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### **Re: Consultation on National Instrument 43-101 - Standards of Disclosure for Mineral Projects**

The Prospectors and Developers Association of Canada (PDAC) is the voice of Canada's mineral exploration and development community, representing nearly 1,000 companies and over 6,000 total members. PDAC takes an active role in regulatory and policy initiatives that shape the mineral industry, which is the largest cohort of public issuers in Canada, accounting for 1/3 of all companies listed on the TSX and TSXV exchanges.

National Instrument 43-101 is a foundational element of Canada's capital markets and is the most comprehensive mineral industry disclosure framework in the world. Ensuring that NI 43-101 evolves in step with industry and investor best practices requires periodic review and PDAC is keen to be an active stakeholder for securities regulators through this consultation and implementation of any potential updates. Below we outline a number of high-level considerations for CSA based on feedback from our various committees that preface our responses to the consultation questions, which are contained in the attached *Appendix A*.

***QP Competency and Judgment:*** Many of the questions in the consultation paper surround elements of professionalism and integrity of the Qualified Person (QP) and the ability of a QP to rely on their own professional judgement in fulfilling NI 43-101 requirements. We wish to emphasize that QPs in Canada are accredited professionals who belong to respected professional associations and must adhere to technical and ethical standards. While it is the responsibility of CSA to enforce securities regulations, notably it is the responsibility of professional associations to determine best practice standards for their members.

***Avoid Excessive Prescriptiveness:*** The mineral industry is very diverse, and each project has unique characteristics. In this context, prescriptive guidance can limit a QP's ability to perform their duties as they see fit based on professional assessment. Notably, Canadian Institute of Mining, Metallurgy and Petroleum (CIM) apply a number of principle-based best practice guidelines to avoid being overly prescriptive and we suggest CSA should take a similar approach with compliance standards.

***Maintain the Preliminary Economic Assessment (PEA):*** The consultation asks about the level of precision in a PEA and if disclosure of cost parameters in a PEA should expand. We wish to emphasize that a PEA is a



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necessary step for a public issuer to determine if a project warrants continued investment and advancement to the next scoping stage; to provide strategic guidance for a company and its investors rather than outline precise assumptions. Detailed cost parameters applied in a PEA are very likely to change materially if a project moves to the prefeasibility and feasibility stages and we think investors would realize greater benefits from being able to better benchmark any given scoping study with other comparable projects.

**Improve SEDAR:** Modernizing and improving SEDAR is the most efficient way to enable investors compare costs and other data, as a wealth of comparative information already exists within the platform but access and data mining capabilities remain limited. Rather than imposing extra third-party costs on issuers that will come from expanding technical reporting, CSA's first step should be to develop a digital filing system for SEDAR to enable the end user to do efficient comparative analysis (e.g. production scale, capital and operating costs, metal prices, etc.).

**Operate According to Official Policies:** Our members have shared concerns (both issuers and companies that produce technical reports) about the application of unofficial policies by CSA in auditing technical reports on an ongoing basis. For example, there is no regulation that precludes a PEA from being acceptable for a project that has a current and valid reserve estimate and this is logical given the often-circular nature of mineral resource projects during exploration. However, anecdotal evidence suggests that PEAs have been disqualified for this very reason. We recommend that CSA refrain from employing such practices, and in all relevant instances, clarify official policies.

**Technical reports should remain in the technical realm:** The primary purpose of a technical report is to provide investors with information on technical areas such as geology, metallurgy, engineering and logistics to use in assessing value and to inform investment decisions. This consultation asks about expanding technical reporting requirements into areas that go beyond the technical realm i.e. increasing the level of social, community and indigenous engagement disclosures (Questions 28-33). We maintain that NI 43-101 holds the most value by remaining technical in scope, there are items within the instrument that require companies to disclose any material risks related to environment and social matters and there are a multitude of other regulations and disclosure standards that address non-technical matters.

In the accompanying *Appendix A* we provide responses to the consultation questions that reflect diverse perspectives from issuers, investors and other professionals who make up PDAC committees.

We welcome continued engagement with CSA as this consultation progresses. Please contact Jeff Killeen, PDAC's Director, Policy & Programs ([jkilleen@pdac.ca](mailto:jkilleen@pdac.ca)) if there are questions or clarifications required for the content in this letter.

