



# Financial security guidelines for quartz projects in the Yukon

May 2024 Update



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# 1. Executive summary

This document outlines the Government of Yukon's policies and procedures for the collection, maintenance and return of financial security related to quartz exploration and mining projects in the Yukon.

This document applies to all financial security required pursuant to the *Quartz Mining Act* and, as appropriate, any associated water use licences issued pursuant to the *Waters Act*. Security required pursuant to other Yukon legislation is not addressed in this document.

The guide is an evergreen, best practice document and will be reviewed and updated periodically to accommodate changes in legislation, policies and procedures. Please send any comments, questions or feedback to Major Mines Licensing Unit at [emr-qml@yukon.ca](mailto:emr-qml@yukon.ca).



## 2. Purpose and use of financial security

### 2.1. Purpose

Financial security is collected and held by the Minister of Energy, Mines and Resources pursuant to the *Quartz Mining Act*, *Waters Act*, and associated regulations. The Yukon Water Board is responsible for the valuation of security pursuant to the *Waters Act*; the Minister is responsible for the valuation of security pursuant to the *Quartz Mining Act*. The Minister approves the form, use and return of financial security under both the *Quartz Mining Act* and *Waters Act*.

The Yukon government collects financial security to cover mine reclamation and closure costs to ensure they are paid by the operator or licensee (the “owner”) and do not translate to unfunded financial liabilities transferred to government. Financial security exists to ensure a site is cleaned up, reclaimed and closed in accordance with legislation, regulatory conditions, and any approved closure and reclamation plan in the event the owner terminates or abandons an operation, and the Government of Yukon needs to take measures to protect the environment, property, or persons. Government of Yukon can also use security in circumstances other than reclamation and closure of an operation; when an owner fails to comply with authorizations and directions, or if protection of the environment, property, or persons is required and an owner is not taking the appropriate and necessary actions.

Financial security is paid by owners and held by the Government of Yukon in an amount not exceeding the costs of implementing any plan addressing closure as determined using the process outlined in Section 4. This includes the costs associated with post-closure measures, monitoring, management, contingencies and on-going maintenance to address mitigation of any significant adverse environmental effects from exploration, development and production<sup>1</sup>. A risk analysis may be undertaken to

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<sup>1</sup> Cost estimation guidance is provided in “Reclamation and closure planning for quartz mining projects: plan requirements and closure costing guidance”. Available online at <https://yukon.ca/en/reclamation-and-closure-planning-quartz-mining-projects-plan-requirements-and-closure-costing>

ensure that potential for significant adverse environmental effects from the project is captured in financial security determinations.

Prior to the commencement of operations, financial security must be posted to cover the future peak on-site closure liability; the peak liability is established in authorizations and is based upon the periodic review periods for financial security. At least every 24 months, unless specified otherwise in an authorization, the Yukon government will reevaluate the liability associated with site activities, and adjust financial security to ensure adequate amounts are held by Yukon at all times.

## 2.2. Uses of financial security

The *Quartz Mining Act* and *Waters Act* specify the circumstances under which Yukon can draw on security furnished by an owner. The information contained in this section provides clarification on when and how Yukon can use financial security.

The Yukon government can access financial security to recover costs it has incurred in a number of ways, including when the government:

- takes reasonable measures when a person fails to comply with a direction issued to them by an inspector; and,
- takes reasonable measures to respond to dangers to persons, property or the environment when an operation is terminated or abandoned, or an owner fails to fulfil obligations under an authorization.

At the discretion of the Yukon government, financial security can either be used to reimburse the government in installments as the money is spent, or as a whole to account for the full costs incurred.

The Yukon government will ensure that security is maintained as required. If part of the full sum of security is applied by Yukon for reimbursement of some of its costs as described above, and the owner remains responsible for the site under valid authorizations, the owner will be required to replenish the security to the value identified in authorizations. If financial security applied by the Yukon government



results in a reduction of liabilities on site, a review of the security requirements will be undertaken as described in Section 4.3 of this document.

## 3. Requirement for financial security

### 3.1. Quartz mining licenses

Financial security is required for all Quartz Mining Licenses regardless of the scope and scale of activities. The security amount is determined as a part of the application process and must be furnished prior to activities taking place under that license.

The Yukon government regularly assesses the financial security held under the *Quartz Mining Act* for a site in accordance with the Yukon Mine Site Reclamation and Closure Policy<sup>2</sup>. The valuation of security required is completed in accordance with *Security Regulation O.I.C. 2007/77*.

In addition to the scheduled reviews of financial security, the Yukon government also assesses financial security requirements when there are changes to liabilities on site. Other instances where security requirements are reviewed include, but are not limited to, the following:

- Changes to authorized activities or on-site environmental liabilities;
- Completed reclamation activities that demonstrate closure objectives are being met;
- Changes to the objectives or required measures in a reclamation and closure plan;
- Changes on site that impact the ability to implement the approved closure plan; and
- Material corporate or economic changes, as outlined in section 3.3 below.

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<sup>2</sup> [Yukon Mine Site Reclamation and Closure Policy | Government of Yukon](#)

## 3.2. Quartz mining land use authorizations

Financial security for quartz mining land use authorizations is dependent on the scope, scale and impact of the project and the past performance of the owner. Security is determined as a part of the application process and must be furnished as stipulated in the authorization.

