

September 13, 2022

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Submitted via email: ccollins@bcsc.bc.ca

Dear Mr. Collins:

Re: Mining Association of British Columbia (MABC) Submission to the Canadian Securities Administrators (CSA) Consultation on National Instrument 43-101

MABC appreciates the opportunity to provide our submission on the CSA's consultation on National Instrument 43-101.

By way of background, MABC is the voice of British Columbia's metal, mineral and steelmaking coal producers, smelters, and advanced development companies. BC's 16 operating mines and two smelters benefit all British Columbians and support more than 35,000 jobs and over 3,700 small, medium, and Indigenous businesses in every corner of our province through an annual spend of almost \$3 billion on goods and services. Our industry's total estimated economic impact was \$12.6 billion in 2021 and accounted for one quarter of BC's goods exports. Our members' products have among the industry's lowest carbon footprints globally and are helping the world transition to a clean, low carbon future; safely, responsibly, and sustainably.

Background and General Context: MABC and NI 43-101

MABC is pleased to respond to a request from the British Columbia Securities Commission - on behalf of the CSA Corporate Finance Mining Group (CSA Mining Group) - to provide comments on the *Consultation on National Instrument 43-101 Standards of Disclosure for Mineral Projects*.

The Consultation seeks suggestions for improvements to CSA's standards for disclosing scientific and technical information about mineral projects through NI 43-101, priority areas for revision and whether regulatory changes are necessary.

The Consultation Paper notes there have been significant changes in the mining sector since the last revision of NI 43-101 in 2011, including:

- Updated Canadian Institute of Mining, Metallurgy, and Petroleum (CIM) Definition Standards and Best Practice Guidelines
- Emerging demand for critical minerals
- Growing risk aversion by investors and increased demand for ESG information
- Changing mineral resource/mineral reserve reporting codes in competing mining jurisdictions (such as Australia and the United States)
- Technological improvements to exploration, operation, and extraction processes
- Changing judicial and political landscape for the rights of Indigenous peoples across Canada

In the CSA Mining Group's view, recent changes in the mining sector have led to deficiencies in the reporting process, including failure of qualified persons (QP) to properly assess their independence, competence, expertise, or relevant experience; poor quality of scientific and technical disclosure; and inadequate disclosure of risk.

MABC believes it is critically important that regulators and the investment community have clarity and confidence in NI 43-101 information disclosure.

Generally, we believe the goal of this consultation should be the continued prioritization and encouragement of capital formation, while maintaining the protection of the integrity of Canadian capital markets and investors and upholding the integrity of Canada's and British Columbia's mining sectors. NI 43-101 technical reports can be enormously lengthy and technically dense and are often not understood by the general investing public. The purpose of these reports is to aid in a company's or property's valuation, which, in turn, influences investment and production decisions, and, frequently, capital markets valuations. It is extremely important for the CSA to better balance limited information, future assumptions, and risk factors against the parallel need to avoid red tape. MABC understands this is not always easy, but it should be the primary focus and purpose of the NI 43-101 consultation.

MABC has canvassed experts within our membership who are knowledgeable about NI 43-101. Our responses to each question – where applicable – are outlined in the following section

MABC Responses to NI 43-101 Consultation Questions

A. Improvement and Modernization of NI 43-101

1. *Do the disclosure requirements in the Form for a pre-mineral resource stage project provide information or context necessary to protect investors and fully inform investment decisions? Please explain.*

The disclosure requirements existing for pre-mineral resource stage projects are adequate, although the author(s) of such disclosure do not always adequately meet such requirements. Focus should be on the adequacy and appropriateness of the information contained rather than the volume.

2. *a) Is there an alternate way to present relevant technical information that would be easier, clearer, and more accessible for investors to use than the Form? For example, would it be better to provide the necessary information in a condensed format in other continuous disclosure documents, such as a news release, annual information form or annual management's discussion and analysis, or, when required, in a prospectus?*

Currently, NI 43-101 provides companies with significant flexibility, and current requirements are simple and accessible.

MABC does not believe there is a need to provide relevant information in a condensed format in other disclosure documents. Reducing technical information may result in inadequate information being disclosed and important information being insufficiently discussed. Mineral industry-focused investors are already familiar with the suite of disclosure documents available from a mineral resource company, and 43-101 technical reports provide the critical information that investors often look for when it comes to disclosure.