Sincerely,

***Lisa McDonald***

Executive Director

Prospectors & Developers Association of Canada



## **APPENDIX A: DETAILED ANSWERS TO CONSULTATION'S 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.

**PDAC response:** Yes. When combined with all other required public issuer disclosures, the Form contains sufficient technical information for pre-mineral resource stage projects to inform investment decisions. CSA's staff should remain vigilant in enforcement against bad actors and consider providing additional guidance to issuers based in part on incremental insight that reflects on relevant regulatory decisions (i.e. publish CSA comment and issuer response letters on SEDAR).

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? which stages of mineral projects could this alternative be appropriate, and why?

**PDAC response:** Yes. We think technical information can come in a condensed form in continuous disclosure documents, such as a public news release, where a Qualified Person is responsible for any of the included technical information. Investor protections can remain stringent with greater flexibility to use condensed formats given the broad accessibility of publically disclosed information via digital platforms. Accessibility would improve greatly if CSA advances the search and data access capabilities of SEDAR to a modern standard (See our response to questions 34-36). Such an approach could be much more cost-effective and less burdensome, especially for small issuers, and have a more positive overall result on investor protection.

CSA should also consider developing a more "educative" overview of Technical Reports of various types that cover context and scope, as well as to clarify the meaning of key terms and concepts for general investors. This should be done particularly when CSA mining staff are making interpretations of rules and guidance in NI 43-101 or using CIM guidance documents as extensions of the rules.

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

**PDAC response:** A condensed format may be appropriate for companies of all sizes, ranging from pre-resource to seasoned mining company. The method of disclosure should be at the determination of the issuer and the Qualified Person responsible for all contained technical information.

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



**PDAC response:** Generally, priority should remain on evolving NI 43-101 in-step with Canadian industry and investor best practice to ensure the Instrument remains the leading global form of disclosure for the mineral industry. CSA should continue to rely primarily on other organizations such as CRIRSCO to monitor and consolidate various international forms of reporting. However, CSA should commit to periodic jurisdictional scans to ensure Canadian markets remain competitive with other major exchanges.

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

**PDAC response:** CSA is generally aware of the relevant global standards such as JORC in Australia, S-K 1300 in the United States, PERC in Europe and SAMREC in South Africa. In particular, S-K 1300 administered by the SEC for QP certification by third party firms rather than requiring individual certification, which can provide more cost-effective disclosure of technical information without negatively affecting the content. CSA should also monitor methodology and definitions referenced in resource categorization and scoping studies to allow for greater alignment where applicable. One specific item CSA should consider in that regards is the removal of the independence requirements, which does not exist in any other jurisdiction (See our response to question 18 for further rationale).

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.

**PDAC response:** CSA should maintain the 45-day filing period. While we see potential for reducing the timeframe to allow market participants to assess technical reports in closer alignment with the release of material information, we also appreciate timing constraints that may be involved in getting the technical report ready for filing in the 45 days allowed. Removing this period e 45-day filing period would more likely inhibit timely disclosure of material information since the information would have to remain confidential until the technical report is ready to be filed. PDAC highly encourages members to disclose material technical information to the public via news release only after a draft technical report has been furnished for a respective project.

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?

**PDAC response:** We believe that a physical site visit should remain a mandatory part of a Qualified Person (QP) satisfying the personal inspection requirement. Despite increased technological capabilities for a QP to inspect and review site-based materials remotely, there is still an inherent risk that information could be altered without the QP's direct knowledge. That said, in certain circumstances the requirement could be less prescriptive and allow for technological access where a QP has conducted a previous visit to the same site and has prior familiarity with all relevant information.

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?



**PDAC response:** A clear description of what technologies were relied upon and for what purposes should be a required disclosure. If available, any verifiable recordings, certifications, data logs etc. should also be included in required disclosure.

### **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?

**PDAC response:** The existing definition and disclosure requirements are adequate.

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?

**PDAC response:** Item 12 of the form can be improved by requiring each qualified person who has conducted data verification to outline the general verification steps taken in place of noting QP reliance on 'industry standards'.

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?

