

APPLICANT'S GUIDE

MINERAL EXPLORATION
SUPPORT PROGRAM FOR
CRITICAL AND STRATEGIC
MINERALS
2021-2024



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LIST OF ABBREVIATIONS

Agreement	Used to designate the agreement for granting a subsidy awarded under the Program. This agreement, signed between the Ministère and each applicant selected following evaluation of the applications, confirms the granting of a subsidy and the conditions associated with it.
CSM	Critical and strategic minerals. For detailed definition of the list of CSMs, go to the Ministère's website. ¹
Guide	Applicant's Guide – Mineral Exploration Support Program for Critical and Strategic Minerals 2021-2024
Mineral exploration	Used in the sense defined in the Mineral Development Process, namely the basic and advanced exploration work on a deposit, including the work performed before the production of a prefeasibility study.
Minister	Minister of Energy and Natural Resources
Ministère	Ministère de l'Énergie et des Ressources naturelles
Program	Used to designate the Mineral Exploration Support Program for Critical and Strategic Minerals 2021-2024
QPDCSM	Québec Plan for the Development of Critical and Strategic Minerals 2020-2025 ²
RENA	Register of Enterprises Not Eligible for Public Contracts

1 <https://mern.gouv.qc.ca/wp-content/uploads/mineral-development-process.pdf>

2 <https://www.quebec.ca/en/agriculture-environment-and-natural-resources/mining/critical-and-strategic-minerals>



Objective:
*foster sustainable CSM exploration and
development in Québec*

PREAMBLE

The Gouvernement du Québec considers that critical minerals today have economic importance in key sectors of the economy, present a high supply risk, and have no commercially-available substitutes. It considers strategic minerals as mineral substances necessary for the implementation of different Québec policies.

The investments in the mineral exploration field do not reflect the interest expressed in covering the irreplaceable or key strategic qualities for deployment of policies in Québec. Less than 20% of the investments are made in projects targeting critical and strategic minerals (CSM), compared to over 80% in exploration and development in Québec dedicated to gold, iron and other metals. To remedy this situation, it is important to support the discovery of new deposits and their development up to progress sufficient to interest investors.

In March 2020, in its 2020-2021 budget plan, the Gouvernement du Québec announced a five-year investment of \$90 million to develop CSMs.

On October 29, 2020, it launched the Québec Plan for the Development of Critical and Strategic Minerals 2020-2025 (QPDCSM), which will guide the interventions to make Québec a leader in CSM production, processing and recycling, in partnership with the regional and Indigenous communities.

According to the 2020-2023 Action Plan of the QPDCSM, the Ministère de l'Énergie et des Ressources naturelles (Ministère) is responsible for implementing Action 2.1.2 of the QPDCSM, which has the goal of improving support for basic CSM exploration.

The QPDCSM provides for the establishment of an exploration assistance program, for the 2021-2024 period, which will allow the performance of basic CSM exploration projects, distinguished by their novel contribution to CSM exploration in Québec and the quality of the exploration model. These projects may benefit from support at the stage of value enhancement of the mineral occurrence or the property, when institutional financing is not yet accessible. An amount of \$4.25 million is budgeted in the QPDCSM financial framework for the implementation of this program.

The assistance will be allocated to geometallurgical and geoenvironmental work with the goal of detailing the mineralization characteristics in these plans and thus assessing not only the quantity but the quality of the ore, in order to support the development of new deposits. By addressing the quality of mineralization, particularly regarding mineral shape, chemistry and associations, the exploration projects will be able to assess the potential of the deposits and determine the issues related to the ore extraction and processing early in the mineral development process. Thus, the projects will be more structuring, will be developed on a better informed basis and will offer more substantive decision-making, so that technical, environmental and social acceptability issues can be addressed very early. The projects that have technical information on the mineralization characteristics thus will find it easier to answer questions when looking for financing, or for their permit application.

Although the assistance allocated targets exploration projects at the stage of development of the occurrence or the property, the QPDCSM provides for actions to support companies throughout the mineral development process. For this purpose, \$22 million in assistance over five years was announced

in the 2021-2022 Budget Speech for eligible operators to support CSM development.³ In addition, for tailings development and CSM recycling projects, different types of assistance are offered for eligible projects and applicants, such as:

- + the Mining Research and Innovation Support Program (PARIDM)⁴ for companies wishing to undertake research and development projects conducted by a university, a research centre or a research consortium.