Splitting this information into other documents may lead to information slipping through the cracks when an investor is trying to review other multiple documents that may contain non-technical disclosure as well. Cross references between reports may be appropriate.

- b) If so, for which stages of mineral projects could this alternative be appropriate, and why?*

MABC recommends that these scenarios should be limited to only early-stage exploration projects with no history of previous exploration and almost no drilling conducted.

3. *a) Should we consider greater alignment of NI 43-101 disclosure requirements with the disclosure requirements in other influential mining jurisdictions?*

MABC believes that the NI 43-101 is the pre-eminent standard for mineral disclosure. It does not need to shift to align with other influential mining jurisdictions.

- b) If so, which jurisdictions and which aspects of the disclosure requirements in those jurisdictions should be aligned, and why?*

If global alignment and adoption of an international standard can be achieved, it may help ensure consistency of disclosure for companies operating in multiple jurisdictions and/or listed on different stock exchanges.

4. *Paragraph 4.2(5)(a) of NI 43-101 permits an issuer to delay up to 45 days the filing of a technical report to support the disclosure in circumstances outlined in paragraph 4.2(1)(j) of NI 43-101. Please explain whether this length of time is still necessary, or if we should consider reducing the 45-day period.*

Section 4.2 (5)(a) Obligation to File a Technical Report in Connection with Certain Written Disclosure about Mineral Projects on Material Properties

The issuer has a number of options available for disclosing the previous estimate without triggering a technical report within 45 days. If the previous estimate is not well-documented, the issuer may choose to disclose this information as an exploration target, in compliance with subsection 2.3(2) of the Instrument. Alternatively, the issuer may be able to disclose the previous estimate as an historical estimate, in compliance with section 2.4 of the Instrument. Both these options require the issuer to include certain cautionary language and prohibit the issuer from using the previous estimates in an economic analysis

MABC views the 45-day time-period as providing sufficient opportunity to complete a high-quality technical report. If there has been a material change in mineral reserves, the extra time is helpful to coordinate better reporting, legal review, and refinement.

It may be beneficial (for investors) to require the publication of the technical report at the time of disclosure. There is often time pressure to publish press releases before a technical report is completed, checked, and thought through. Rushing a technical report would not be advantageous to the production of a thoughtful and accurate product.

5. a) Can the investor protection function of the current personal inspection requirement still be achieved through the application of innovative technologies without requiring the qualified person to conduct a physical visit to the project?

b) If remote technologies are acceptable, what parameters need to be in place in order to maintain the integrity of the current personal inspection requirement?

Remote technologies are increasingly more acceptable and accessible for day-to-day business than in the past, but there are significant advantages to on-site visits. In-person site visits provide a more accurate and dependable context of broader “on the ground” challenges particularly for infrastructure assessments.

Remote access, such as drone flights, should be permissible for a maximum of one inspection when travel is not possible. However, technological advances are being made every day and the use of emerging technologies should be monitored where they can sufficiently replicate a site visit experience.

As technology evolves, NI 43-101 should be more specific about what criteria should be investigated during a site visit.

If remote technologies were to be used, the QP should operate and/or supervise the technology (and not just review information, which could be selective, provided by the issuer). Other considerations such as preservation of the data need also to be considered.

B. Data Verification Disclosure Requirements

6. *Is the current definition of data verification adequate, and are the disclosure requirements in section 3.2 of NI 43-101 sufficiently clear?*

Section 3.2 Written Disclosure to Include Data Verification

Definition: "Data verification" means the process of confirming that data has been generated with proper procedures, has been accurately transcribed from the original source and is suitable to be used.

If an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure (a) a statement whether a qualified person has verified the data disclosed, including sampling, analytical, and test data underlying the information or opinions contained in the written disclosure; (b) a description of how the data was verified and any limitations on the verification process; and (c) an explanation of any failure to verify the data.

MABC views the above-mentioned and current definition of "data verification" as adequate and generic enough to allow a QP to apply judgement in different situations and commodity types.

In general, further parameters and/or explanation should be provided when relying upon data the QP has not verified but is relying upon (e.g., historical data).

