

Annual Survey on Mineral Exploration, Deposit Appraisal, Mine Complex Development, Capital and Repair Expenditures

Reporting Guide

GENERAL INSTRUCTIONS

1. Reports Required

- Reports are required for mining operations located in Canada.
- Separate reports should be completed by province for each type of metal and non-metal mining activity.

Included:

- Potash refineries.
- Milling and pelletizing operations.
- Electric generating plant if it is installed for use mainly at the mining site.

Excluded:

- Exploration and development expenditures for oil and gas.
- Metal smelting and/or refining establishments.

If the report is **NIL**, please complete page 1 and return questionnaires so that we may complete our file.

2. Joint Venture

In the case of joint ventures, only the company responsible for the accounting records (*the operator*) should complete a report for the venture to avoid any duplication in reporting expenditures.

3. Grants, Subsidies and Investment Tax Credits

Grants, subsidies and investment tax credits **should not be netted** from expenditures reported in Sections 1 and 2.

4. Dollar Amounts and Percentages

- All dollar amounts should be expressed in **CANADIAN DOLLARS**.
- Percentages should be rounded (*e.g.*, 37%, 76%, 94%).
- Your **best estimates** are acceptable when precise figures are not available.
- Shaded areas indicate that no response is required.
- Pre-printed numbers 055 to 861 are for identification purposes.

5. Definitions

An asterix* indicates that a definition is provided in the Reporting Guide.

6. Questions

If additional information, questionnaires or assistance in preparing this questionnaire is required, please contact us at: 1 800 561-0213 or (418) 691-2404.

7. Filing of Return

Please send the completed questionnaire(s) at:

Institut de la statistique du Québec
200, chemin Sainte-Foy, 2^e étage
Québec (Québec) G1R 5T4

INSTRUCTIONS ON SECTIONS

Section 2 Capital and Repair Expenditures

- For coding assets in Section 2 Column 1, please refer to the asset description and code page in the Reporting Guide.
- The use of "Other" code (*i.e.*, ending in 99) is to be avoided, if possible.
- In Section 2, construction and machinery and equipment type of assets are separated. This is not necessary in Section 5.
- If more lines are required for Section 2, please photocopy and attach to questionnaire.

Section 4 Changes in Capital Expenditures Plans

Complete the section only if this report shows significant changes from the expenditures reported previously on the "Preliminary Estimate". The intent of this section is to clarify the reason(s) for major changes in the expenditure reported and thereby reduce possible further inquiries.

Section 5 Disposals and Sales of Fixed Assets

- For coding assets in Section 5 Column 1, please refer to the asset description and code page in the Reporting Guide.
- If you have purchased more than one asset in a particular asset group, report them separately or combine the date and provide a weighed average.
- The use of "Other" code (*i.e.* ending in 99) is to be avoided, if possible.
- If more lines are required for Section 5, please photocopy and attach to questionnaire.

DEFINITIONS

Page 1

Organization Identification

The pre-printed label on page 1 indicates the most current identification of your organization on our files. Please use the appropriate space below the label to make any changes that would reflect a better description of your operations for this particular report.

Label Information

A) Type of Ownership

Ownership is defined as the level of government, person, group of persons, agency or incorporated body controlling more than 50% of the voting rights.

NOTE: Financial assistance (*grants, subsidies, etc.*) provided by any level of government to an enterprise and/or institution does not necessarily constitute ownership of that organization.

B) Period Covered by this Report

Please report expenditures for the period January 1 to December 31.

Page 2

Section 2 Capital and Repair Expenditures

Columns 2, 3, 4 and 5 – Capital Expenditures by Assets

New Assets, Renovation, Retrofit, includes both existing assets being upgraded and additions of new assets.

Report the **gross expenditures** (*including subsidies*) on fixed assets for use in the operations of your organization or for lease or rent to others. Include all capitalized costs such as feasibility studies, architectural, legal, installation and engineering fees as well as work done by your own labour force. Capitalized interest charges on loans with which capital projects are financed should be included.

EXCLUDE: If you are capitalizing your leased fixed assets as a lessee in accordance with the Canadian Institute of Chartered Accountants' recommendations, please **exclude** the total of the capitalization of such leases during the year from capital expenditures.

2.1 Land/Mining Rights

Capital expenditures for land should include all costs associated with the purchase of the land that are not amortized or depreciated.

These costs must not already be included in exploration or deposit appraisal expenditures.