3 <https://mern.gouv.qc.ca/depart-plan-quebecois-valorisation-mineraux-critiques-strategiques-2020-2025>

4 <https://mern.gouv.qc.ca/mines/programmes/programme-dappui-a-recherche-a-linnovation-domaine-minier>

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INTRODUCTION

The Applicant's Guide (Guide) is a tool made available to eligible applicants to facilitate the presentation of a project under the Mineral Exploration Support Program for Critical and Strategic Minerals (Program). It contains all the necessary information concerning eligibility, evaluation criteria, eligible applications and accountability. It also provides explanations of the application form and the key items the Ministère needs in its analysis. The evaluation grid used by the evaluation committee is presented in the Guide, while the application form and the instructions for completing it are available on the Ministère's website.

The Guide is divided into three chapters: The first chapter contains general information and the Program's application framework. The second chapter contains various questions regarding the Program and their answers. Finally, the third chapter is reserved for the project evaluation grid that will be used by the evaluation committee during selection of the applications.



1. APPLICATION FRAMEWORK

1.1 General information on the Program

The purpose of the Program is to encourage active entities in the mineral exploration field to carry out and develop exploration projects to discover quality CSM deposits, particularly regarding their shape, chemistry and mineral associations, and support them in this sense. It thus helps meet the technical, environmental and geometallurgical challenges posed by the Québec geological context.

1.2 Objectives and duration of the Program

The Program has the following specific objectives:

- + Increase CSM exploration activities
- + Ensure the progress of CSM projects to the more advanced phases of the mineral development process
- + Assess the quality of the potential ores by performing geometallurgical and geoenvironmental work
- + Invest in geometallurgical and geoenvironmental work for CSM development

The Program has the following operational objectives:

- + Perform geometallurgical and geoenvironmental work on CSM exploration projects
- + Encourage exploration companies to invest more in geometallurgical and geoenvironmental work for CSM development
- + Support CSM exploration work

The Program will take effect on the date of its approval by the Conseil du trésor and will end when the first of the following events occurs:

- + March 31, 2024
- + when the budget allocated is entirely committed

1.3 Eligibility

1.3.1 Eligible applicants

The eligible applicants for the Program are:

- + Companies in the mining industry registered in the Enterprise Register
- + Indigenous mining funds.

1.3.2 Non-eligible applicants

An applicant in one of the following situations is not eligible for the Program:

- + is registered in the Register of Enterprises Not Eligible for Public Contracts (RENA)
- + during the two years preceding the application for financial assistance, has failed to honour its obligations after having been duly given notice of default in relation to the allocation of previous financial assistance by the Ministère
- + is under the protection of the Bankruptcy and Insolvency Act (R.S.C. (1985), c. B-3)
- + is a department or a budget-funded body of the Gouvernement du Québec mentioned in Schedule 1 of the Financial Administration Act (CQLR, chapter A-6.001)
- + is a person designated by the National Assembly, or a federal department or agency.

The Ministère reserves the right to refuse to process an application for participation in the Program if one of the applicant's subcontractors has previously made representations that have proved to be false in one of its programs or is registered in the RENA. The Ministère then will notify the applicant of its refusal in writing so that the applicant can change subcontractors if it wishes and resubmit an application to the Program.

1.3.3 Eligible projects

To be eligible for the Program, the projects must:

- + be located in Québec
- + be the object of mineral rights belonging to the applicant or mineral rights for which the applicant has obtained the written authorization from the mineral rights holder to perform the work or, in the case of mineral rights not belonging to the domain of the State, the written authorization of the owner of the private mineral rights
- + register under a CSM mineral exploration project included on the Québec list of the QPDCSM⁵
- + be related to the geometallurgical or geoenvironmental work
- + not have reached the prefeasibility study phase;
- + not have received financial assistance under another program of the Ministère;
- + include eligible expenses for a total amount of at least twenty thousand dollars (\$20,000)
- + be funded by the applicant and/or by an external person or persons for at least 50% of the total amount of eligible expenses.