7. *How can we improve the disclosure of data verification procedures in Item 12 of the Form to allow the investing public to better understand how the qualified person ascertained that the data was suitable for use in the technical report?*

Item 12: Data Verification – Describe the steps taken by the qualified person to verify the data in the technical report, including

- (a) the data verification procedures applied by the qualified person;*
- (b) any limitations on or failure to conduct such verification, and the reasons for any such limitations or failure; and*
- (c) the qualified person's opinion on the adequacy of the data for the purposes used in the technical report.*

MABC suggests data verification can be generic and should be expanded to include all inputs from exploration through to reclamation.

Sign-off from the QP is critical for establishing that the data has met a professional standard. It may be better to have clear disclosure about what the QP has relied on for data verification purposes. A standardized checklist may help.

8. *Given that the current personal inspection is integral to the data verification, should we consider integrating disclosure about the current personal inspection into Item 12 of the Form rather than Item 2(d) of the Form?*

Yes, there should be a requirement to move details about the current personal site inspection to Item 12. In addition, duplicative information requirements should be carefully considered, and where there is extensive duplication being required of an information category, consideration should be given to creating a standalone category.

C. Historical Estimate Disclosure Requirements

9. *Is the current definition of historical estimate sufficiently clear? If not, how could we modify the definition?*

Definition: "historical estimate" means an estimate of the quantity, grade, or metal or mineral content of a deposit that an issuer has not verified as a current mineral resource or mineral reserve, and which was prepared before the issuer acquiring, or entering into an agreement to acquire, an interest in the property that contains the deposit;

Yes, the current definition is clear, but that does not mean that those making such disclosure properly understand the definition. This issue is more related to guidance than the definition.

10. *Do the disclosure requirements in section 2.4 of NI 43-101 sufficiently protect investors from misrepresentation of historical estimates? Please explain.*

Section 2.4 Disclosure of Historical Estimates

Despite section 2.2, an issuer may disclose an historical estimate, using the original terminology, if the disclosure

- (a) identifies the source and date of the historical estimate, including any existing technical report;*
- (b) comments on the relevance and reliability of the historical estimate;*
- (c) to the extent known, provides the key assumptions, parameters, and methods used to prepare the historical estimate;*
- (d) states whether the historical estimate uses categories other than the ones set out in sections 1.2 and 1.3 and, if so, includes an explanation of the differences;*

- (e) includes any more recent estimates or data available to the issuer;*
- (f) comments on what work needs to be done to upgrade or verify the historical estimate as current mineral resources or mineral reserves; and*
- (g) states with equal prominence that*
- (if) a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves; and*
- (ii) the issuer is not treating the historical estimate as current mineral resources or mineral reserves.*

MABC views disclosure requirements in section 2.4 as sufficient when used with proper disclaimers and cautionary language. These requirements protect investors from historical estimate misrepresentation by including a checklist for investors and requiring the QP to state whether the historical estimate is relevant and dependable. This issue again is more related to guidance than the definition.

D. Preliminary Economic Assessments

- 11. *Should we consider modifying the definition of preliminary economic assessment to enhance the study's precision? If so, how? For example, should we introduce disclosure requirements related to cost estimation parameters or the amount of engineering completed?***

Definition: "preliminary economic assessment" means a study, other than a pre-feasibility or feasibility study, that includes an economic analysis of the potential viability of mineral resources;

MABC notes preliminary economic assessments (PEA) are not precise estimates. It would be beneficial to modify the definition of PEA to define the expected technical report's precision or at least include disclosure noting the limits on precision.

- 12. *Does the current cautionary statement disclosure required by subsection 2.3(3) of NI 43-101 adequately inform investors of the full extent of the risks associated with the disclosure of a preliminary economic assessment? Why or why not?***

Section 2.3(3) Restricted Disclosure

Despite paragraph (1) (b), an issuer may disclose the results of a preliminary economic assessment that includes or is based on inferred mineral resources if the disclosure

- (a) states with equal prominence that the preliminary economic assessment is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized;*
- (b) states the basis for the preliminary economic assessment and any qualifications and assumptions made by the qualified person; and*
- (c) describes the impact of the preliminary economic assessment on the results of any pre-feasibility or feasibility study in respect of the subject property.*

The current cautionary statement disclosure should be expanded to strengthen the communication of the extent of risks associated with PEAs. This does not need to take the form of overly cumbersome administrative requirements.