There are four classes of quartz mining land use authorizations, Class 1 through Class 4. Class 4 authorizations represent those projects that have a larger scope, scale and potential impact. The Yukon government requires that all applications for Class 4 quartz mining land use authorizations include a reclamation and closure plan and cost estimate for financial security. Other classes of projects that have significant environmental liability may also be required to post financial security. Where a reclamation plan is a condition of an approval, it must have an associated costing provided by the proponent.

The determination of security required for mining land use authorizations is completed in accordance with *Quartz Mining Land Use Regulation O.I.C. 2003/64*.

The Yukon government assesses financial security requirements when there are changes to liabilities on site. Instances where security requirements are reviewed include, but are not limited to, the following:

- Changes to authorized activities or on-site environmental liabilities;
- Completed reclamation activities that demonstrate closure objectives are being met;
- Changes to the objectives or measures required for closure and reclamation of a project;
- Changes on site that impact the ability to implement the approved closure and reclamation plan; and
- Material corporate or economic changes, as outlined in section 3.3 below.





### 3.3. Material changes

If there has been a material change with respect to the affairs of the owner that a reasonable person would consider likely to affect the liabilities currently secured by the Yukon government, the owner should provide the Yukon government a written notice of such material changes as soon as possible.

Material changes that might reasonably be expected to affect security held by the Yukon government include, but are not limited to, the following:

- a change in environmental risk, whether due to actions of the owner or by natural causes, which is likely to have bearing on the required actions in the event of closure;
- a change in the project operations or infrastructure that require amended or new authorizations;
- a change in the overall objectives or required measures for the closure and reclamation of the project;
- an offer for sale or transfer of the assets associated with the site on the part of the owner if the assets are related to security;
- any change to the credit rating of a company;
- a change which is likely to have bearing on the form of security maintained with the Yukon government because the owner's investment or management risk has significantly changed (as expressed, for example, in the corporation's objectives or investment activities); and
- a change or decision to change made by the board of directors or senior management that would reasonably be expected to have a significant effect on the value of any assets pledged as security.

The Yukon government can initiate a security review upon receipt of a notice of material change, or upon discovery that a material change has occurred.

### 3.4. Past performance

The *Quartz Mining Act* allows for past performance to be taken into consideration when determining if financial security should be required for a project. This



consideration is based upon the history of the owner's operations in Yukon and is not necessarily linked to the authorization under review.

Consideration of past performance is limited to determining if financial security is required for a project and the forms of security that may be deemed acceptable by the Yukon government. The valuation of security is not impacted by past performance.

An owner will be notified, with rationale, if past performance was considered in the Yukon government's decisions on financial security for a project.

## 4. Determination of financial security

Financial security for a site is evaluated by the Yukon government with input from First Nations governments as appropriate and, in most instances, is completed in concert with a review of the current reclamation and closure plan for the site. The Yukon government may, however, review security based upon changed circumstances relating to the risk associated with the operation such as unexpected increase in liability on site, owner past performance, or where there are increased environmental risks (also see Section 3.3 and Section 3.4).

The determination of the amount of financial security for quartz mining land use authorizations is done in accordance with Section 17 of the *Quartz Mining Land Use Regulations*, while the amount determined for quartz mining licenses is done in accordance with Section 3 of the *Security Regulations*.

The process followed in the determination of financial security for any authorization issued pursuant to the *Quartz Mining Act* is described in the sections below.

### 4.1. Security determinations: authorization applications

Financial security is required for all quartz mining licences, regardless of size and scope of the project; applications for quartz mining licenses are required to contain a cost estimate for reclamation and closure. Financial security for exploration programs is project specific, and operators will be informed by the Chief of Mining Land Use if an application is required to contain a cost estimate for reclamation and closure. The



process that Yukon follows for the determination of financial security when issuing an authorization is as follows:

- Step 1.** The owner submits a cost estimate with their application for an authorization.
- Step 2.** Following an internal completeness review, the Yukon government provides the submission to affected First Nations governments for review and comment.
- Step 3.** The Yukon government reviews the submission and, where required, retains a third-party to assist in this review.
- Step 4.** The Yukon government provides the owner with all reviewer comments and revised cost estimate where applicable and provides an opportunity for the owner to provide comments.
- Step 5.** If warranted, the Yukon government, affected First Nations governments and the owner meet to discuss the comments received. These discussions may result in a revised cost estimate.
- Step 6.** The Yukon government makes the final determination of financial security requirements, informs the owner of their decisions, and writes the requirement into the authorization.
- Step 7.** The owner is required to furnish the required security prior to any activities occurring under that authorization, or in accordance with the conditions set out in the authorization.

## 4.2. Security determinations: scheduled review period

The process that the Yukon government follows for the determination of financial security when associated with a security review schedule established in an authorization is as follows:

- Step 1.** The owner submits a cost estimate to the Yukon government for review. The document is submitted as a part of a scheduled review established in an authorization.
- Step 2.** Following an internal completeness review, the Yukon government provides the submission to affected First Nations for review and comment.
- Step 3.** The Yukon government reviews the submission and, where required, retains a third-party to assist in this review.



- Step 4.** The Yukon government provides the owner with all reviewer comments and revised cost estimate where applicable and provides an opportunity for the owner to provide comments.
- Step 5.** If warranted, the Yukon government, affected First Nations and the owner meet to discuss the comments received. These discussions may result in a revised cost estimate.
- Step 6.** The Yukon government makes the final determination of financial security requirements and informs the owner of their decisions.
- Step 7.** Unless otherwise specified in an authorization, the owner is required to furnish the required security within 60 calendar days of the final determination.

