



DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER
PRODUCTION ROYALTY ON LOCATABLE MINERALS
AS 38.05.212

DUE DATE:

Check **ONE** box and fill in the corresponding due date.

☐ **Calendar Year**
Due May 1, _____

☐ **Fiscal Year**
Due ____/____/____

Additional Instructions on pages 3 and 4

Filing Year:

Section A: Holder* Information

*"holder" defined in instructions and by 11 AAC 86.763

Name (Individual or Business)	Telephone Number (Including Area Code)	Email Address	
Mailing Address	City	State	Zip Code
Contact Name, Telephone Number, Email Address, and Mailing Address (if different than above)			
Check this box if this is a change of address. <input type="checkbox"/>			
Please select all that apply: <input type="checkbox"/> Owner <input type="checkbox"/> Operator <input type="checkbox"/> Other:			
List all APMA Number(s):			
List all Mining License Number(s):			

Section B: Locatable Minerals Produced

Did you mine, exchange, sell, or remove locatable minerals from State Land? (circle one)

Yes

Complete the rest of Section B, and Sections D, E, F, and G on next page

No

Did you receive or pay royalties?

Yes

Complete the rest of Section B and Sections D, E, F, and G

No

Complete Section C

List the claims and/or leases where locatable minerals were produced, sold, exchanged, or otherwise disposed of.

ADL Number	% of Royalty from ADL	ADL Number	% of Royalty from ADL
1.		5.	
2.		6.	
3.		7.	
4.		8.	

Where were locatable minerals produced? (circle one)

State Land only

(Includes Mental Health and University Lands)
Complete Sections D, E, F, and G on next page

Non-State Land

Complete Section C

State and Non-State Land

Ensure you segregate your gross income, deductions, and expenses using one of the methodologies in 11 AAC 86.766 and provide a copy of the Alaska Mining License Tax form 04-662 or 04-662sf for mining on state land.

Complete Sections D, E, F, and G on next page

Section C: Signature

Signature of Holder or Agent (person who completed this return)	Title	Date
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I declare under penalty of perjury that this return has been completed or examined by me, and to the best of my knowledge and belief, it is a true, correct, and a complete return.

Section D: Royalty Received and Paid: use additional paper if needed

ROYALTY RECEIVED from:

*Please attach additional pages if needed.

Did you **receive royalty** based on mineral production from a claim or lease holder? (circle one)

You received royalty if you received gold or cash from a claim or lease holder, based on locatable minerals produced. If needed, attach additional sheets.

Yes ←

→ No

Complete this section below

Proceed to section E

Holder Name			Mineral (cash equivalent) or Cash Received
Holder Mailing Address			
City	State	Zip Code	\$

ROYALTY PAID to:Did you **pay royalty** based on mineral production to a claim or lease holder? (circle one)

You paid royalty if you paid gold or cash from a claim or lease holder, based on a percentage of locatable minerals produced. If needed, attach additional sheets

Yes ←

→ No

Complete this section below

Proceed to section E

Holder Name			Mineral (cash equivalent) or Cash Paid
Holder Mailing Address			
City	State	Zip Code	\$

Section E: Production Royalty Calculations

1. Enter Net Income . If you filed Alaska Mining License Tax Return Form 04-662, then enter the amount from Schedule A, line 6. If you filed Alaska Mining License Tax Return Form 04-662SF then enter the amount from line 14.	\$
2. Multiply line 1 by 3% (0.03) (AS 38.05.212(b)(1), 11 AAC 86.760).	\$
3. Enter credit for annual rental paid on only those claims and leases listed in the "Claims and Leases" section (11 AAC 86.760(3)). This credit is for annual rental paid at the beginning of the reporting period on a mining claim or lease from which locatable minerals were produced, as annual rent is collected at the beginning of the mining year. Example: annual rent collect in fall of 2020 pays for the 2021 mining year. Only the holder who actually paid the annual rental may claim this credit.	\$
4. Enter exploration incentive credit and attach a copy of exploration incentive credit authorization (AS 38.05.212(b)(2)). This credit cannot exceed 50% of the value on line 2 (AS 27.30.030(a)(2)).	\$
5. Subtract lines 3 and 4 from line 2. If less than 0 enter "0."	PAY THIS AMOUNT \$

Section F: Production Report under AS 27.05.050. Data kept confidential per 11 AAC 86.776

Did your claim or lease produce locatable minerals and/or did you sell locatable minerals? (circle one)

Yes ←

→ No

Complete this section below

	Mineral	Weight (oz)	Payment Received	Year Produced
Minerals produced and sold in this reporting period			\$	N/A
Minerals sold this reporting period, but produced in earlier years			\$	
Minerals produced this reporting period, but not sold			N/A	N/A

Section G: Signature

Signature of Holder or Agent (person who completed this return)	Title	Date
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I declare under penalty of perjury that this return has been completed or examined by me, and to the best of my knowledge and belief, it is a true, correct, and a complete return.