2.1 Residential Construction

Report the value of residential structures including the housing portion of multi-purpose projects and of townsites with the following **EXCEPTIONS**:

- buildings that have accommodation units without self-contained or exclusive use of bathroom and kitchen facilities (*e.g. bunkhouses, dormitories, camp cookeries, camps – see asset code 1022*)
- the non-residential portion of multi-purpose projects and of townsites.
- associated expenditures on services.

The exceptions should be included in the appropriate construction (*i.e. non-residential*) assets.

2.3 Non-Residential Construction

Report the total cost incurred during the year of building and engineering construction (*contract and by own employees*) whether for your own use or rent to others. Include also:

- the cost of land servicing, demolition of buildings and of site preparation,
- leasehold and land improvements,
- townsite facilities, such as streets, sewers, stores, schools,
- oil or gas pipelines, including pipe and installation costs,
- all preconstruction planning and design costs such as engineering and consulting fees and any materials supplied to construction contractors for installation.

2.5 Machinery and Equipment

Report total cost incurred during the year of all new machinery, whether for your own use or for lease or rent to others. Any capitalized tooling should also be included. Include progress payments paid out before delivery in the year in which such payments are made. Receipts from the sale of your own fixed assets or allowance for scrap or trade-in should not be deducted from your total capital expenditures. Any balance owing or holdbacks should be reported in the year the cost is incurred (*See EXCLUDE above*).

Column 3 – Purchase of Used Canadian Assets

Data is need separately from columns 2 and 4 to identify the existing assets that were used previously in Canada and were already included in measurements for those previous years.

Purchase of Used Fixed Assets

Definition: Used fixed assets may be defined as existing buildings, structures or machinery and equipment which have been previously used by another organization in Canada that you have acquired during the time period being reported on this questionnaire.

Explanation: The objective of our survey is to measure gross annual new additions to fixed assets separately from the acquisition of gross annual used fixed assets in the Canadian economy as a whole.

Hence, the acquisition of a **used fixed asset** from within Canada should be reported separately since such acquisition would not change the aggregates of our domestic inventory of fixed assets, it would simply mean a transfer of assets within Canada from one organization to another.

Imports of Used Assets, on the other hand, should be included in Column 2 New Assets because they are newly acquired for the Canadian economy.

Column 4 – Renovation, Retrofit, Refurbishing, Overhauling, Rehabilitation

The renovation components column is intended to separate the portion of existing assets being upgraded in contrast to the additions of new assets.

2.7 Non-Capitalized Repair and Maintenance Expenditures

Report the **gross** non-capitalized repair expenditures on non-residential buildings, other structures and machinery. Include the value of repair work done by your own employees, as well as payments to persons outside your employ. Maintenance expenditures also include the routine care of assets such as janitorial service, snow removal, salting and sanding, oil change and lubrication of vehicles and other machinery. This question represents non-capitalized expenditures in contrast to the capitalized expenditures of column 4 (*Renovation, Retrofit, Refurbishing, Overhauling, Rehabilitation*).

Section 3 Detail of Expenditures for Fixed Assets

3.3 Work in progress

Work in progress represents accumulated or accrued costs on capital projects not completed and which are intended to be capitalized upon completion.

3.4 Assets acquired through capital (financial) lease

If you are capitalizing your leased fixed assets, please include the total amounts capitalized here. These amounts should not have been included in Sections 1 or 2.

Page 3

Section 5 Disposals and Sales of Fixed Assets

Report those fixed assets which are disposed, sold, retired, destroyed or otherwise discarded and also traded in for credit in the acquisition of purchase of new fixed assets. When land and buildings are sold together, please report the selling price of the land separately (*Column 2, data cell 735*) along with other land sales.

If you have disposed/sold similar assets with varying ages, report them separately or combine the data and provide a weighted average for the age.

5.1 Land/Mining Rights

Capital expenditures for land should include all costs associated with the purchase of the land that are not amortized or depreciated.

These costs must not already be included in general or mine-site expenditures.

5.2 Residential Construction

Report the value of residential structures including the housing portion of multi-purpose projects and of townsites with the following **EXCEPTIONS**:

- buildings that have accommodation units without self-contained or exclusive use of bathroom and kitchen facilities (*e.g., bunkhouses, dormitories, camp cookeries, camps – see asset code 1022*).
- the non-residential portion of multi-purpose projects and of townsites,
- associated expenditures on services.