**PDAC response:** No.

### **C) Historical Estimate Disclosure Requirements**

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

**PDAC response:** Yes.

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

**PDAC response:** Yes. Making section 2.4 more prescriptive would not have any effect on the nature of the results and CSA is sufficiently empowered to respond if estimates are misrepresented in the public domain.

### **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?

**PDAC response:** No. the Preliminary Economic Assessment (PEA) is not supposed to be as precise as other, more advanced studies. Rather, the purpose of the PEA is providing both the company and investors with



an initial evaluation that reflects the exploration methods and potential future development schemes to justify continuing forward with exploration work and advancing the project towards scoping studies with higher confidence levels and greater accuracy.

While we appreciate that operating, capital costs and other key assumptions can differ significantly from a PEA to more advanced scoping studies, a preliminary assessment is a logical step in providing the market with an assessment of potential asset value. As mineral exploration projects have significant variability introducing further prescriptive requirements to the PEA would likely lead to increase burden for issuers without substantially affecting investor protection. Instead of asking the issuers to be more prescriptive in their cost estimation disclosures, CSA should improve the search and data access capabilities of SEDAR to a modern standard (See our response to questions 34-36).

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?

**PDAC response:** Yes, 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 PEA. In particular, paragraph (a) includes a requirement to inform investors that the PEA is preliminary in nature and includes inferred resources, which are too speculative to have the economic considerations applied to them. Given that a PEA is not meant to be a precise scoping study and may include parameters that change materially over time, we think this cautionary statement is sufficient.

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?

**PDAC response:** No. As expressed in other parts of this consultation, we do not think that independence requirements need enhancement, as this would only lead to significant increases in costs for issuers without adding to investor protection, putting Canada in a competitive disadvantage to other capital marketplaces such as in the U.S. and Australia.

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

**PDAC response:** No. Companies should be able to establish new PEA, even if there is a reserve estimation in place as mineral exploration is not a linear process. The nature of the mineral development sequence can be cyclical, and companies should be permitted to conduct new scoping work in support of a new PEA even if more advanced studies were previously conducted as underlying socio, economic or other factors change over time that may affect the trajectory of a project. In general, we believe that providing more disclosure and clarifying its context, rather than restricting the information, is a better approach to investor protection.



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.

**PDAC response:** Yes. The presence of minerals that could be considered by-products does not directly equate to economic recoverability. Hence, by-products should not be included in cash flow models unless sufficient sampling and analysis to determine the grade and continuity of the by-products, and at least preliminary metallurgical test-work to preliminarily assess recoverability.

#### 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.

**PDAC response:** Yes, the QP definition needs to be clarified. In particular, it is not clear from the definition when the measurement of the 5-year period of professional experience begins. The Companion policy's reference to 'professional-level experience' can be misinterpreted and should be clarified in the instrument. PDAC points to the submission provided by Geoscientists Canada that provides clear recommendations on reference language and administration of the definition of a qualified person.

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?

**PDAC response:** No. We recommend that geoscientists and engineers should be the only disciplines recognized as Qualified Persons. However, CSA should look to expand the carve-outs set in Item 3 of the F1 Form to allow QP reliance on a broader suite of experts from what is currently permissible to include disciplines that can address areas such as social, environmental, political, and Indigenous traditional knowledge considerations, as well as experts in aspects related to relevant infrastructure and logistics.

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

**PDAC response:** Instead of clarifying the independence requirement, we think CSA should consider removing it altogether. Often the most knowledgeable person regarding the information on the property is the employee of the issuer that has been working on the project and has observed how the data was collected and how the interpretations have evolved. QPs are members of a professional association and are required to maintain integrity and professional standards whether independent or not. Lastly, it is important to note that no other mining jurisdictions have independence requirements under securities regulation, and having that requirement without clear evidence of investor benefit diminishes the competitiveness of Canadian financial markets as the top destination to raise capital.

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



**PDAC response:** No. Disqualifying directors and officers from authoring reports when independence is not required will create significant impediments availability of professionals and undoubtedly add extra costs. The reports include a statement of non-independence when relevant to provide clarity to the market and inform investment decisions. It is also worth noting that if a person is a QP, they are subject to sanctions by the professional association, which provides an additional safeguard for investors.