### 4.3. Security determinations: change in circumstance

The process that the Yukon government follows for the determination of financial security when associated with a change in circumstance such as a change in liability on site, material change in the affairs of the owner, or where there are increased environmental risks is as follows:

- Step 1.** The Yukon government identifies, or is alerted to, a need for a financial security review for a site.
- Step 2.** The Yukon government initiates a review of financial security requirements and where required, retains a third-party to assist in this review.
- Step 3.** The Yukon government provides a draft revised security valuation to the owner and affected First Nations governments for review and comment.
- Step 4.** The Yukon government reviews any submissions from the owner or First Nations governments and makes the final determination of financial security requirements and informs the owner of their decisions. Relevant documentation supporting the decision is provided to the owner.
- Step 5.** Unless otherwise specified in an authorization, the owner is required to furnish the required security within 60 calendar days of the final determination.



## 5. Disputing a financial security determination

As described in Section 4 of this document, owners are given opportunities to review and respond to the information the Yukon government uses when coming to a financial security determination. Should an owner disagree with the determination, a formal objection can be lodged.

Under the *Quartz Mining Act*, pursuant to subsection 17(4) of the *Quartz Mining Land Use Regulation* or section 4 of the *Security Regulation*, an owner must file a written objection with the Minister of Energy, Mines and Resources requesting a review of the decision made.

The owner is required to post the amount and form of security required, as determined in accordance with Part 4 above, within the established time limits. The owner is required to furnish and maintain security unless and until the Minister amends the amount of security required.

## 6. Collection of financial security

Upon finalization of the financial security determination, the owner is required to furnish the required security with the Yukon government within 60 calendar days or, in the case of a new authorization, before initiating any of the activities authorized. The process for collection is dependent on the form proposed and is laid out in the sections below.

In all instances, and within 15 calendar days following the issuance of a final determination, the owner is required to notify the Yukon government of the proposed form of financial security.

Arrangements to provide financial security to the Yukon government must be made in advance by contacting [emr-qml@yukon.ca](mailto:emr-qml@yukon.ca). Owners are encouraged to initiate discussions with Yukon government and financial security providers as early as



possible, and in advance of final determinations, if forms under consideration are not those listed in Sections 6.1 and 6.2 below.

## 6.1. Cash and cash equivalents

If the proposed form of financial security is cash or cash equivalents, letter of credit or bank letter of guarantee and meets the requirements specified in Section 8.1 and 8.2 of this document, prior approval by the Yukon government is not required.

## 6.2. Surety bonds

The Minister has discretion on when a surety bond is considered an acceptable form of security for a site.

When the proposed form of financial security is a surety bond, the owner must provide appropriate documentation that demonstrates the conditions and criteria established in Section 8.3 of this document are met.

The Yukon government will review the documentation and provide a response within 15 business days. Regardless of the outcome of the Yukon government's decision, the owner is responsible for furnishing financial security in the timeline established in the final determination.

## 6.3. Other forms - requiring ministerial approval

Forms of security that are not cash, cash equivalents, or surety bonds require ministerial approval.

When alternative forms are proposed, an owner is required to prepare a written proposal demonstrating how the conditions and criteria established in section 8.4 of the document are met. It is recommended that the owner initiate discussions with the Yukon government about alternative forms of security as early as possible by contacting [emr-qml@yukon.ca](mailto:emr-qml@yukon.ca).

The Yukon government will review the documentation and may request additional information. The timeline to review an application is dependent on the complexity of



the proposal and does not impact the timeline to furnish security established in the final determination. The owner is required to furnish the required security based upon the timeline established in the final determination regardless, in a form listed in section 8.1, 8.2 or 8.3 of this document until the Yukon government completes its review.

Should the Minister approve the proposal, the Yukon government will, as necessary, return any security held and replace it with the accepted form and amount described in the proposal. If the proposal is rejected, and the owner has not already furnished security, the owner is required to furnish security in one of the forms listed in section 8.1, 8.2 or 8.3 of this document in the timeline established in the final determination.

The Minister's decision is final and cannot be appealed by the owner.

## 7. Return of financial security

The Minister is required to return financial security, including any interest earned on securities held, when the amount held is greater than the valuation determined in accordance with Section 17 of the *Quartz Mining Land Use Regulations* or Section 3 of the *Security Regulations* as they apply.

An owner can request a review of the financial security held at any time, and as a result of that review, the Minister must return any security no longer needed for that site.

### 7.1. Transferring a licence

In accordance with the *Quartz Mining Act*, in the event of a sale or other transfer of an authorization, the Yukon government shall only authorize the assignment if the prospective assignee furnishes security required by the licence.

Prior to the release of security to the former owner, the new owner must furnish replacement security satisfactory to the Yukon government. In the event security is part of the transfer or is subject to conversion, the Yukon government must be satisfied that transfer, conversion, or replacement of existing security is assured and adequately addresses outstanding liability.



## 7.2. Certificate of completion or closure

When a certificate of completion, or a certificate of closure has been issued pursuant to section 134 or 137 of the *Quartz Mining Act*, the Minister is required to return any unneeded security.

For projects with long-term monitoring and maintenance costs, or those with novel reclamation technologies, the Yukon government will retain a portion of the financial security to cover these future costs. The process to establish the acceptable amount of financial security to be maintained following the issuance of a Certification of completion or closure is described in Section 4.3.