EXAMPLE OF AN ELIGIBLE PROJECT

Example 1: An exploration project for which the principal or secondary substance is included in the list of CSMs presented on the Ministère website⁶ is eligible if the project has not reached the prefeasibility study phase.

⁵ <https://www.quebec.ca/en/agriculture-environment-and-natural-resources/mining/critical-and-strategic-minerals>

⁶ <https://www.quebec.ca/en/agriculture-environment-and-natural-resources/mining/critical-and-strategic-minerals>

EXAMPLES OF NON-ELIGIBLE PROJECTS

Example 1: A CSM development project in the course of mining operations is not eligible, such as development of secondary substances in tailings.

Example 2: A project to conduct an economic analysis of CSMs is not eligible.

Example 3: An exploration project outside Québec undertaken by a Québec company is not eligible.

1.3.4 Duration of projects

The duration of the projects is at least six months and no more than three years.

At the beneficiary's request and with the Ministère's acceptance, a maximum extension of six months may be granted under exceptional circumstances and added to the period provided for in the Agreement. In this last case, the beneficiary must prove exceptional circumstances, that the project has begun and that the requested extension effectively allows completion of the entire project. The assistance granted initially may not be increased after this new deadline.

1.3.5 Eligible application

The Ministère will proceed with at least one request for proposals per fiscal year, which will be deposited on its website and will specify, in particular, the filing dates of the applications.

To be eligible for the Program, the application for financial assistance must be:

- + composed of the duly completed application form, which is available on the Ministère's website
- + compliant with the requirements specified in the request for proposals
- + presented within the periods stipulated in the context of a request for proposals issued by the Ministère
- + duly signed and dated by an authorized representative
- + completed in French
- + composed of the following items: information on the applicant, the location of the project, a description of the studies required, the objectives of these studies, the context of the project and the financial structure of the project
- + accompanied by an official letter from the applicant authorizing the company's respondent to present the application on its behalf
- + accompanied by a written authorization from the mineral rights holder or, in the case of mineral rights not belonging to the domain of the State, the written authorization of the owner of the private mineral rights allowing the applicant to perform the work if it is not the mineral rights holder or the owner of the private mineral rights
- + accompanied by a proof of commitment to the equal access to employment program compliant with the Québec Charter of Human Right and Freedoms, for an applicant with more than 100 employees in Québec and applying for financial assistance of \$100,000 or more. The documents accepted are:
 - + the "Commitment to the Program"
 - + the official "Attestation of Commitment" number
 - + the "Certificate of Merit" number.

1.3.6 Eligible expenses

The eligible expenses under the Program must be necessary, justified and directly attributable to the performance of the project, i.e. to one or more of the following activities

- + the geometallurgical or geoenvironmental work, particularly the mineralogical analyses, the geometallurgical tests and the geoenvironmental tests
- + the work related to oversize drilling or bulk sampling performed for sampling purposes for geometallurgical or geoenvironmental work

The eligible expenses must correspond to one of the following expense items:

- + the fees for external professional services
- + in-house wages and benefits
- + material, equipment and supplies (including mobilization, demobilization and installation)
- + analyses and tests
- + travel, for which the expenses must comply with the parameters in force in the Québec public service
- + the acquisition or leasing costs of equipment, hardware and software. The costs will be calculated according to the duration of the project in proportion to the useful life of the asset.

EXAMPLES OF ELIGIBLE AND NON-ELIGIBLE EXPENSES

Example 1: In the context of a gold exploration project for which the secondary substance is tellurium, sampling for metallurgical tests and tellurium analysis costs are eligible. The costs for gold tests and analyses are not eligible.

Example 2: In the context of a CSM exploration project, the sampling and analysis costs, professional fees and equipment costs necessary for the geometallurgical and geoenvironmental work are eligible. However, the geochemical analyses to quantify the rare earth elements are not eligible. The bulk sampling or oversize drilling costs for purposes other than geometallurgical and geoenvironmental tests are not eligible.

1.3.7 Authorized internal and external spending caps

The tariffs of fees for professional services may not exceed those arising from the [Act respecting contracting by public bodies](#) (CQLR, chapter C-65.1). Proof of expenses may be requested and must be provided to validate the eligible expenses.

All the expenses must be accounted for in accordance with generally accepted accounting principles and may be subject to a accounting audit by the Ministère, as needed.