The exceptions should be included in the appropriate construction (*i.e., non-residential*) asset.

Column 3 – Accumulated Capital Cost

Accumulated capital cost should represent total capital expenditures for an asset at and since the time of construction or purchase including capital expenditures for the purposes of modernization, expansion, etc. Any subsidies received should not be subtracted.

Section 6 Capacity Utilization

Capacity utilization is calculated by taking the actual production level for a mine (*production can be measured in dollars or units*) and dividing it by the mine's capacity production level.

Capacity production is defined as maximum production attainable under normal conditions.

To calculate capacity production, follow the mine's operating practices with respect to the use of productive facilities, overtime, workshifts, holidays, etc. For example, if your mine normally operates with one shift of eight hours a day, five days a week, then capacity will be calculated subject to these conditions and not on the hypothetical case of three shifts a day, seven days a week.

Example

Mine "A" normally operates one shift a day, five days a week and given this operating pattern, capacity production is 150 units of product "X" for the month. In that month actual production of product "X" was 125 units. The capacity use for mine A is $(125/150) * 100 = 83\%$.

Now suppose that mine A had to open for a shift on Saturdays to satisfy an abnormal surge in demand for product "X". Given this mine's normal operating schedule, capacity production remains at 150 units. Actual production has grown to 160 units though, so capacity use would be $(160/150) * 100 = 107\%$.

ASSET DESCRIPTION AND CODES

The **asset items and categories** listed below are groupings of fixed assets generally having a similar function which can apply to various industries.

- a) **Construction** structures should be classified to an asset according to its principal use unless it is a multi-purpose structure where we would like you to separate the components. The cost of any machinery and equipment which is an integral or built-in feature of the structure (*i.e., elevators, heating equipment, sprinkler systems, environmental controls, intercom systems, etc.*) should be reported as part of that structure as well as landscaping, associated parking lots, etc.
- b) **Machinery and equipment** which are housed in structures and which can be removed or replaced without significantly altering the structure should be reported separately. Computers for administration and educational purposes should be reported under asset code 8001. All other computer related machinery and equipment should be reported under asset codes 8003, 8021 to 8024, 8116 to 8199.
- c) **Computer assisted assets** are assets that possess the ability to be programmed for a wide variety of functions and, to a degree, adjust their behavior in response to changes in their physical environment. Includes numerically controlled machine tool equipment and individual computerized machines.

Example: Your company has had a core storage built during the reporting period, and the construction cost was \$8,000,000.00. The reporting of the information in Section 2 would be as follows:

	\$	\$	\$	\$	\$
	(1)	(2)	(3)	(4)	(5)
194	1 0 0 6	195 8 000 000	196	197	198 8 000 000

CONSTRUCTION	
Code	Industrial and Commercial
1005	Pollution abatement and control
1006	Warehouses, refrigerated storage, freight terminals
1008	Maintenance garages, workshops, storage facilities
1013	Office buildings
1022	Bunkhouses, dormitories, camp cookeries, camps
1097	Other industrial and commercial
	Marine Construction
2001	Docks, wharves, piers, terminals (<i>coal, oil, natural gas, container, general cargo</i>)
2099	Other marine construction
	Transportation
2202	Highways, roads, streets, including logging roads (<i>also include signs, guardrails, lighting, landscaping, sidewalks, fences</i>)
2204	Rail track and roadbeds including signals and interlockers
2299	Other transportation
	Waterworks
2402	Trunk and distribution mains
2412	Water pumping stations and filtration plants
2413	Water storage tanks
2499	Other waterworks construction

CONSTRUCTION (cont'd)	
Code	Sewage Systems
2601	Sewage treatment and disposal plants including pumping stations
2602	Sanitary and storm sewers, trunk and collection lines, open storm ditches and laterals
2699	Other sewage system construction
	Electric Power
2801	Electric power construction
	Mining
3401	Mine buildings including headframes, ore bins, ventilation structures, backfill plants and other surface buildings
3402	Mine buildings for beneficiation treatment of minerals (<i>excluding smelters and refineries</i>)
3403	Mine shafts, drifts, crosscuts, raises, declines, stoping, etc. (<i>Report for structures only: for rock work components, see form MIN-EX3R, NRCan, lines 14.10 to 14.13.</i>)
3404	Tailing disposal systems, settling ponds
	Other Construction
5999	Other construction (<i>not specified elsewhere</i>)

