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February 13, 2018

METALLIC AND INDUSTRIAL MINERALS INFORMATION BULLETIN 2018 – 02

Subject: Online Royalty Reporting for Metallic and Industrial Minerals

This Information Bulletin announces the development of new online royalty reporting functionality for Alberta Energy's Electronic Transfer System (ETS). Once live, royalty reports for metallic and industrial minerals will be submitted online via ETS.

The go live date is expected to be March 16, 2018.

Once live, Alberta Energy will transition metallic and industrial mineral royalty reporting from paper forms to online reporting. Online reporting will allow royalty payors to submit their royalty reports directly to Alberta Energy's Mineral Royalty System (MINRS). This will remove the manual entry of royalty information.

Webinar

Alberta Energy will hold a webinar on March 7, 2018 to present more detailed information about the transition to online royalty reporting for metallic and industrial minerals and ETS requirements.

Please watch the Alberta Energy website at www.energy.alberta.ca/minerals for more information regarding the time and link to the webinar.

Alberta Energy will also send an email with the time and link. To be added to an email list please email CMD.Energy@gov.ab.ca with the subject line "ETS-MINRS Webinar".

Transition

In order to make the change as easy as possible, there will be a transition period where Alberta Energy will accept both online reporting through ETS and by the current paper form.

If possible, we request that companies report through ETS beginning in April. Early use allows Alberta Energy to ensure the system is working properly.

All metallic and industrial minerals royalty reports due October 31, 2018 and later will be required to be submitted through ETS.

We also ask that for the first six months clients send a copy of their royalty form to CMD.Energy@gov.ab.ca when they submit forms through ETS. This will provide staff with the information that was submitted in each form, which will allow staff to confirm the form was submitted accurately from ETS to MINRS.

Setting up an ETS Account

In order to do business on ETS you must set up an ETS account. It may take up to 15 days to complete a new application.

Each company must appoint a person to be the Site Administrator for their account that is responsible for setting up the account and keeping it up to date. The Site Administrator can assign individual roles for other people to have access and do business.

If your company already has an ETS account for other business with Alberta Energy, you will need to update the account to include the new functionality.

Applications for new accounts can be submitted starting March 2, 2018. Users will be issued an account and access to existing functions in ETS. For applications received by March 12, 2018, the new online functions will be automatically added once they go live. For applications received after March 12, 2018, the new accounts will be set up after the new functions go live.

Metallic and industrial mineral clients should request access for

- Crown agreement documents retrieval for designated representative,
- Crown transfers,
- Direct purchases (applications) ammonite shell, coal, and metallic and industrial minerals, and
- Royalty reporting – bituminous, subbituminous, quarriable, placer, salt.

To set up an ETS account, please contact Alberta Energy Client Registry:

Client Registry, Client Services
Alberta Energy
North Petroleum Plaza
9945-108 Street NW
Edmonton, Alberta T5K 2G6

Email: ClientRegistry@gov.ab.ca
Phone: 780-422-1395

Forms

The royalty reporting requirements have not been updated at this time. However, the royalty forms are being updated as part of this project for structure and format. To ensure ETS can accurately read the data provided in the royalty report, clients will need to download the most recent royalty report and ensure they are not using old report templates.

The Alberta Energy website will have the most recent version of each royalty form and will clearly state the version. Please ensure you have the most recent version when submitting a royalty report through ETS.

Clients must also ensure that they are selecting and using the correct form for the royalty type for which they are reporting. There are three different mineral royalty types:

QRR	Quarriable mineral royalty
SLR	Salt royalty
PMR	Placer mineral royalty



Activity ID

Quarry operators and royalty payors will need to ensure they know the exact Activity ID for their mine or quarry that is on file with Alberta Energy. When a royalty form is submitted through ETS, the system will validate the Activity ID and look for the exact characters, including spaces. If you do not know the exact Activity ID for your mine/quarry, please contact CMD.Energy@gov.ab.ca.

Royalty Reporting Schedule

The reporting schedule for metallic and industrial mineral royalties will not change. Royalties are reported quarterly; reports and payment are due on the last day of the month following the quarter:

<u>Production months</u>	<u>Reporting deadline</u>
January, February, March	April 30
April, May, June	July 31
July, August, September	October 31
October, November, December	January 31

Method of Payment

All payments must be made payable to the "Government of Alberta". In order for royalty obligations to be met, payment of royalty must follow a royalty report and be received by the reporting deadline of the quarter for which it is being paid.

There are three methods for remitting royalty payments for metallic and industrial mineral production:

1. Mail or deliver a cheque to Alberta Energy

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Alberta Energy
North Petroleum Plaza
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2. Electronic Funds Transfer (EFT)

Royalty payment may be made through EFT directly to the Government of Alberta.

3. Pre-Authorized Automatic Debit Payment (Auto Debit)

Royalty clients may set up an Auto-Debit agreement that authorizes Alberta Energy to automatically withdraw funds from the specified account when a royalty report is filed. For this option, the royalty payor submits an Automatic Debit Remittance form each month that identifies the activity ID(s) and amount(s) that are to be debited.

Please note that the Automatic Debit Remittance form must be submitted no later than five days prior to the end of the month in which the payment is to be made. This means that the royalty report would be due earlier than the royalty reporting deadline.

For more information on payment options and to set up a payment method, please contact Alberta Energy Financial Services Branch:

Financial Services
Alberta Energy
North Petroleum Plaza
9945-108 Street NW
Edmonton, Alberta T5K 2G6

Email: CARS.HelpDesk@gov.ab.ca
Phone: 780-427-7705
780-638-4067
780-422-5198



Payment Allocation Requirements

To enable accurate allocation of payments to accounts, payment allocation information must accompany each payment. If proper allocation information is not included, the payment(s) may be returned or applied to activity(s) determined by Alberta Energy. There may be interest implications when payments are returned or transferred to the correct account due to missing or inaccurate payment allocation details. More details regarding payment allocation requirements will be provided once system development is complete. You can also contact CMD.Energy@gov.ab.ca for more information.

What is the Electronic Transfer System?

The Electronic Transfer System, or ETS, is a secure web application that receives and validates requests from authorized users for a number of different services provided by the system. Originally created in 1998 to transfer information between industry and the department of Energy, ETS has grown to be a critical interface for petroleum and natural gas and oil sands business in Alberta: including online posting and bidding for tenure rights, transfer of agreements, and payment of royalties.

In addition to receiving royalty payments for metallic and industrial minerals, Alberta Energy is also developing the functionality for coal royalty payments, and tenure applications for metallic and industrial minerals and coal. The addition of this new functionality is the first step to allow the metallic and industrial mineral and coal sectors to do online business with Alberta Energy.

For further information contact:

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