- 13. *Subparagraph 5.3(1)(c)(ii) of NI 43-101 triggers an independence requirement that may not apply to significant changes to preliminary economic assessments. Should we introduce a specific independence requirement for significant changes to preliminary economic assessments that is unrelated to changes to the mineral resource estimate? If so, what would be a suitable significance threshold?***

Section 5.3(1)(c)(ii) Independent Technical Report

(1) A technical report required under any of the following provisions of this Instrument must be prepared by or under the supervision of one or more qualified persons that are, at the effective and filing dates of the technical report, all independent of the issuer:

*(2) (c) paragraphs (b), (c), (d), (e), (f), (h), (l) and (j) of subsection 4.2 (1), if the document discloses:
(ii) a 100 percent or greater change in the total mineral resources or total mineral reserves on a property material to the issuer, since the issuer's most recently filed independent technical report in respect of the property.*

MABC's position is that an independence requirement should not be introduced for significant changes to PEAs that do not relate to resource estimates because this will introduce unnecessary costs.

A signoff from an internal QP, rather than a consultant, is sufficient for any significant changes to PEAs.

- 14. *Should we preclude the disclosure of preliminary economic assessments on a mineral project if current mineral reserves have been established?***

Disclosure of a PEA might be necessary in the case of an expansion or option outside of current mineral reserves but should not automatically be precluded. MABC also believes there are significant challenges and potential contradictions in allowing the disclosure of a PEA in this scenario – especially if they affect the results of previous studies.

- 15. *Should NI 43-101 prohibit including by-products in cash flow models used for the economic analysis component of a preliminary economic assessment that have not been categorized as measured, indicated, or inferred mineral resources? Please explain.***

Yes, NI 43-101 should prohibit the inclusion of by-products that have not been categorized as measured, indicated, or inferred in cash-flow models. There is too much uncertainty for this to be relied upon for economic analysis without knowing categorization/quantity/grade etc.

E. Qualified Person Definition

16. *Is there anything missing or unclear in the current qualified person definition? If so, please explain what changes could be made to enhance the definition.*

Definition: "qualified person" means an individual who

- (a) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining;*
- (b) has at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice;*
- (c) has experience relevant to the subject matter of the mineral project and the technical report;*
- (d) is in good standing with a professional association; and*
- (e) in the case of a professional association in a foreign jurisdiction, has a membership designation that*
 - (a) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment; and*
 - (ii) requires A. a favourable confidential peer evaluation of the individual's character, professional judgement, experience, and ethical fitness; or B. a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining;*

MABC disagrees with the current interpretation of (b). The current definition does not specify whether a qualified person must have five years of experience as a professional. Relevant experience gained before an individual joins a professional association should not be discounted or ignored.

17. *Should paragraph (a) of the qualified person definition be broadened beyond engineers and geoscientists to include other professional disciplines? If so, what disciplines should be included and why?*

Definition: "qualified person" means an individual who

- (a) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining;*

Yes, given the significant contributions to technical reports from professionals in the environmental sciences – such as biology or ecology – MABC believes these should be recognized as QPs for the appropriate environmental sections.

18. *Should the test for independence in section 1.5 of NI 43-101 be clarified? If so, what clarification would be helpful?*

Section 1.5 Independence

In this Instrument, a qualified person is independent of an issuer if there is no circumstance that, in the opinion of a reasonable person aware of all relevant facts, could interfere with the qualified person's judgment regarding the preparation of the technical report.

MABC believes no clarification is required to evaluate for independence.

19. *Should directors and officers be disqualified from authoring any technical reports, even in circumstances where independence is not required?*

MABC believes it is more important to focus on whether independence should be required. Industry is shifting to more internal accountability and having a director or officer as an author serves to strengthen the credibility of a report. An internal senior author brings their professional reputation, knowledge, and experience to a report. For individuals not following their professional obligations, mechanisms already exist to disincentivize and prevent this behaviour.

For small companies, these individuals often have the most knowledge and experience, and disqualifying them puts them at a disadvantage relative to larger firms.

F. Current Personal Inspections

20. *Should we consider adopting a definition for a "current personal inspection"? If so, what elements are necessary or important to incorporate?*

MABC believes that adopting a definition for "current personal inspection" could draw upon the existing requirements for such inspections. Explicit guidelines and a checklist would be beneficial.