#### 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?

**PDAC response:** No. There should not be prescriptive definition for current personal inspection, since every mineral project is unique in nature. Such a definition may limit the work practice of QPs and their ability to evolve in-step with industry best practice. In our view, the elements of the “current personal inspection” should be based on accepted practices as defined by the professional associations and CIM, and be determined by the QP, not by the CSA.

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?

**PDAC response:** No. Each QP has to adhere to an integrity standard, and as such, a professional in charge of a mineral resource estimate should be able to rely confidently on another QP opinion. Forcing redundancy in this regard will lead to increased issuer cost without any significant investor benefits.

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?

**PDAC response:** No, for the same reason outlined in the response to question 21 above.

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

**PDAC response:** Subsection 6.2(2) should not be removed. First, PDAC’s opinion is that the items listed in paragraphs (a) and (b) are valid reasons. Second, while a QP would ideally conduct a site visit, a visit to the site may be unnecessary or not possible to conduct at a certain point in time, and explaining these reasons is the purpose of paragraph (c).

#### 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?

**PDAC response:** CSA should consider additional sources of information in Section 3.3 such as via satellite or drones’ technology, X-Ray Fluorescents (XRF) and new analytical assay methods.





## 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.

**PDAC response:** No. In our view, there is no need to require specific disclosure of reasonable prospects for eventual economic extraction. As noted in previous responses (e.g. to questions 5, 11 and 20), CSA should avoid being overly prescriptive in the reporting scheme to respect the diversity of the industry and the nature of mineral projects in order to enable flexibility of the QP. This decision is made by a QP based on the deposit type and the stage of property's evaluation, among other considerations.

We also highlight our response to questions 34-36, where we point to improving the comparability function of SEDAR to provide better benchmarking information, including costs related to the prospects for eventual economic extraction, to both investors and issuers.

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?

**PDAC response:** No. Different QPs may be responsible for different pieces of a technical report in which they have specific expertise. A QP completing a mineral resource estimate may not have the needed expertise to conduct all data verification, or review of quality assurance, quality control and chain-of-custody processes but they should have the ability to rely on other QPs to provide this assurance. In addition, it is important to note that as opposed to how this question is phrased, QPs are not responsible for the information used but rather they are responsible for their opinion on the usefulness of the information on the property.

- 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 QA/QC information is no longer available to the current operator. Why or why not?

**PDAC response:** We recommend maintaining the current provision for legacy data. A QP should be solely responsible for their opinions regarding the use of legacy data and not for verification of data collection.

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

**PDAC response:** Risk disclosures in various continuous disclosure documents (including the technical reports) have generally become excessively long, overly generic and, as a result, less effective for investors. Therefore, we recommend that CSA focus efforts on improving the capabilities of SEDAR as an analytical tool to allow investors to map and compare project risk and incorporate it into their investment decisions.

## 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?

**PDAC response:** Yes, we think the current environmental disclosure requirements under Items 4 and 20 of the Form are adequate. The intent of the Report is to cover technical aspects of a project within a certain timeframe and investors should look to other forms of public disclosure to ensure they are fully informed on environmental factors that may affect the project. Notably, companies are required to follow strict regulatory processes and disclose any material information related to such processes to the public and adding disclosure requirements to NI 43-101 is likely to result in higher costs and burden for issuers without adding to investor protections.

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?

**PDAC response:** Yes. See rationale in response to Q28.

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

**PDAC response:** No. PDAC works to foster collaboration, elevate the importance of Indigenous and community consultation, and encourage members to engage from the very earliest stages of exploration and remain so throughout a project's life cycle. The vast majority of mineral industry issuers in Canada take this 'early and often' approach in their engagement. However, we suggest that disclosure of community consultations is outside of the technical realm and therefore not appropriate to include within the NI 43-101 framework beyond the areas in Item 14, 15 and 25, where material risks must be disclosed. This rationale aligns with our response to questions 28. Moreover, a technical report is a snapshot in time that represents the activities up to the effective date of the technical report. It may remain current for an extended period whereas community consultations are likely to be continuously active. As such, there are better methods of disclosure for issuers with respect to community consultations.