Security applied in accordance with section 139(3) of the *Quartz Mining Act* or 15(2) of the *Waters Act* will not be returned to the owner.

# 8. Forms of security

## 8.1. Cash and cash equivalents

Forms of security considered as cash or cash equivalent include bank drafts, certified cheques, term deposit certificates, guaranteed investment certificates and bonds. Certified cheques cannot be post dated and must be available for reimbursement at any given time.

The owner is responsible for all instructions to the issuing institution to renew security if there is a maturation or expiration date, as well as any fees and taxes associated with the security.

### 8.1.1. When is it acceptable

These forms of security are considered acceptable in all circumstances, and do not need prior approval by the Yukon government before furnishing the required security.

If a mix of cash and cash equivalents is being proposed to furnish financial security, a proposal must be submitted to the Yukon government for review and approval prior to furnishing the required security.





### 8.1.2. Criteria that must be met

The Yukon government will only accept cash and cash equivalents that are issued by an institution listed in Schedule I or Schedule II of the federal *Bank Act*. All securities must be provided in Canadian dollars and be made payable to the Government of Yukon.

Post-dated certified cheques are not an acceptable form of security.

The terms for GICs and term deposits cannot exceed one-year, and the principal amount and interest or yield on investments must automatically reinvest at the maturity date. The Yukon government will not accept term deposits that have a term greater than one-year.

All cash deposits must be accompanied by a cover letter acknowledging the purpose and use of the posted security. A template for this letter is included in Appendix A.

### 8.1.3. How is it held

Cash and certified cheques provided as financial security are held in accordance with the *Financial Administration Act*.

Bank drafts, term deposits, guaranteed investment certificates and bonds are held to the order of the Government of Yukon.

Government guaranteed bonds issued by a province of Canada or the Government of Canada and treasury bills must be transferred to the name of the Government of Yukon.

Interest earned from cash held by Government of Yukon, or interest or yields on investments held to the order of Government of Yukon, are deemed payable to Government of Yukon. Interest earned from cash will continue to be held by Government of Yukon in the form of cash, while GICs and term deposits are required to be reissued with the interest or yields earned from the previous term included. Interest earned by the Yukon government will be considered when re-evaluating securities to ensure amounts held are consistent with cost estimate projections.



#### 8.1.4. Deposit maturation

Securities such as term deposits, guaranteed investment certificates and bonds that have matured with no other instruction provided by the owner will be converted to cash and invested by the Yukon government according to the Financial Administration Act.

### 8.2. Letter of credit and bank letter of guarantee

Irrevocable letters of credit and bank letters of guarantee are considered acceptable forms of securities provided the conditions outlined in this section are met.

All fees and charges associated with a letter of credit or letter of guarantee are the responsibility of the owner.

#### 8.2.1. When is it acceptable

These forms of security are considered acceptable in all circumstances. A draft instrument must be provided to the Yukon government for review and approval prior to furnishing the required security.

#### 8.2.2. Criteria that must be met

Both an irrevocable letter of credit and bank letter of guarantee are acceptable forms of security when issued by a bank or financial institution listed in Schedule I or Schedule II of the federal *Bank Act*. All securities must be provided in Canadian dollars and be made payable to the Government of Yukon.

The following conditions for irrevocable letters of credit and bank guarantees must be met:

- must be irrevocable;
- unlimited, partial drawings must be permitted;
- sole beneficiary named must be the Government of Yukon;
- must identify the operation for which the security is furnished, including the applicable authorizations issued under the *Quartz Mining Act* or the *Waters Act*;



- must enable a designated officer of the Minister to obtain the required funds without any requirement or proof of jurisdiction or claim by Yukon; and
- must provide for automatic renewal.

The terms established in the letter of credit or letter of guarantee must satisfy the Yukon government requirements respecting notification in the event of changes, manner and circumstances for payment and pertinent material changes in financial status. Any changes in terms must be approved by all parties involved, including the Yukon government, in order for the security to remain acceptable.

Templates for irrevocable letters of credit and bank letter of guarantees are included in Appendix A. Financial security documents that do not adhere to, or meet the required terms of, the templates provided may be rejected by the Yukon government.

### 8.2.3. How it is held

If the security instrument will not be renewed by the issuing institute or an agreement is not reached on amendments to the terms or amount of security held, the Yukon government will demand payment in full and hold the amount as though it were a cash or cash equivalent form of security. The Yukon government will hold the security in cash form until an alternative form of acceptable security is furnished by the owner.

### 8.2.4. Renewals and amendments

Amendments to a letter of credit or letter of guarantee are required to:

- adjust for increases or decreases in the amount of security required to cover the total outstanding liability which may change from time to time, including as a result of progressive reclamation; and
- reflect changes to the name of the owner.

While requiring the consent of the issuing institution and the owner, such amendments may be requested by the Yukon government from time to time.



## 8.3. Surety bond

A surety bond is a legally binding guarantee by the surety (typically an insurance company) to the Government of Yukon (the obligee), that the owner (the principal) will perform all its obligations in authorizations and relevant legislation. If the principal does not meet its obligations, the Yukon government may make a demand to the surety for payment.

### 8.3.1. When is it acceptable

Although surety bonds are listed as acceptable forms of security in both the *Quartz Mining Act*, and the *Waters Act*, approval of this form by the Yukon government is required before furnishing the required security.