21. *Should the qualified person accepting responsibility for the mineral resource estimate in a technical report be required to conduct a current personal inspection, regardless of whether another report author conducts a personal inspection? Why or why not?*

MABC believes that the QP accepting responsibility for the mineral resource estimate should be required to conduct a current personal inspection. To ensure consistency and increase accuracy and accountability, a site visit by each QP accepting responsibility is likely the best approach.

22. *In a technical report for an advanced property, should each qualified person accepting responsibility for Items 15-18 (inclusive) of the Form be required to conduct a current personal inspection? Why or why not?*

Item 15: Mineral Reserve Estimates

Item 16: Mining Methods

Item 17: Recovery Methods

Item 18: Project Infrastructure

MABC believes personal inspections for the entire scope of a project (outside of geology, infrastructure, and the social component) are desirable but should not be mandatory. While personal inspections are important for understanding an operation, there should be additional clarity around requirements for a personal inspection. It should be possible, for example, for a delegated person to make a personal inspection and then relay findings back to a QP.

23. Do you have any concerns if we remove subsection 6.2(2) of NI 43-101? If so, please explain.

Section 6.2(2) Current Personal Inspection

(2) Subsection (1) does not apply to an issuer provided that

(a) the property that is the subject of the technical report is an early stage exploration property;

(b) seasonal weather conditions prevent a qualified person from accessing any part of the property or obtaining beneficial information from it; and

(c) the issuer discloses in the technical report, and in the disclosure that the technical report supports, that a personal inspection by a qualified person was not conducted, the reasons why, and the intended time frame to complete the personal inspection.

This subsection should not be removed. Personal inspections for the entire duration of a project are desirable but should not be mandatory. There may be circumstances where a personal inspection is not possible. MABC contends the regulator should emphasize compliance with subsection 6.2 (2), instead.

G. Exploration Information

24. Are the current requirements in section 3.3 of NI 43-101 sufficiently clear? If not, how could we improve them?

Section 3.3 Requirements Applicable to Written Disclosure of Exploration Information

(1) If an issuer discloses in writing exploration information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure a summary of

(a) the material results of surveys and investigations regarding the property;

(b) the interpretation of the exploration information; and (c) the quality assurance program and quality control measures applied during the execution of the work being reported on.

(2) If an issuer discloses in writing sample, analytical or testing results on a property material to the issuer, the issuer must include in the written disclosure, with respect to the results being disclosed,

(a) the location and type of the samples;

- (b) the location, azimuth, and dip of the drill holes and the depth of the sample intervals; (c) a summary of the relevant analytical values, widths, and to the extent known, the true widths of the mineralized zone;*
- (d) the results of any significantly higher grade intervals within a lower grade intersection; (e) any drilling, sampling, recovery, or other factors that could materially affect the accuracy or reliability of the data referred to in this subsection; and*
- (f) a summary description of the type of analytical or testing procedures utilized, sample size, the name and location of each analytical or testing laboratory used, and any relationship of the laboratory to the issuer.*

MABC considers the current requirements of section 3.3 to be clear, although it may be beneficial to clearly state what was and was not reviewed by the QP and why. Clarity could also be improved by having the regulator share examples of best practices.

H. Mineral Resource / Mineral Reserve Estimation

- 25. *Should Item 14: Mineral Resource Estimates of the Form require specific disclosure of reasonable prospects for eventual economic extraction? Why or why not? If so, please explain the critical elements that are necessary to be disclosed.***

MABC believes that Item 14 requiring specific disclosure of the reasonable prospectus for eventual economic extraction is a positive, as it influences what an issuer can classify as a "mineral resource." Note that that the Australian Joint Ore Reserve Committee (and other international codes) are removing the word "eventual" from reasonable prospects for economic extraction.

Critical elements to be disclosed should be economical and technical assumptions used to define the open pit or underground shapes used to constrain resources. Examples could be mining method, process recoveries, commodity price, operating costs, slope angles, cut-off used for defining underground envelopes or reporting resources.

- 26. *a) Should the qualified person responsible for the mineral resource estimate be required to conduct data verification and accept responsibility for the information used to support the mineral resource estimate? Why or why not?***
- b) Should the qualified person responsible for the mineral resource estimate be required to conduct data verification and accept responsibility for legacy data used to support the mineral resource estimate? Specifically, should this be required if the sampling, analytical, and Quality Assurance/Quality Control (QA/QC) information is no longer available to the current operator. Why or why not?***

MABC believes the decision should be left to the QP's professional judgement. The QP will sign-off and, as such, is accountable for all reporting.