1.3.8 Unauthorized expenses

The following expenses are not eligible for the Program:

- + expenses incurred to prepare the application for financial assistance
- + expenses incurred before the date of filing of the application for financial assistance under the Program with the Ministère, including the expenses for which the applicant has made contractual commitments
- + any type of expenses not specified on the list of eligible expenses
- + sponsorships
- + expenses associated with construction work

- + expenses regarding work performed by subcontractors registered in the RENA
- + taxes, such as the goods and services tax (GST) and the Québec sales tax (QST), and income taxes
- + any expense the Ministère considers unjustified or unreasonable for the purposes of performance of the project.

1.4 Selection of applications

1.4.1 Analysis of eligibility

First the Ministère will analyze the eligibility of the applications by ensuring they comply with the eligibility criteria and all the items relevant to their evaluation cited in the Guide and in the request for proposals concerned.

In all cases, compliance with the eligibility criteria does not guarantee payment of financial assistance.

1.4.2 Evaluation of applications

The applications for financial assistance are evaluated by an evaluation committee composed of experts from the Ministère and independent experts it chooses.

The evaluation committee is in charge of evaluation of applications for financial assistance according to the conditions and the evaluation criteria defined in this Guide. The evaluation grid used by the committee is presented in Chapter 3 of the Guide.

The passing score on the evaluation is 60 points (60% of 100 points). The accepted applications for financial assistance will be selected from the applications that obtained the passing score of the evaluation, in descending order of the score obtained (i.e. from the highest score to the lowest) until depletion of the budget envelope allocated for the request for proposals concerned.

1.4.3 Selection criteria

The criteria evaluated and their related weighting are as follows:

+ **Economic Development component (20%):**

- + relevance of the application to the progress of the project
- + the applicant's financial contribution to the project

+ **Technical component of the project (50%):**

- + the project's potential to produce an economic study
- + the project's potential to obtain social acceptability
- + types of work
- + technical coherence of the application in the project's development potential
- + development of secondary elements (by-products);

+ **Business component (30%):**

- + the applicant's CSM expertise
- + the laboratory's CSM expertise
- + the applicant's general expertise.

1.4.4 Announcement of the decision and signing of an agreement

Once a project is evaluated and a decision is made, the Ministère will communicate the decision to the applicant in writing.

If an application is accepted, an agreement must be signed between the applicant and the Minister to confirm the awarding of a grant and the conditions associated with it.

1.5 Amounts, allocation of financial assistance and payments

1.5.1 Amount of financial assistance

The maximum rate of financial assistance paid by the MERN is 50% of the eligible expenses up to four hundred thousand dollars (\$400,000).

The minimum amount of financial assistance paid by the Ministère is ten thousand dollars (\$10,000).

A participant may participate in the Program more than once, on condition that each application pertains to a distinct project.

EXAMPLES

Example 1: project with certain eligible expenses and other non-eligible expenses

A rare earth elements (REE) project, for which one hundred thousand dollars (\$100,000) is intended for drilling and quantitative REE analyses and twenty-five thousand dollars (\$25,000) is intended for mineralogical analyses will be recognized for twenty-five thousand dollars (\$25,000) of eligible expenses. The amount of financial assistance will be a maximum of twelve thousand five hundred dollars (\$12,500) if the project does not receive any other financial assistance directly or indirectly from other government departments or bodies (provincial or federal), Crown or government corporations and municipal entities.

Example 2: project for which the eligible expenses exceed the maximum amount of financial assistance.

A CSM exploration project for which the total amount of eligible expenses is one million dollars (\$1,000,000) and which does not receive any other financial assistance offered directly or indirectly by other government departments or bodies (provincial or federal), Crown or government corporations and municipal entities will be granted the maximum financial assistance, four hundred thousand dollars (\$400,000).

1.5.2 Payment of financial assistance

The financial assistance will be remitted in three payments, as follows:

- + a payment corresponding to a maximum of 15% of the financial assistance after the Agreement is signed
- + a payment corresponding to a maximum of 25% of the financial assistance after receipt and acceptance by the Ministère of the progress report and the vouchers
- + a payment corresponding to a maximum of 60% of the financial assistance after receipt and acceptance by the Ministère of the final report and the vouchers.

