



October 7, 2021

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Care of:

The Secretary Ontario Securities Commission
comment@osc.gov.on.ca

Me Philippe Lebel Corporate Secretary and Executive Director, Legal Affairs, Autorité des marchés financiers
consultation-en-cours@lautorite.qc.ca

Re: CSA Notice and Request for Comment – Proposed Changes to Companion Policy 41-101CP to National Instrument 41-101 General Prospectus Requirements Related to Financial Statement Requirements

We would like to thank the Canadian Securities Administrators (CSA) for their work to date on the project to reduce regulatory burden. We believe that the proposed amendments generally provide additional clarity over the requirements for primary business financial statements to be included in a long-form prospectus and other offering documents where prospectus level disclosure is required. However, we would encourage the CSA to consider providing additional clarity on the requirements for predecessor business financial statements.

Our observations and recommendations are based on our experiences in working with Canadian reporting issuers on securities filings, as their auditors. Our specific comments are as follows:

We support the proposed clarification in the Companion Policy relating to when mining assets would meet the definition of a “business” for the purposes of applying National Instruments 41-101 and 51-102. We agree that where there has been no exploration, development or production activity in the relevant 2- or 3-year period prior to the prospectus or acquisition date (the “relevant period”), financial statements

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

“PwC” refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Care of: The Secretary Ontario Securities Commission /
Me Philippe Lebel Corporate Secretary and Executive Director, Legal Affairs, Autorité des marchés
financiers
October 7, 2021

relating to the mining assets should not be required to be included in a prospectus or business acquisition report. However, we are concerned that the proposed language will be unduly limiting.

In our experience, it is not uncommon for acquired mining concessions to also include assets or liabilities that are directly related to the concession, but that are accounted for as separate assets or liabilities under International Financial Reporting Standards (IFRS), even when there is no exploration, development or production activity in the relevant period. Common examples include asset retirement obligations (AROs), reclamation bond deposits, or similar assets that are required to be set aside to fund AROs or other reclamation expenses, and in-place leases or other contracts that relate to accessing the mining concession but are separately recognized as assets and/or liabilities under IFRS. A further example is property, plant and equipment, such as mining or exploration equipment on site that is also acquired in conjunction with a mining concession, even though operations have been dormant. Under the proposed wording, we believe that such situations would still require financial statements for the mining concession, absent any exemptive relief granted. We suggest that the language in 5.11 (b) is an unnecessary condition in situations where there has been no recent exploration, development or activity on the mining assets acquired. However, if staff are concerned that mining concessions acquired may include both dormant mining properties, and other operating activities for which financial information should otherwise be required, we suggest the following clarifying language be considered:

- (b) other than assets and liabilities directly related to the mining assets acquired, no other assets were transferred and no other liabilities were assumed as part of the acquisition.

In addition, we question the relevance of the party from which the mining assets were acquired, when evaluating the need to include financial statements in a prospectus or business acquisition report. We believe the key driver is whether the acquired mining assets had ongoing activities during the relevant period, and not based on whether those assets were acquired in an arm's length transaction or from a related party. Therefore, we suggest that condition (a) in proposed 5.11 be deleted.

Should you have any questions regarding our response please contact Michael Walke [REDACTED] or Lucy Durocher [REDACTED].

Yours truly,

PricewaterhouseCoopers LLP

Chartered Professional Accountants