## J) Rights of 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?

**PDAC response:** There should be no additional mandatory disclosures added to the technical report that relate to the rights of Indigenous Peoples. If there are any risks or uncertainties that arise with respect to Indigenous engagement or the rights of Indigenous Peoples that are material for a project, the company is already required to disclose it in the relevant parts of risk disclosure (i.e. paragraph (d) in Items 14 and 15 and 25 of the 43-101F1 Form). As stated previously, the technical report should remain focused on disclosure of information that exists within the technical realm and requiring disclosure in a technical report could be counterproductive to engagement and relationship building.



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?

**PDAC response:** As per our response to Question 31, there should be no prescriptive disclosure requirements beyond the material risk disclosure required in Items 14 and 15 of the Form. Taking an overly prescriptive approach in requiring relationship details to be disclosed to the public could put relationship-building efforts between issuers and Indigenous Peoples and communities at risk, particularly if there are differing interpretations on disclosure details. This would be counteractive to the overarching goal of fostering greater collaboration and engagement between the mineral industry and Indigenous in Canada.

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.

**PDAC response:** No, due to a rationale similar to the one expressed in response to questions 31 above.

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

#### **PDAC response to questions 34-36 above:**

Detailed information on capital and operating costs estimates is important for economic analysis and evaluation of a mineral project. Specifically, we think requiring clarifying references within "major components" in Item 21 will help to improve disclosures. In addition, we think investors should have the ability to understand the basis for cost estimates, and have an easy way to compare/benchmark the costs to these of similar projects.

However, instead of putting the onus on issuers to provide benchmarking data, we recommend that CSA work to improve SEDAR as an analytical tool. Today, the information is not easily accessible, is not comparable from project to project in a practical way and helping investors to benchmark various components of the report is within CSA's purview.

In this context, a recommended first step could be to create a digital filing system, instead of in PDF format. This would enable SEDAR to provide enhanced analytical and query functions, such as the ability to compare costs of similar projects based on selected criteria.



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?

**PDAC response:** As a general rule, the technical report should remain technical in nature and there should be flexibility in how issuers disclose economic analysis given the amount of variation that exists within mineral projects. We support the proposal for the Form to include a range of standardized discount rates, however, CSA must outline rationale that clearly conveys why the range has been selected.

#### 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?

**PDAC response:** We'd like to add here comments regarding two aspects related: 1) consent by non-author QPs; 2) triggers for updating technical reports. Addressing these two aspects will streamline financing efforts without a negative impact to protection of investors in the Canadian mineral sector.

##### 1) Allowing consent by non-author QPs:

We'd like to reinforce here our comment to questions 6 in CSA's public consultation published on May 20, 2021 that addresses various aspects related to continuous disclosure. We'd like to reinforce the notion that for the purpose of short form prospectus offering, CSA should allow consent for NI 43-101 technical report also from non author QPs.

Consent from an author QP should ideally be obtained by an issuer to support a short form prospectus filing, however, as long as an issuer has disclosed all relevant changes and material information through the continuous disclosure regime, consent by a non-author QP should not negatively impact investors. A non-author QP is most commonly the person managing exploration and will be most familiar with both previously filed technical reports and the current technical status of a project. As noted a number of times throughout this consultation, QPs have professional and ethical standards that they must follow and are tasked with providing unbiased professional opinions.

Allowing non-author QP will not diminish investor protection and will help to streamline the financing process without tampering investor

##### 2) Streamline the triggers for updating technical reports

Under National Instrument 43-101, when a preliminary prospectus, a rights offering or an annual information form (AIF) is filed, if new material information about a project is disclosed, companies must file an updated technical report in order to complete the financing.

With a short form prospectus, the trigger for a new technical report is higher and limited to a first time disclosure or material change to reserves/resources and/or the result of a Preliminary Economic Assessment (PEA). However, completing a short form prospectus requires a current AIF to be filed, which often triggers the lower NI 43-101 threshold.



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Updating a technical report adds both cost and time to the financing process, which could result in missed opportunities to raise funds when market appetite permits. Given the threshold for materiality is unclear, uncertainty exists around when an update is required.

Therefore, to reduce the time and costs associated with a short-form prospectus we recommend that items (a), (e) and (f) from subsection 4.2(1) of NI 43-101 be altered so that:

- 1) a requirement for updated technical report would be materiality at the issuer level only (as opposed to the project level), and
- 2) only for first time disclosure of, or material change to, reserves, resources and PEA results will trigger the requirement to update a technical report, as is the trigger in items (b) and (j).