The beneficiary must inform the Ministère promptly, by sending a written notice, of any substantial change made to the project during its performance.

The Ministère, at any time, may revise downward the amounts of financial assistance granted or require their total or partial repayment, when:

- + the actual costs of the project are lower than the estimated costs
- + the beneficiary has benefited, for the performance of the project, from a contribution or contributions from programs or additional measures offered beyond the permitted cumulative percentage
- + the beneficiary makes changes to the project that the Ministère considers irrelevant
- + the Ministère judges that the reports, plans and any other documents required are unsatisfactory or missing.

In the event the amount of financial assistance is revised or a repayment is claimed, the Ministère then will inform the beneficiary of the revised amount or specify the amount payable and the repayment deadline, as applicable. If a repayment is required from the beneficiary and is not returned to the Ministère within the deadlines indicated, the Ministère, until repayment in full of the amount in question, may stop granting financial assistance to the beneficiary under all its programs or measures.

1.5.3 Cumulative financial assistance and limits

The financial assistance awarded by the Ministère may be combined with the financial assistance offered directly or indirectly by other government departments or bodies (provincial or federal), Crown or government corporations and municipal entities.

The cumulative financial assistance obtained from government departments or bodies (provincial or federal), Crown or government corporations and municipal entities that are not beneficiaries of the program relative to the total cost of the project must not exceed 50% of the eligible expenses and the related expenses directly linked to the project, failing which the Ministère's contribution will be reduced accordingly to comply with this criterion.

For the purposes of the financial assistance accumulation rules, the term "municipal entities" includes municipal bodies in the sense of the Act respecting access to documents held by public bodies and the Protection of personal information (CQLR, chapter A 2.1).

EXAMPLE

A graphite project that obtains a grant of thirty thousand dollars (\$30,000) from a federal government program for geometallurgical tests totalling one hundred thousand dollars (\$100,000) will be recognized for one hundred thousand dollars (\$100,000) in eligible expenses. The maximum amount of the financial assistance will be twenty thousand dollars (\$20,000), or 50% of the eligible expenses minus the financial assistance received from the federal government program.

1.6 Control and accountability

1.6.1 Accountability of the Ministère to government authorities

The Ministère is responsible for control of the Program and accountability to the Secrétariat du Conseil du trésor. For this purpose, it may request the beneficiaries to send it any additional document considered relevant, according to the rules of retention of financial documents for five years.

1.6.2 Reddition de comptes du bénéficiaire auprès du Ministère

The beneficiary is responsible for accounting to the Ministère, during and after the performance of the work. More specifically, depending on the context and within the deadlines indicated in the Agreement, it must provide the Ministère, in particular, with:

1. The progress report or reports, transmitted and signed by the beneficiary, which must include:
 - + a statement of progress of the project, the results associated with the work and an evaluation indicating to what extent the project's objectives have been achieved to date
 - + a statement of the expenses incurred and the budget forecasts to finalize the project
 - + the number and quality of the employees associated with the project to date and up to the end of the project
 - + any change made or to come to the initial project
 - + a statement of the challenges to come up to the end of the project.
2. The final report, transmitted and signed by the beneficiary, which must include:
 - + a statement of the results of the project and an evaluation indicating to what extent the project's objectives have been achieved
 - + a statement of the expenses incurred in comparison with the projected expenses
 - + the number and quality of the employees associated with the project
 - + any change made to the initial project
 - + a statement of the challenges encountered during the project
 - + the impact of the project, if applicable, on:
 - + the development of the project's primary or secondary CSMs
 - + the characterization of mineralization in the geometallurgical and geoenvironmental plans
 - + the evaluation of the quality of mineralization
 - + the progression of the exploration project to the more advanced exploration and development phases
 - + the next steps resulting from the project.

1.7 Other provisions

1.7.1 Obligations to call for public tenders and implement an equal access to employment program

For the performance of construction work, except for work performed in-house, the municipal bodies and the public bodies subject to the Act respecting contracting by public bodies are subject to the contract adjudication rules applicable to them. The other bodies, for the adjudication of contracts for the performance of construction work for one hundred thousand dollars (\$100,000) or more, related to the object sought by the awarding of a grant under the program, must proceed by call for public tenders, allowing respect for the principles of transparency in the contractual processes and honest and equitable treatment of competitors and ensuring sound use of public funds. This clause does not apply to the contracts that were awarded and the suppliers who were already selected at the time they signed an Agreement regarding the Program.