That said, if certain sampling, analytical, and quality assurance/quality control (QA/QC) information is no longer available, the QP's data verification responsibilities and requirements should be increased.

It is important to maintain flexibility in the case of a QP responsible for resource estimation to be different from the QP performing and taking responsibility for data verification and quality.

27. *How can we enhance project specific risk disclosure for mining projects and estimation of mineral resources and mineral reserves?*

The regulatory process is evolving rapidly. There needs to be improved guidance on aspects of the disclosure process that are not traditional to risk identification aspects of the technical report. Enhanced project-specific risk disclosure would require QPs to commit the time to more detailed disclosure and prevent them from using boilerplate disclosure (and it should potentially be the issuer's responsibility to pay for or provide access to other experts that the QP may need to rely upon in making more specific disclosure).

I. Environmental and Social Disclosure

28. *Do you think the current environmental disclosure requirements under Items 4 and 20 of the Form are adequate to allow investors to make informed investment decisions? Why or why not?*

Item 4: Property Description and Location

Item 20: Environmental Studies, Permitting and Social or Community Impact

Yes, the current environmental disclosure requirements are adequate, although reliance on (or the mandatory involvement of) environmental experts could be helpful, especially in situations where properties are earlier stage and there is little information likely available.

29. *Do you think the current social disclosure requirements under Items 4 and 20 of the Form are adequate to allow investors to make informed investment decisions? Why or why not?*

It depends on the phase of the project. If disclosure predates the completion of studies, it could be premature. At an early stage, it should suffice to list the environmental studies being conducted or planned.

30. *Should disclosure of community consultations be required in all stages of technical reports, including reports for early-stage exploration properties?*

Community consultations are often conducted under confidentiality. Inappropriate disclosure – especially in early-stages – could damage community relationships, especially with Indigenous peoples.

At an early stage, any required disclosure should be limited to stakeholder mapping and analysis, and engagement or consultation plans. However, projects should be encouraged to voluntarily disclose more on agreements or negotiations when deemed appropriate.

J. Rights of Indigenous Peoples

- 31. What specific disclosures should be mandatory in a technical report in order for investors to fully understand and appreciate the risks and uncertainties that arise as a result of the rights of Indigenous Peoples with respect to a mineral project?*
- 32. What specific disclosures should be mandatory in a technical report in order for investors to fully understand and appreciate all significant risks and uncertainties related to the relationship of the issuer with any Indigenous Peoples on whose traditional territory the mineral project lies?*
- 33. Should we require the qualified person or other expert to validate the issuer's disclosure of significant risks and uncertainties related to its existing relationship with Indigenous Peoples with respect to a project? If so, how can a qualified person or other expert independently verify this information? Please explain.*

MABC believes these are commercially sensitive and confidential ongoing discussions between Indigenous nations and proponents. Furthermore, disclosure on this matter should be voluntary and limited to verifiable facts. MABC does not support a subjective approach to quality of relationships or the use of qualified people to assess this.

MABC would oppose any mandatory disclosure of discussions a company may be having with Indigenous communities, as some communities deem these discussions to be confidential and it would create additional risks if disclosure was required.

It could be helpful to include possible accommodations for Indigenous Peoples and the relevant Crown's commitment to implementing the United Nations Declaration on the Rights of Indigenous Peoples and how such rights interact with a project. However, this should not be mandatory, especially as it relates to the Crown's constitution obligations to consultation with Indigenous peoples.

Most often, the Crown has the repository of information relating to claims, which it does not adequately, or if at all, share with proponents. Good practice would be for a proponent to disclose the extent that the property is in treaty area or within the claimed territory (based on the federal ATRIS database of Indigenous Peoples).

Indigenous relations are an evolving and important aspect of mine development and are a much more subjective matter than other more objective technical and scientific areas required within NI 43-101. This area of law is dynamic; therefore, precision is not a possible or an advisable standard. Furthermore, the environmental and impact assessment processes is the focus for most of these discussions and many projects may not be at this stage making it difficult for a company to disclose relationships when still at the proposal stage.