Surety bonds for the security required under quartz mining licences cannot be the only form of security held for a mine site. If a surety bond is deemed acceptable for a mine site, a total percentage of the security that can be posted in this form will be identified in the determination issued in accordance with Part 4 of this document. The owner is required to provide the remainder of the security in another suitable form as described in Part 8 of this document.

The surety bonds for quartz mining licences will only be considered where:

- (a) The total security determination is in excess of \$25 million;
- (b) the surety bond does not represent 100 percent of the total security required under an authorization; and
- (c) the surety bond meets the criteria listed in section 8.3.2.

Surety bonds will be considered for quartz mining land use authorizations where:

- (a) the total security determination is in excess of five hundred thousand dollars;  
and
- (b) the surety bond meets the criteria listed in section 8.3.2.



### 8.3.2. Criteria that must be met

The surety bond must be issued by a company licensed under the Insurance Act (Yukon) or the Insurance Companies Act (Canada) to issue surety bonds in Canada.

The surety bond must be issued for at least one year with an automatic renewal clause. The surety bond must provide the Yukon government access to the required funds upon notice without any requirement or proof of jurisdiction and claim. The owner is responsible for any fees, charges, premiums or other amounts associated with the surety bond.

Templates for surety bonds issued for quartz mining licences and quartz mining land use authorizations are included in Appendix A. Surety bonds that do not adhere to, or meet the required terms of, the templates provided may be rejected by the Yukon government.

### 8.3.3. Renewals and adjustments

A change or rider endorsement is required to be made to a surety bond where:

- Adjustments are required to increase or decrease the amount of security based on changes in liability or to account for progressive reclamation; or
- Where there is a change in the name of the owner.

The template documents for surety bonds, provided in Appendix A, may be updated by the Government of Yukon to reflect changes to legislation, practices and risks. Updated surety bonds will be required to adhere to the most recent template document when a change is required to address the amount of security held.

## 8.4. Ministerial approval required

The *Quartz Mining Act* and *Waters Act* allow an owner to apply to the Minister for permission to furnish an alternative form of security from those listed in legislation. Alternative forms of security are considered on a case-by-case basis and must meet certain criteria in order to be considered.



### 8.4.1. When alternate forms would be considered

Alternative forms of security for quartz mining licences are at the discretion of the Minister. If an alternative form is deemed acceptable, a total percentage of the security that can be posted in this form may be identified in the determination issued in accordance with Part 4 of this document. If a percentage is identified, the owner is required to provide the remainder of the security in another suitable form as described in Part 8 of this document. Alternative forms of security are only considered for quartz mining licences where:

- (a) The total security determination is in excess of \$50 million; and
- (b) The alternative form meets the criteria listed in section 8.4.2.

### 8.4.2. Criteria that must be met

To be considered by the Minister, alternate forms of security must meet all of the criteria listed below.

- A. **Valuation:** Financial security must be in a form where the Yukon government can reasonably know the value of the security held at all times and can react to changes in valuation in a timely manner.
  - i. Financial security must provide assurance of value or be a predictable amount that can be reasonably projected and relied upon.
  - ii. Financial security must not be subject to significant depreciation that cannot be anticipated and proactively secured in another manner.
- B. **Certainty:** Financial security must be in a form where the Yukon government can be certain that security is not encumbered by another party or controlled by the owner.
  - i. Financial security must be provided in a form where none of the company, its shareholders, or any related corporations has direct influence on the valuation or accessibility of the security.
  - ii. Financial security cannot be accessed or controlled by the company or its creditors.



- iii. Financial security cannot be tied to assets in which interests are held by other parties.
- C. **Maintenance:** The maintenance of financial security cannot cause undue administrative or financial burden to the Yukon government.
- i. Maintenance, renewal and replacement of financial security must be automatic or require minimal administration by, and risk to, the Yukon.
  - ii. Maintenance, renewal and replacement of financial security must not result in fees payable, or costs incurred, by the Yukon government.
- D. **Access:** The Yukon government must be able to access financial security in a timely manner and without undue administrative or financial burden.
- i. Access to financial security must be timely, unconditional and unencumbered.
  - ii. The Yukon government must have access to the full valuation of security at any times.
  - iii. Access to financial security must not result in fees payable, or costs incurred, by the Government of Yukon.

#### 8.4.3. Minister's discretion to revoke approval

In the event the Minister determines the form of security is no longer acceptable, the owner will be provided written notice of the need for alternate security. The owner is required to provide alternate forms of security within 60 calendar days.





# Appendix A

## Template documents

May 2024





**TEMPLATE: CASH DEPOSIT**

<DATE>

The Government of Yukon  
Energy Mines and Resources  
PO Box 2703 (K-9)  
Whitehorse, Yukon, Y1A 2C6

Attn: Director, Mineral Resources Branch

**Re: Cash Deposit for <AUTHORIZATION NUMBER(S)>**

This letter is to confirm that <NAME OF COMPANY> has furnished financial security in the form of cash in the amount of <AMOUNT OF INSTALLMENT> in lawful money of Canada to be held by Government of Yukon in connection with authorization # \_\_\_\_\_, issued pursuant to the *Quartz Mining Act* and/or in connection with water licence # \_\_\_\_\_, issued pursuant to the *Waters Act* (collectively the "Authorizations").

- A. <NAME OF COMPANY> acknowledges that the cash deposit, along with any interest earned on this deposit, will be held pursuant to the Authorizations and the *Quartz Mining Act* and *Waters Act*, as applicable.