A Québec participant employing more than one hundred (100) people in Québec, who applies for financial assistance of one hundred thousand dollars (\$100,000) or more, must undertake to establish an equal access to employment program compliant with the Québec Charter of Human Rights and Freedoms (CQLR, chapter C-12). To prove its commitment to implement such a program, the applicant attaches a “Commitment to the Program” to its application or, if it has already submitted one previously, it indicates the official number of the “Attestation of Commitment” that it possesses or the number of the “Certificate of Merit”, if applicable. If the application comes from outside Québec, but inside Canada, and the participant employs more than one hundred (100) people in Québec and applies for financial assistance of one hundred thousand dollars (\$100,000) or more, it will have to provide in advance an attestation that it participates in the employment equity program of its province or territory or, failing this, in the federal Employment Equity Program.

1.7.2 Management of the Program

The Ministère reserves the right to collect information and make on-site visits so that it can:

- + ensure the project was carried out as foreseen
- + evaluate its Program and the efficiency of its Program
- + evaluate the costs and expenses related to the project or the Program
- + inform the public of the allocation of financial assistance to the participants (the amount, the project and its impact, and the name of the participant).

The Ministère reserves the right to refuse any application that does not meet the criteria of the Program. Moreover, compliance with the eligibility criteria does not guarantee payment of financial assistance.

The Ministère may not, in any case, be held liable for any damage or prejudice resulting from the application of the Program.

The Ministère reserve the right to limit the number of applications selected, in order to respect the budget envelope and the amounts available.

Each payment is conditional on the availability of the sums in the Natural Resources Fund, in accordance with the provisions of sections 21 and 51 of the Financial Administration Act.



The government supports companies for the assessment of the economic potential, risks and issues of mineral exploration projects, enabling the most promising of them to increase their attractiveness to investors.

2. QUESTIONS AND ANSWERS

Q1 : What is the Mineral Exploration Support Program for Critical and Strategic Minerals 2021-2024?

The Mineral Exploration Support Program for Critical and Strategic Minerals is consistent with the government's intention to develop critical and strategic minerals. On October 29, 2020, the Gouvernement du Québec launched the Québec Plan for the Development of Critical and Strategic Minerals 2020-2025 (QPDCSM), which will guide the measures to make Québec a leader in CSM production, processing and recycling, in partnership with the regional and Indigenous communities.

According to the 2020-2023 Action Plan of the QPDCSM, the Ministère de l'Énergie et des Ressources naturelles is responsible for implementing Action 2.1.2 of the QPDCSM, which has the goal of improving support for basic CSM exploration.

The QPDCSM provides for the establishment of an exploration assistance program, for the 2021-2024 period, which will allow the performance of basic CSM exploration projects, distinguished by their novel contribution to the CSM exploration picture in Québec and the quality of the exploration model. These projects may benefit from support at the stage of value enhancement of the mineral occurrence or the property, when institutional financing is not yet accessible. The assistance will be allocated to geometallurgical and geoenvironmental work to validate the quality of mineralization before the prefeasibility study.

The Program's specific and operational objectives are presented in section 1.2 of the Guide.

Q2 : The Minister has announced a budget envelope of \$4.25 million. What will this money be used for?

The budget envelope allocated for the implementation of the Mineral Exploration Support Program for Critical and Strategic Minerals, for the 2021-2024 period, will serve to support financially the CSM mineral exploration projects included on the Québec list of the QPDCSM⁷. The Program more specifically targets geometallurgical and geoenvironmental work and oversize drilling or bulk sampling activities performed in relation to this work.

Q3 : Why establish a CSM exploration support program?

CSMs are indispensable to implement Québec's major policies, such as the Government Sustainable Development Strategy, the 2018-2023 Québec Energy Transition, Innovation and Efficiency Master Plan, the 2030 Energy Policy, the Sustainable Mobility Policy - 2030, and the Plan for a Green Economy 2030. To this effect, the government's vision is to make Québec a leader in CSM production, processing and recycling in partnership with the regional and Indigenous communities.