AS 38.05.035(a) authorizes the director to decide what information is needed to process an application for the sale or use of state land and resources. This information is made a part of the state public land records and becomes public information under AS 40.25.110 and 40.25.120 (unless the information qualifies for confidentiality under AS 38.05.035(a)(8) and confidentiality is requested, AS 43.05.230, or AS 45.48). Public information is open to inspection by you or any member of the public. A person who is the subject of the information may challenge its accuracy or completeness under AS 44.99.310, by giving a written description of the challenged information, the changes needed to correct it, and a name and address where the person can be reached. False statements made in an application for a benefit are punishable under AS 11.56.210. In submitting this form, the applicant agrees with the Department to use "electronic" means to conduct "transactions" (as those terms are used in the Uniform Electronic Transactions Act, AS 09.80.010 – AS 09.80.195) that relate to this form and that the Department need not retain the original paper form of this record: the department may retain this record as an electronic record and destroy the original

Further Instructions on Completing Form 102-4056

Production Royalty on Locatable Minerals

INCOMPLETE RETURNS WILL NOT BE ACCEPTED AND WILL BE RETURNED TO THE HOLDER

You can submit and pay online:

You can now file your Production Royalty Return online at <https://online-tax.alaska.gov/ATP/WebDoc/> after you file your Mining License Tax! To file your Production Royalty return, add account type “Mining Royalty” to your pre-existing Mining License account. Filing your Production Royalty return online, saves time with the auto fill feature, and allows for online payments. If you don’t have a Mining License account enroll at the same link to get one. **Mining Licenses are required for anyone to mine in Alaska.**

Who must file a production royalty return:

A holder of a mining claim, leasehold location, or mining lease, on state-owned land, including Alaska Mental Health Trust Authority-owned land, from which locatable minerals produced were sold, exchanged, or otherwise disposed of (11 AAC 86.769(a) and (b)), or removed from the State of Alaska.

A “holder” is a person or organization engaged in one or more of the following activities in the State of Alaska, and includes a person or organization that is temporarily exempt from taxation under AS 43.65.010(a):

1. Owning and operating a mining property;
2. Owning a mining property and receiving lease or royalty payments based on production from the property;
3. Leasing a mining property from another person and operating the property;
4. Possessing a mineral interest, whether an economic or a production interest, in a producing property, including royalty, working or operating interest, net profits, overriding royalties, carried interest, and production payments (11 AAC 86.763).

There may be more than one holder of a mining claim, leasehold location, or mining lease. For example, if the owner of a mining claim leases the mining claim to another person, both the owner and lessee are holders (11 AAC 86.763(b)).

If you received a permit to mine on state land via the APMA process, either as an owner, lessee, or miner you should to file a production royalty return.

Holders of new mining claims, new mining leases (11 AAC 86.760(4)), upland mining leases issued under AS 38.05.205, and mining leases issued under AS 38.50.250 on tide and submerged land are not exempt and must file a production royalty return.

WHEN IN DOUBT, FILE A PRODUCTION ROYALTY RETURN.

This return’s due date and reporting period:

If the Alaska Mining License Tax Return Form that you file with the Alaska Department of Revenue is based on the calendar year, then this return is **due every year on May 1**, and the reporting period covers the preceding calendar year (11 AAC 86.769(c)). If the Alaska Mining License Tax Return Form that you file with the Alaska Department of Revenue is based on the fiscal year, then this return is due on the 1st day of the 5th month from the end of the fiscal year, and the reporting period covers the preceding fiscal year (AS 38.05.212(a)).