K. Capital and Operating Costs, Economic Analysis

34. Are the current disclosure requirements for capital and operating costs estimates in Item 21 of the Form adequate? Why or why not?

Item 21: Capital and Operating Costs

MABC believes cost changes can occur for many reasons over the lifetime of a project that are not necessarily captured in a technical report. The report already requires a summary of expenses, and any additional detail will likely not accurately reflect true costs over time.

35. Should the Form be more prescriptive with respect to the disclosure of the cost estimates, for example to require disclosure of the cost estimate classification system used, such as the classification system of the Association for the Advancement of Cost Engineering (AACE International)? Why or why not?

There are many reasons costs vary, especially when working across different jurisdictions. There are already best practices followed by the mining sector for laying out cost estimates at various levels. That said, it can be beneficial for shareholders to understand the basis of the costs estimates and accuracy. It is important to remember that economic assumptions for disclosing mineral resources do not have to be supported by engineering studies but must be reasonable. Requiring proponents to follow industry classification systems might impose an unrealistic level of detail for reporting resources.

36. Is the disclosure requirement for risks specific to the capital and operating cost assumptions adequate? If not, how could it be improved?

The Form already requires the QP to assess any foreseeable impacts of the risks and uncertainties to the project's economic viability or economic viability. However, it would help to have additional risk disclosure requirements related to the capital and operating cost assumptions – the requirement to provide various scenarios with several variables as inputs could help an investor better understand how the economic viability of a project may change over time.

37. Are there better ways for Item 22 of the Form to require presentation of an economic analysis to facilitate this key requirement for the investing public? For example, should the Form require the disclosure of a range of standardized discount rates?

Item 22: Economic Analysis

Provide an economic analysis for the project that includes

(a) a clear statement of and justification for the principal assumptions;

(b) cash flow forecasts on an annual basis using mineral reserves or mineral resources and an annual production schedule for the life of the project;

- (c) a discussion of net present value (NPV), internal rate of return (IRR), and payback period of capital with imputed or actual interest;*
- (d) a summary of the taxes, royalties and other government levies or interests applicable to the mineral project or to production, and to revenue or income from the mineral project; and*
- (e) sensitivity or other analysis using variants in commodity price, grade, capital and operating costs, or other significant parameters, as appropriate, and discuss the impact of the results.*

Yes, it would be helpful to have requirement to provide additional sensitivities for different variables as inputs, such as discount rate, which could help an investor better understand how the economic viability of a project may change (at times without large changes in input requirements).

L. Other

38. *Are there other disclosure requirements in NI 43-101 or the Form that we should consider removing or modifying because they do not assist investors in making decisions or serve to protect the integrity of the mining capital markets in Canada?*

MABC has no input on this question.

Conclusion and Summary of MABC Comments

MABC appreciates the opportunity to provide our comments on the CSA Mining Group's Consultation Paper for NI 43-101. The current requirements of NI 43-101 generally provide clear expectations for the creation of robust market reporting. We note some modest suggested improvements arise from MABC's answers to questions within the Consultation Paper:

- Operating producers do not have to disclose financial information, which can lead to overly promotional reports by some smaller companies. Requiring full financial disclosure for all operating companies would set a positive, transparent, and beneficial standard for the mining sector.
- There is considerable duplication throughout the reporting process – streamlining certain sections would create more uniform reports, make it easier for the regulator to sample and provide better - and likely more transparent - protection for investors.
- As the regulatory process evolves, different types of scientific and technical information are required and there is increasing reliance on qualified persons to sign-off on reports. MABC believes that internal qualified persons often bring the best professional perspective on technical and scientific data.

- MABC would oppose any mandatory disclosure of discussions that a company may be having with Indigenous communities, as some communities deem these discussions to be confidential and it would create additional risks if disclosure were required.
- Indigenous relations are an evolving aspect of mine development and are a much more subjective matter than other more objective technical and scientific areas required within NI 43-101. Disclosures should also capture that this area of law is dynamic, therefore precision is not a possible or an advisable standard.

If you or your officials have any questions or would like to discuss our submission, please don't hesitate to contact me or Tim McEwan, MABC's Senior Vice President, Corporate Affairs.

Sincerely,



Michael Goehring
President and CEO

CC: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Quebec 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
Service Newfoundland, Office of the Superintendent of Securities
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Nunavut Securities Office