7 <https://www.quebec.ca/en/agriculture-environment-and-natural-resources/mining/critical-and-strategic-minerals>

However, the investments in the mineral exploration field do not reflect the interest expressed in covering the irreplaceable or key strategic qualities of CSMs for deployment of policies in Québec. Less than 20% of the investments are made in CSM projects, compared to over 80% in exploration and development in Québec dedicated to gold, iron and other metals. To remedy this situation, it is important to support the discovery of new deposits and their development to a state of progress sufficient to interest investors.

By implementing the Program, the government is seeking to:

- + Increase CSM exploration activities
- + ensure the progress of CSM projects to the more advanced phases of the mineral development process
- + assess the quality of the potential ores by performing geometallurgical and geoenvironmental work
- + invest in geometallurgical and geoenvironmental work for CSM development

Q4 : What are critical and strategic minerals? Why support mineral exploration for these minerals in particular?

The Gouvernement du Québec considers that critical minerals today have economic importance in key sectors of our economy, present a high supply risk, and have no commercially-available substitutes. It considers strategic minerals as mineral substances necessary for the implementation of different Québec policies. A detailed list of critical and strategic minerals is available on the Ministère's website.⁸

Access to and availability of these mineral resources thus have a growing impact on political, commercial and economic relations between the major world powers. Countries such as Germany, France and Japan consider certain substances to be strategic for their economic, technological and military development, and are acting to diversify and secure access to supplies of CSMs.

Like other States, such as Sweden, the Government intends to protect CSM resources that are of interest for Québec. It is important to support the discovery of new mineral occurrences and their development to a state of progress sufficient to interest investors more easily.

Q5 : Why subsidize geometallurgical and geoenvironmental tests in the exploration phase?

The objective of supporting the performance of geometallurgical and geoenvironmental tests is to evaluate not only the quantity but also the quality of the ore, particularly regarding the mineral shape, chemistry and mineral associations, in order to support the development of new deposits. By capitalizing on the performance of these tests early in the mineral development process, the projects will be more structuring, will be developed on a better informed basis and will offer more substantive decision-making, so that technical, environmental and social acceptability issues can be addressed very early.

The projects that have technical information on the mineralization characteristics can more easily answer questions when looking for financing, or for their permit application.

8 <https://www.quebec.ca/en/agriculture-environment-and-natural-resources/mining/critical-and-strategic-minerals>

Q6 : Why are the eligible projects limited to those that have not reached the prefeasibility study phase?

The Program only targets projects in the early phases, before the prefeasibility study, to better understand the mineralization characteristics and determine early in the mineral development process whether issues or risks exist, particularly on the technical or environmental levels. In this way, companies can better plan the next phases of the work and could avoid costlier expenses in the more advanced phases of the project. In addition, by addressing these aspects, the Program encourages companies to account for essential factors for the progress of their projects, including social acceptability. Moreover, the early phases of development of a deposit are critical, because institutional financing is not yet readily available in these phases. Specific support in these phases is therefore necessary.

Although the assistance allocated targets exploration projects at the stage of development of the occurrence or the property, the QPDCSM provides for actions to support companies throughout the mineral development process. For this purpose, \$22 million in assistance over five years was announced in the 2021-2022 Budget Speech for eligible operators to support CSM development.⁹ In addition, for tailings development and CSM recycling projects, different types of assistance are offered for eligible projects and applicants, such as:

- + the Mining Research and Innovation Support Program (PARIDM)¹⁰ for companies wishing to undertake research and development projects conducted by a university, a research centre or a research consortium.

Q7 : How do you determine if a project is eligible for the Program?

The eligibility criteria are described in section 1.3 of the Guide. An application must be filed by an authorized representative of the mining company performing CSM exploration work, according to the conditions set out in section 1.3.5 of the Guide and those set out in the documents related to the request for proposals. It is important to explain your project well, because it will be selected by the evaluation committee from all the projects received, according to the evaluation criteria detailed in section 1.4 of the Guide. The project evaluation grid used by this committee is presented in Chapter 3 of the Guide.

Q8 : Are the administration fees included in the calculation of the maximum amount of financial assistance?

Yes. The maximum amount that may be allocated to a project may not exceed four hundred thousand dollars (\$400,000), which includes the administration fees.

Q9 : What happens if the project we wish to submit exceeds the maximum amount of four hundred thousand dollars (\$400,000)?