MACHINERY AND EQUIPMENT

Code	Transportation Equipment
6001	Trucks and other motor vehicles (<i>excluding off-highway trucks, see category 6010</i>) designed for the transport of goods
6003	Automobiles
6004	Trailers and semi-trailers for the transport of goods
6006	Locomotives, rolling-stock, street and subway cars, and other rapid transit equipment
6007	Aircraft (<i>excluding satellites, see category 6099</i>)
6010	Other motor vehicles and vehicles not mechanically propelled (<i>e.g. off-highway trucks, all-terrain vehicles</i>)
6099	Other transportation equipment (<i>e.g. buses, ships, engines, tires for motor vehicles</i>)
	Processing Equipment (computer assisted)
7106	Machine-tools and accessories
7109	Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading mineral substances in solid form
7199	Other processing equipment
	Conventional (non-computer assisted)
7206	Machine-tools and accessories
7209	Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading mineral substances in solid form
7299	Other processing equipment
	Office Type and Communications Machinery and Equipment
8001	Computers and related machinery and equipment (<i>excluding software purchased separately</i>)
8021	Computer software – off the shelf pre-packaged (<i>excluding telecommunications network applications</i>)
8022	Computer software – custom designed / contracted out (<i>excluding telecommunications network applications</i>)
8023	Computer software – developed in house / own account (<i>excluding telecommunication network applications</i>)
8024	Computer software – for telecommunication network switching equipment
8003	Office machinery and equipment (<i>excluding telephone equipment</i>)
8004	Office furniture
8005	Other furniture, lamps and lighting fittings (<i>e.g. hotel, motel, restaurant and store furniture</i>)
8013	Radios, TVs, stereos, VCRs, DVDs and recorded tapes and discs
	Telecommunications, Cable and Broadcasting
8107	Broadcasting and radio communication equipment (<i>exclude transmission equipment, see category 8127</i>)
8109	Radar and navigational instruments (<i>example; radar and sonar equipment, radio navigational aid apparatus GPS receivers</i>)
8116	Network switching equipment – hardware including IP switches (<i>routers</i>) and PBX's used as public switches (<i>exclude switching software, see category 8024</i>)

MACHINERY AND EQUIPMENT (cont'd)

Code	Telecommunications, Cable and Broadcasting (cont'd)
8117	Terminal equipment – PBX's telephone handsets, cellular phones, key systems, modems, palm pilots, fax machines, pagers, satellite terminals/dishes, decoders, set-top boxes
8127	Transmission equipment – transponders, receivers, cross connects, multiplexes, optical electronics, satellite earth stations, cell site equipment, antennas, cable head end equipment and components, cable distribution system plant equipment
8199	Other telecommunication cable and broadcasting equipment (<i>e.g. satellite dishes, radar</i>)
	Other Machinery and Equipment
9001	Gas generators, turbines, internal combustion engines and other motors for other than transportation equipment
9002	Pumps, air compressors and fans
9003	Air conditioning (<i>excluding portable air conditioners, see category 9099</i>), refrigerating or freezing equipment
9004	Industrial or laboratory furnaces and ovens and furnace burners and related equipment
9005	Well drilling and servicing rigs (<i>other than floating</i>)
9106	Pulling, lifting, handling, loading or unloading machinery – computer assisted
9206	Pulling, lifting, handling, loading or unloading machinery – conventional (<i>non-computer assisted</i>)
9007	Fork-lift trucks and warehouse trucks
9008	Moving, grading, excavating, compacting, extracting or boring machinery for earth, minerals, ores or snow (<i>excluding trac-laying tractors and other tractors, see category 9099</i>)
9009	Electric motors and generators
9010	Electric transformers, static converters, inductors, switch gear and similar electric equipment
9011	Optical instruments and apparatus, instruments and apparatus designed for certain specifically defined uses (<i>surveying, meteorology, drawing, calculating, etc.</i>) and machines for testing materials
9012	Instruments and appliances for medical, surgical, dental, veterinary use or for related purposes
9013	Measuring, checking or automatically controlling instruments and apparatus (<i>excluding gas, water and electricity meters, see category 9099</i>) and navigational instruments
9014	Hand tools
9099	Other machinery and equipment; e.g. storage tanks, tractors for agricultural or forestry work, portable air conditioners, electric traffic control equipment, gas meters, water meters, electricity meters, weigh scales, central heating boilers, bedding