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Authorized Signing Officer

**TEMPLATE: IRREVOCABLE STANDBY LETTER OF CREDIT**

<b>Issuing Institution:</b>	
<b>Address:</b>	
<b>Irrevocable Standby Letter of Credit #:</b>	
<b>Date Issued:</b>	
<b>Beneficiary:</b>	Government of Yukon c/o Minister of Energy Mines and Resources PO Box 2703 Whitehorse, Yukon Y1A 2C6
<b>Applicant</b>	
<b>Amount</b>	
<b>Regarding</b>	Requirement to post security pursuant to <i>Quartz Mining Act</i> or <i>Waters Act</i> and in accordance with the terms of authorization # _____ under the <i>Quartz Mining Act</i> or authorization # _____ under the <i>Waters Act</i> .

We hereby authorize you to draw on the <NAME AND ADDRESS OF INSTITUTION>, for the account of <NAME OF THE CUSTOMER> up to an aggregate amount of <AMOUNT OF CREDIT> in lawful money of Canada, available on demand as follows:

Pursuant to the request of the Customer, we, <NAME OF INSTITUTION>, hereby establish and give to you an Irrevocable Standby Letter of Credit (the "Credit") in your favour in the total amount of <AMOUNT OF CREDIT> which may be drawn on by you at any time and from time to time upon written demand for payment being made upon us, which demand we shall honour without enquiring whether you have a right as between yourself and the Customer to make such demand and without recognizing any claim of the Customer.

**Template: Letter of Credit**

Provided, however, that you are to deliver to the **<NAME AND ADDRESS OF INSTITUTION>**, at such time as a written demand for payment is made upon **<NAME OF INSTITUTION>** a certificate purported to be signed by an authorized office of the Beneficiary agreeing and/or confirming that monies drawn pursuant to this Credit #\_\_\_\_\_ will be retained and used by you to meet the Customer's obligations in connection with authorization #\_\_\_\_\_, issued pursuant to the *Quartz Mining Act* (and/or in connection with water license #\_\_\_\_\_, issued pursuant to the *Waters Act*) and the *Quartz Mining Act* and *Waters Act* and the regulations made thereunder..

The amount of the Credit shall be reduced from time to time as advised by notice in writing given to the **<NAME OF INSTITUTION>** from time to time by you.

Partial and multiple drawings are permitted.

This credit will expire at **<LOCATION>** at the close of banking business on **<DATE OF EXPIRY>**, subject to the following condition:

It is a condition of the Standby Letter of Credit that it shall be deemed to be automatically extended, without amendment, for one (1) year from the present or any future expiry date hereof, unless at least ninety (90) days prior to such expiry date, we notify you in writing by registered mail, that we elect not to consider this Credit to be renewable for any additional period.

All amendments and correspondence, if any, to be addressed to **<NAME AND ADDRESS OF INSTITUTION>**.

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Signing Officer

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Authorized Signing Officer

## Template: Term Investment

<DATE>

The Government of Yukon  
Energy Mines and Resources  
PO Box 2703  
Whitehorse, Yukon, Y1A 2C6

Attn: Director, Mineral Resources Branch

**Re: Term Investment #**\_\_\_\_\_

This letter is to confirm that <NAME OF INSTITUTION> holds a Term Investment <INVESTMENT #> in the amount of <AMOUNT OF INVESTMENT> in lawful money of Canada on behalf of <NAME OF COMPANY> which is being "Held to the Order of the Government of Yukon" in connection with authorization #\_\_\_\_\_, issued pursuant to the *Quartz Mining Act* (and/or in connection with water license #\_\_\_\_\_, issued pursuant to the *Waters Act*). The Term Investment will be held until <expiry date> or until notified in writing by your office.

The Term Investment is set to automatically reinvest the principal amount and interests earned of <AMOUNT OF INVESTMENT> at maturity or until cancelled by your office in writing. In the event that your department wants these monies remitted to your office in full or in part we would require a letter requesting this action.

A copy of the Term Investment is attached for your files.

---

Authorized Signing Officer

**Enclosures:** *Provide a signed copy of the Term Investment and all relevant documentation that supports or is relied upon the Term Investment.*

**RECLAMATION SURETY BOND**

Bond #:

Amount:

- A. KNOW ALL PERSONS by these presents that <MINING COMPANY> (the “Principal”) and <NAME OF SURETY ISSUER>, a corporation created and existing under the laws of Canada, and duly authorized to transact the business of Suretyship in Yukon as Surety (the “Surety”) are held and firmly bound unto Government of Yukon as represented by the Minister of Energy, Mines and Resources as Obligee (the “Obligee”) in the sum of <AMOUNT OF BOND> in lawful money of Canada (the “Bond Amount”), for the payment of which sum, well and truly be made, the Principal and Surety bind themselves, their heirs, executors, administrators, successors, and assigns, jointly and severally firmly by these presents.
- B. WHEREAS the Principal **will operate/operates** a quartz exploration program pursuant to the Quartz Mining Act (Yukon) and the Waters Act (Yukon) located on <LEGAL PROPERTY DESCRIPTION> (locally known as \_\_\_\_\_ ) (the “Project”), and for which has submitted or caused to be submitted plans outlining the details of the proposed work and a program for the protection and reclamation of the land, watercourses, and cultural heritage resources affected by the Project which plans have been approved by the Government of Yukon (the “Approved Plans”),
- C. THE CONDITION OF THIS OBLIGATION IS THAT the Principal and Surety agree that the coverage of this bond shall extend to and include performance of any conditions, obligations or requirements that are imposed under the laws of the Yukon relating to the Project that in the opinion of the Obligee are related to reclamation or protection of, and mitigation of damage to, persons, property, cultural heritage resources, the environment or Aboriginal or treaty rights affected by the Project including, but not limited to:
- 1) Such conditions, obligations or requirements imposed by or under and authorizations(s) issued pursuant to the Quartz Mining Act, or the Waters Act (collectively the “Authorizations”) as amended from time to time including any conditions, obligations or requirements in the Approved Plans or any modifications or replacements of the Approved Plans that are required or approved under the Authorizations;