The project remains eligible, but the excess costs must be assumed by the applicant.

⁹ <https://mern.gouv.qc.ca/depart-plan-quebecois-valorisation-mineraux-critiques-strategiques-2020-2025/>

¹⁰ <https://mern.gouv.qc.ca/mines/programmes/programme-dappui-a-recherche-a-linnovation-domaine-minier/>

Q10 :What amounts are included in the government grants considered for cumulative financial assistance?

The entities considered in the cumulative amount include all of the amounts of direct and indirect assistance received from:

- + Departments and bodies of the Gouvernement du Québec (indicated in Schedules 1 to 4 of the consolidated financial statements of the Gouvernement du Québec)
- + Departments and agencies of the Government of Canada (indicated in Schedules A and B of the Instructions for Crown corporations and other reporting entities)
- + Municipal entities, including municipalities, regional county municipalities, metropolitan communities and urban agglomerations, and any other legally constituted body at least half of whose members are appointed by or report to one of them
- + Energy distributors subject to the Act respecting energy efficiency and innovation
- + Partners who manage sums coming from government departments or bodies
- + Organizations under the majority control of a government department or body.

The type of assistance considered in the cumulative assistance includes:

- + Non-repayable contributions: grant or tax credit
- + Repayable contributions: loan, convertible debenture or contribution repayable by royalties
- + Loan guarantees
- + Equity investments.

3. APPLICATION EVALUATION GRID

The evaluation grid below is presented as an indication. It is used by the evaluation committee for the selection of applications for financial assistance received under the annual requests for proposals. The passing score on the evaluation is 60 points (60% of 100 points).

Criterion		Weighting	Score	Remarks
Economic Development component	Progress of the project	15 Points		Qualitative evaluation of the relevance of conducting a study in the project development phase, considering its nature and the objectives of the study.
	Contribution of the company	5 Points		Evaluation of the company's contribution to the financial setup of the application for financial assistance, considering all of the costs related to the study.
Total - Economic Development		20 Points	/ 20	
Technical component of the project	Quality of the project	10 points		Qualitative evaluation of the factors supporting the quality of the project on the technical, scientific and geological levels. In particular, the evaluation is based on the geological context, the main results in relation to the development of the deposit and the progress of the project
	Environment and local and Indigenous communities	10 points		Qualitative evaluation of the measures envisioned or deployed to minimize the project's impact on the local and Indigenous communities and the environment. The measures undertaken or envisioned to foster the commitment and participation of local and Indigenous communities in the performance of the exploration project are also taken into account.
	Types of work	10 points		Evaluation of the nature and scope of the work proposed in the context of the study regarding the objectives pursued. The rigour of the approach and the methodology is evaluated.
	Technical coherence of the application in the project's development potential	15 Points		General qualitative evaluation of the technical coherence of the study. The following questions are addressed, in particular: <ul style="list-style-type: none"> • Is the substance or are the substances targeted by the study coherent in the geological context and considering the main results obtained for the development of the deposit? • Is the study appropriate, considering the progress of the project? Are the proposed work and the amounts to be invested consistent with the progress of the project? • Are the objectives of the study realistic? Do the expected results have the potential to contribute to the technical progress of the project?
	Development of secondary elements	5 Points		Semi-quantitative evaluation of the development of the deposit: <ul style="list-style-type: none"> • Does the study target optimization of development of the deposit's substances? • Are the secondary elements of the deposit developed like the primary elements? The objective pursued here is to derive the maximum from the deposit's potential (i.e. develop the maximum primary and secondary substances).
Total - Technical		50 Points	/ 50	
Business component	Project managers	15 Points		Qualitative evaluation of the applicant's proven expertise in carrying out CSM exploration project and, more generally, in developing deposits.
	Laboratories and centres of expertise	10 Points		Qualitative evaluation that will be contributed to conduct the proposed study, particularly regarding the applicant's proven capacity to conduct such studies.
	Expertise gained	5 Points		Qualitative evaluation of the advancement of knowledge and expertise that will be developed by the company and the project team while conducting the study. In this criterion, the innovative aspect of the study is analyzed
Total – Business		30 Points	/ 30	
Total:		100 Points	/ 100	Passing grade: 60 (60% of 100 points)

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