General Information

Alaska Statute AS 38.05.212 (a) requires in exchange for and to preserve the right to extract and possess the minerals produced, the holder of a mining claim, leasehold location, or mining lease, including a mining lease under AS 38.05.250 (Tide and Submerged Lands), shall pay a royalty on all minerals produced from land subject to the claim, leasehold location, or mining lease during the calendar year.

Regulation 11 AAC 86.769 (b) requires production royalty returns must be filed for each year in which production occurs, or locatable minerals produced from state lands are sold, exchanged, or otherwise disposed of.

Failure to pay any required production royalty as required by AS 38.05.185 – 38.05.275 constitutes abandonment of all rights acquired under mining claim, or leasehold locations (AS 38.05.265). Failure to pay production royalty when due, will result in the claim or leasehold location being abandoned and subject to relocation by others (AS 38.05.265 and 11 AAC 86.790 (a)(2)). For mining leases, failures to pay required production royalties when required results in default of the lease and subject to termination.

Production royalty is three percent (3%) of net income as determined under the Mining License Tax Law AS 43.65 and regulations 15 AAC 65.

A holder who files a production royalty return must keep its books and records pertaining to mining income, expenses, and deductions for no less than six years after the calendar year to which they relate. The books and records must be available for inspection and copying by authorized

representatives of the state. If the books and records are kept and maintained are not readily available, upon request they must be produced at the state office designated by the state representative.

Your claim may be abandoned, or your lease terminated and subject to relocation by another if you:

- Fail to pay the royalty when due, fail to pay a portion of the royalty when due and thereafter do not, within 30 days of receipt of a certified notice of abandonment, pay the total amount due, or
- Pay royalty when due that is deficient (AS 38.05.212(a), 11 AAC 86.790, 11 AAC 86.793).

Unpaid royalty and deficient payments accrue interest under 11 AAC 86.772.

Failure to pay production royalty return when due:

Failure to pay a production royalty return when due will result in the loss of state rights acquired under the state mining claim, leasehold location, or mining lease. Failure to file a production royalty form could result in the following;

- Revocation of mining permits issued under the APMA process (11 AAC 86.800),
- Revocation of miscellaneous Land Use permits (11 AAC 96),

Extension of time to submit this return or pay royalty:

May be granted if the division receives a written request no later than 10 days before the due date that includes;

- A complete statement of the reason for the request and
- The length of the extension requested (11 AAC 86.769(d)).

An extension of time may not exceed 120 days. Unpaid royalty and deficient payments accrue interest under 11 AAC 86.772 during the term of the extension (11 AAC 86.769(d)).

Submit this return and payment to:

To	State of Alaska	Or	State of Alaska
	Department of Natural Resources		Department of Natural Resources
	Division of Mining, Land and Water		Division of Mining, Land and Water
	550 West 7 th Avenue, Suite 900B		3700 Airport Way
	Anchorage, Alaska 99501-3577		Fairbanks, Alaska 99709-4699

Definitions (as used in this form or stated otherwise)

Production is defined as any activity that **MAY** have resulted in the recovery of locatable mineral and include such activities as panning, sluicing, use of a high banker, suction dredging, etc. whether locatable minerals were recovered or not. Once locatable minerals are sold or removed from Alaska a production royalty return must be filed.

Alaska Statute Sec. 38.05.212 Production Royalty

In exchange for and to preserve the right to extract and possess minerals produced, the holder of a mining claim or mining lease, including a mining lease under AS 38.05.250, shall pay a royalty on all minerals produced from land subject to the claim, leasehold location, or mining lease.

11 AAC 86.796 Minerals produced

means “any mineral or raw material extracted or leached in-situ from the surface or subsurface and removed from the mining claim, leasehold location, or mining lease from which it was extracted or leached in-situ;” it “does not include any mineral produced as a result of taking a sample or bulk sample;

11 AAC 86.796 Bulk sample

means the quantity of resource mined, gathered, taken, or otherwise accumulated as a specimen for the purpose of testing and analyzing the ore body before its development (15 AAC 65.990 (a)). Locatable minerals recovered during bulk sampling once sold or removed from Alaska constitute minerals produced and must be reported as income.

11 AAC 88.185 Locatable minerals

means those minerals which, on January 3, 1959, were subject to location under the United States mining laws (30 U.S.C.) (AS 38.05.185 (a) and 11 AAC 88.185 (13)); and mineral means a naturally occurring substance with a characteristic chemical composition expressed by a chemical formula, including oil and gas. (11 AAC 88.18