

Quebec mining industry: regulatory reform is underway

BY PIERRE LANGLOIS AND JAN-MARTIN LEBLANC

In February, the government published a draft regulation that will tighten the rules applicable to the financial guarantee that exploration and mining companies are required to provide in connection with the restoration of mining sites.

The draft regulation, which will amend the *Regulation respecting mineral substances other than petroleum, natural gas and brine*, reiterates a number of the legislative proposals set out last year under Bill 14 amending the *Mining Act*, before it died on the National Assembly's Order Paper when elections were called in August 2012. The government has chosen to go forward with such amendments before it tables a new bill amending the *Mining Act*, which is expected in the coming months.

The proposed amendments are as follows:

- The financial guarantee will have to cover 100% of the anticipated costs of the rehabilitation and restoration work required for the entire mining or exploration site. This represents an increase of both the scope and amount of the financial guarantee compared to the current regulatory scheme, which provides for only 70% of the expected costs and applies only to tailing areas.
- According to the rules currently in effect, the financial guarantee payments are spread out over a period of a maximum 15 years. The new regulation will shorten the payment schedule of the guarantee for both new and existing mines:

	1st PAYMENT 50% of the guarantee	2nd PAYMENT 25% of the guarantee	3rd PAYMENT 25% of the guarantee
New mine	90 days following approval of the rehabilitation and restoration plan	1 year following approval of the rehabilitation and restoration plan	2 years following approval of the rehabilitation and restoration plan
Existing mine	1 year after the coming into force of the regulation	2 years after the coming into force of the regulation	3 years after the coming into force of the regulation

- With respect to exploration work, **100%** of the guarantee must be provided before the work is started. However, the rules currently in effect – the guarantee must be provided annually for work expected to be carried out during that year – continue to apply to exploration work for which a rehabilitation and restoration plan has been submitted before the coming into force of the regulation and until such time as the plan is revised.
- It will no longer be permitted to provide a financial guarantee in the form of a third-party security or a guarantee policy.
- Lastly, during exploration work, a rehabilitation and restoration plan will be required for any movement of unconsolidated deposits of 1,000 m³ or more. Currently, a plan is required for the movement of unconsolidated deposits of 10,000 m³ or more.

This draft regulation may be enacted by the government as of March 31, 2013, and will come into force 15 days following its publication in the *Gazette Officielle du Québec*, that is, at the earliest April 15, 2013.

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