**Template: Surety Bond  
Mining Land Use Authorizations**

2) All orders and directions of the Obligee or an inspector under the Quartz Mining Act or Waters Act respecting reclamation, protection of, and mitigation of damage or risk of damage to persons, property, cultural heritage resources, the environment or Aboriginal or treaty rights affected by the Project; and

3) All measures required to be undertaken by the Obligee, due to a termination or abandonment of the Project, to prevent, counteract, mitigate, or remedy any resulting adverse effect on persons, property, or the environment.

D. NOW THEREFORE, if the Principal shall promptly and faithfully perform and fulfill all the reclamation provisions outlined in the Authorizations, and the Quartz Mining Act and Waters Act and any regulations made under either statute (collectively, the "Statutes"), and shall also promptly and faithfully perform and fulfill conditions, obligations or requirements that are imposed under the laws of the Yukon relating to mines that in the opinion of the Obligee are related to reclamation or protection of, and mitigation of damage to persons, property, cultural heritage resources, the environment or Aboriginal or treaty rights affected by the Project, then this obligation shall be null and void; otherwise it shall remain in full force and effect, subject to the following conditions:

1) Whenever the Principal shall be in default of any obligation in the Authorizations or the Statutes, and the Obligee provides notice of the default to the Surety, such notice shall constitute conclusive evidence of the facts stated therein, and the Surety shall within ten days of receipt of such notice pay the Obligee the lesser of the Bond Amount or the Obligee's proposed cost of remedying the default.

2) All payments made by the Surety to the Obligee as a result of paragraph 1 shall immediately and irrevocably reduce the Bond Amount commensurate with the amount paid by the Surety to the Obligee and the obligations of the Obligee and Principal are unchanged except as to the Bond Amount.

3) Provided always that, if the Surety shall at any time give **one hundred twenty (120) days'** notice in writing to the Obligee and to the Principal of its intention to terminate this obligation, then this obligation shall be deemed to be terminated on the date stated in the notice, which date shall not be less than **one hundred twenty (120) days** after the date of the receipt of the

**Template: Surety Bond  
Mining Land Use Authorizations**

notice by the Obligee or by the Principal, whichever is the later date of the receipt.

4) In the event the Surety gives notice under paragraph 3 above of its intentions to terminate this obligation, the Principal must furnish new security to replace the bond in a form acceptable to the Minister of Energy, Mines and Resources, in the amount of the Surety's obligation, within **ninety (90) days** of the Surety's notice. If new security is not furnished, the Principal will be in default of its obligations, and the Surety's obligation to the Obligee shall be to immediately pay such amounts demanded by the Obligee and such payment must be made by the Surety to the Obligee no less than **ten (10) business days** following receipt of the notice referred to in paragraph 1.

E. This bond will be valid for the term of <DATE BOND SEALED> to <DATE ONE YEAR HENCE> and shall be automatically renewed, without further documentation from year to year thereafter unless terminated as aforesaid, provided that the Surety may, if it wishes, issue certificates evidencing such renewal.

F. The Surety shall not be liable for a greater sum than the bond amount.

Sealed with the respective seals of the Principal and of the Surety on the \_\_\_\_\_ day of \_\_\_\_, 20\_\_.

SEALED, SIGNED AND DELIVERED

<NAME OF COMPANY>

In the presence of

\_\_\_\_\_

-----  
Name of Signatory (Please Print)

<NAME OF SURETY>

-----  
Signature

-----  
Name of Signatory (Please Print)

RECLAMATION SURETY BOND

Bond #:

Amount:

- A. KNOW ALL PERSONS by these presents that <MINING COMPANY> (the “Principal”) and <NAME OF SURETY ISSUER>, a corporation created and existing under the laws of Canada, and duly authorized to transact the business of Suretyship in Yukon as Surety (the “Surety”) are held and firmly bound unto **Government of Yukon** as represented by the **Minister of Energy, Mines and Resources** as Obligee (the “Obligee”) in the sum of <AMOUNT OF BOND> in lawful money of Canada (the “Bond Amount”), for the payment of which sum, well and truly be made, the Principal and Surety bind themselves, their heirs, executors, administrators, successors, and assigns, jointly and severally firmly by these presents.
- B. WHEREAS the Principal **will operate/operates** a mine pursuant to the *Waters Act* (Yukon) and the *Quartz Mining Act* (Yukon) located on <LEGAL PROPERTY DESCRIPTION> (locally known as \_\_\_\_\_) (the “Mine”), and for which has submitted or caused to be submitted plans outlining the details of the proposed work and a program for the conservation of cultural heritage resources and for the protection and reclamation of the land, watercourses, and cultural heritage resources affected by the Mine which plans have been approved by the Government of Yukon (the “Approved Plans”).
- C. THE CONDITION OF THIS OBLIGATION IS THAT the Principal and Surety agree that the coverage of this bond shall extend to and include performance of any conditions, obligations or requirements that are imposed under the laws of the Yukon relating the Mine that in the opinion of the Obligee are related to reclamation or protection of, and mitigation of damage to persons, property, cultural heritage resources, the environment or Aboriginal or treaty rights affected by the Mine including, but not limited to:
- 1) Such conditions, obligations or requirements imposed by or under and license(s) issued pursuant to the *Quartz Mining Act*, or the *Waters Act* (collectively the “Licenses”) as amended from time to time including any conditions, obligations or requirements in the Approved Plans or any modifications or replacements of the Approved Plans that are required or approved under the Licenses;
  - 2) All orders and directions of the Obligee or an inspector under the *Quartz Mining Act* or *Waters Act* respecting mine reclamation, protection of, and



