical and economic evaluation of the FCL process for the treatment of New Brunswick's complex sulphide ores.

Estimated cost \$1,700,000

2. Manganese Processing Evaluation

Subject to positive results from an assessment of markets under the Economic Development Program, an evaluation will be undertaken of the feasibility of producing battery-grade manganese metal and manganese dioxide from the deposits at Woodstock, New Brunswick.

Estimated cost \$200,000

3. Evaluation of Aggregates for Potential Alkali Reactivity

The high reactivity of certain New Brunswick aggregates to alkalis in cement is causing some concretes to deteriorate more rapidly than had been anticipated. An evaluation of potential alkali reactivity of selected aggregate deposits and the development of engineering data to help control the reaction in concrete will be carried out.

Estimated cost \$500,000

4. Mineralogical Studies of Potash Ores

The mineralogy of the relatively fine-grained potash ores in New Brunswick will be studied to determine whether improved beneficiation can be realized.

Estimated cost \$200,000

5. Backfill in Potash Mines

The evaluation and improvement of backfilling techniques for the New Brunswick potash mines will be undertaken.

Estimated cost \$400,000

Provincial Technology Program

1. Dewatering Evaluation

Existing water characteristics will be examined to determine whether wells to dewater the coal mines would reduce the negative environmental effects of the strip mining operations.

Estimated cost \$125,000

2. Peat Geochemistry

Research will be carried out on the chemistry of peat and the relationship between absorbed metals and known mineral occurrences.

Estimated cost \$150,000

III. ECONOMIC DEVELOPMENT PROGRAMS

In any region there are opportunities for development that are unfulfilled because limits in human and financial resources impede the essential first step of identifying an opportunity and developing a strategy for realizing it.

Federal Development Program

A. Government-Initiated Studies

1. Manganese Market Review

An examination will be carried out of the market for battery-grade manganese metal and manganese dioxide as a first step in the possible demonstration of the feasibility of developing the manganese deposits at Woodstock. Subsequent to a possible positive technological evaluation, manganese would be promoted as a development opportunity.

Estimated cost \$100,000

2. Opportunities for Mineral Processing

A careful assessment will be carried out of possible development opportunities through additional processing facilities for both base metals and other metal and mineral products.

Estimated cost \$400,000

3. Commodity Studies

Studies of development opportunities for selected minerals will be carried out, in coordination with provincial studies. This may be done by individual commodity, by market area (such as the pulp and paper industry) or by individual company. Strategies for promoting opportunities will be developed and implemented.

Estimated cost \$500,000

B. Firm-Specific Assistance

Firms in the business of mining and processing minerals to produce mineral concentrates will be invited to apply for assistance in product marketing and productivity audits. Product marketing projects would include market studies to determine demand and product specifications, economic feasibility studies to investigate whether a firm could compete in a specific market, and market promotion. A productivity audit would attempt to identify problems affecting productivity and develop recommendations for solving the problems. Eligibility criteria for prospective recipients of assistance and terms and conditions for contribution arrangements have been developed.

Estimated cost \$1,000,000

Provincial Development Program

1. Commodity Studies

The preparation and publication of mineral resource reports on specific commodities of immediate economic interest will be expanded and accelerated. The reports will include data on basic geology, morphology, and mineralogy of known occurrences, grades, reserves, specifications and uses, and mining and processing methods.

Estimated cost \$350,000

2. Resource Management Strategies

Studies and surveys will be carried out, including some site-specific diamond drilling, to evaluate such potential development opportunities as hydrocarbons in the sedimentary basins, oil shales in the complex Albert formation, potash in the Cumberland and Central sub-basins, construction aggregate resources, peat and potassium and sodium sulphate production.

Estimated cost \$2,511,000

IV. PUBLIC INFORMATION, EVALUATION AND ADMINISTRATION PROGRAM

Public information activities will be designed to inform the general public about the industry and the role that government plays in encouraging and promoting economic

development through minerals. These activities will build on the experience the province has acquired over a number of years with a public awareness project and include filmed material and a new mobile mining display. The province will also provide more advanced prospecting courses to maintain the interest of individuals in mineral exploration. The program will be evaluated in terms of their objectives and the objectives of the projects. Overall incremental administrative costs will be included.

> Estimated federal cost \$1,500,000 Estimated provincial cost \$298,000

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