**Template: Surety Bond  
Quartz Mining Licenses**

mitigation of damage or risk of damage to persons, property, cultural heritage resources, the environment or Aboriginal or treaty rights affected by the Mine; and

3) All measures required to be undertaken by the Obligee, due to a termination or abandonment of the Project, to prevent, counteract, mitigate, or remedy any resulting adverse effect on persons, property, or the environment.

D. NOW THEREFORE, if the Principal shall promptly and faithfully perform and fulfill all the reclamation provisions outlined in the Licenses, and the *Quartz Mining Act* and *Waters Act* and any regulations made under either statute (collectively, the "Statutes"), and shall also promptly and faithfully perform and fulfill conditions, obligations or requirements that are imposed under the laws of the Yukon relating to mines that in the opinion of the Obligee are related to reclamation or protection of, and mitigation of damage to persons, property, cultural heritage resources, the environment or Aboriginal or treaty rights affected by the Mine, then this obligation shall be null and void; otherwise it shall remain in full force and effect, subject to the following conditions:

1) Whenever the Principal shall be in default of any obligation in the Licenses or Statutes, and the Obligee provides notice of the default to the Surety, such notice shall constitute conclusive evidence of the facts stated therein, and the Surety shall within **ten (10) business days** of receipt of such notice pay the Obligee the lesser of the Bond Amount or the Obligee's proposed cost of remedying the default.

2) All payments made by the Surety to the Obligee as a result of paragraph 1 shall immediately and irrevocably reduce the Bond Amount commensurate with the amount paid by the Surety to the Obligee and the obligations of the Obligee and Principal are unchanged except as to the Bond Amount.

3) Provided always that, if the Surety shall at any time **give one hundred twenty (120) days'** notice in writing to the Obligee and to the Principal of its intention to terminate this obligation, then this obligation shall be deemed to be terminated on the date stated in the notice, which date shall not be less than **one hundred twenty (120) days** after the date of the receipt of the notice by the Obligee or by the Principal, whichever is the later date of the receipt.

**Template: Surety Bond  
Quartz Mining Licenses**

4) In the event the Surety gives notice under paragraph 3 above of its intentions to terminate this obligation, the Principal must furnish new security to replace the bond in a form acceptable to the Minister of Energy, Mines and Resources, in the amount of the Surety's obligation, within **ninety (90) days** of the Surety's notice. If new security is not furnished, the Principal will be in default of its obligations, and the Surety's obligation to the Obligee shall be to immediately pay such amounts demanded by the Obligee and such payment must be made by the Surety to the Obligee no less than **ten (10) business days** following receipt of the notice referred to in paragraph 1.

- E. This bond will be valid for the term of <DATE BOND SEALED> to <DATE ONE YEAR HENCE> and shall be automatically renewed, without further documentation from year to year thereafter unless terminated as aforesaid, provided that the Surety may, if it wishes, issue certificates evidencing such renewal.
- F. The Surety shall not be liable for a greater sum than the bond amount.

Sealed with the respective seals of the Principal and of the Surety on the \_\_\_\_\_ day  
of \_\_\_\_\_, 20\_\_.

SEALED, SIGNED AND DELIVERED  
In the presence of

<NAME OF COMPANY>

-----  
Name of Signatory (Please Print)

<NAME OF SURETY>

-----  
Signature

-----  
Name of Signatory (Please Print)



# **Appendix B**

# **Affidavit documents**

May 2024



**AFFIDAVIT VERIFYING  
CORPORATE SIGNING AUTHORITY**

TO THE REGISTRAR:

I SWEAR / AFFIRM THAT:

1. I am an officer, director or authorized representative of the body corporate who executed the annexed instrument.
  
2. I am the person [one of the persons] who signed the annexed instrument on behalf of the body corporate, and I have authority to do so without a corporate seal.

SWORN / AFFIRMED BEFORE ME	)	
at _____ in _____	)	
on the ____ day of _____, 20____	)	
_____	)	
<i>(Signature of Notary or Commissioner)</i>	)	<i>(Signature)</i>
_____	)	
<i>(print full name)</i>	)	<b><i>(PRINT NAME)</i></b>
Notary Public in and for Yukon;	)	
or Notary Public or Commissioner for Oaths in	)	
and for _____	)	
(My commission expires: _____)	)	

***\* All Notaries and Commissioners outside of Yukon must affix seal; all notaries and commissioners must print or stamp their name and qualifications as well as the expiry date of their commission or indicate that their commission does not expire.***