

Note: Comments from SAMREC/SAMCODES relating to CSA Consultation Paper 43-401 – *Consultation on National Instrument 43-101 Standards of Disclosure for Mineral Projects* are in RED text below.

CSA Consultation Paper 43-401 Consultation on National Instrument 43-101 Standards of Disclosure for Mineral Projects

April 14, 2022

Introduction

Canada plays a leading role in mining capital formation¹ and National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) is recognized globally as the preeminent standard for mineral project disclosure.

The purpose of this consultation paper (**Consultation Paper**) is to obtain feedback from stakeholders about the efficacy of several key provisions of NI 43-101, priority areas for revision, and whether regulatory changes would address concerns expressed by certain stakeholders. The information we gather will assist the Canadian Securities Administrators (**CSA** or **we**) in considering ways to update and enhance the current mineral disclosure requirements, to provide investors with more relevant and improved disclosure, and to continue to foster fair and efficient capital markets for mining issuers.

This Consultation Paper should be read together with NI 43-101 and Form 43-101F1 Technical Report (the **Form**). Unless defined, terms used in this Consultation Paper have the meanings given to them in NI 43-101.

The CSA are publishing this Consultation Paper for a 90-day comment period. In addition to any general comments that you may have, we also invite comments on the specific questions set out in the Consultation Paper.

The comment period will end on July 13, 2022.

Current Framework

Summary

¹ In the year ended December 31, 2020, S&P Global Market Intelligence reported that over 50% of global mining capital formation by public mining issuers emanated from Canada.

NI 43-101 governs disclosure of scientific and technical information concerning mineral exploration, development, and production activities by mining issuers for a mineral project on a

property material to the issuer. The disclosure, whether oral or written, must be based on information provided by or under the supervision of a qualified person, and specified terminology is required when disclosing mineral resources and mineral reserves. NI 43-101 also requires a mining issuer to file a technical report at certain times, using the prescribed format of the Form, prepared by one or more qualified persons who may need to be independent of the issuer and the mineral property.

The intended audience of a technical report is the investing public and their advisors who, in most cases, will not be mining experts. The technical report should include sufficient context and cautionary language to allow a reasonable investor to understand the nature, importance and limitations of the data, interpretations and conclusions summarized in the report.

History

NI 43-101 was first adopted in 2001, and most recently amended in 2011 when the CSA adopted new versions of NI 43-101, the Form and the Companion Policy 43-101CP to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (the **Companion Policy**) that:

- eliminated or reduced the scope of certain requirements,
- reflected changes that had occurred in the mining industry,
- provided more flexibility to mining issuers and qualified persons in certain areas, including to accept new foreign professional associations and designations, and reporting codes as they arise or evolve, and
- clarified or corrected areas where the previous disclosure requirements were not having the effect we intended.

Since NI 43-101 was last revised in 2011, the mining industry has experienced market highs and lows and has seen numerous changes, including:

- an update by the Canadian Institute of Mining, Metallurgy and Petroleum (**CIM**) of the CIM Definition Standards for Mineral Resources and Mineral Reserves (**CIM Definition Standards**) and the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (**CIM Best Practice Guidelines**),
- emerging demand for commodities related to the growth in green energy and carbon neutral initiatives,
- increased investor awareness of the risks related to mineral project development, including demand for information about the environmental and social impacts, and
- an overhaul by other influential mining jurisdictions (including Australia and the United States) of their mineral resource/mineral reserve reporting codes and associated disclosure standards, including updates to the Committee for Mineral Reserves International Reporting Standards (**CRIRSCO**) template, which is the established international standard for the public reporting of exploration targets, exploration results, mineral resources and mineral reserves.

Since 2011, the CSA has continually monitored the mineral disclosure requirements in NI 43101, and gathered data evidencing deficiencies identified through continuous disclosure reviews, prospectus reviews, and targeted issue-oriented reviews (collectively, **Mining Reviews**). These deficiencies include:

- qualified persons failing to properly assess their independence, competence, expertise or relevant experience related to the commodity, type of deposit or the items for which they take responsibility in technical reports,
- poor quality of scientific and technical disclosure in technical reports for early stage exploration properties for new stock exchange listings,
- inadequate mineral resource estimation disclosure, including disclosure related to reasonable prospects for eventual economic extraction,
- misuse of preliminary economic assessments, and
- inadequate disclosure of all business risks related to mineral projects.

Consultation Questions

A. Improvement and Modernization of NI 43-101

The disclosure items in the Form have generally remained unchanged since NI 43-101 was adopted in 2001, with some reorganization for advanced stage properties in 2011.

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.

- **No set of guidelines can fully protect every investor situation. Investors should be astute enough or employ professionals to advise them on these potential investments.**
- **A note of concern has been raised that the details that some companies feel they need to disclose in order to meet the disclosure requirements may be loss of their intellectual property. The reluctance is real that by disclosing aspects of a project, the company may be allowing competitors to access information that will give the competitor an advantage that should not be allowed. Incomplete disclosure may result in a company losing the competitive edge the investor would be investing in.**

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?

No, the current format is well understood and covers the majority of the readers. New regulations won't change the bad reporting. Need more policing.

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

3. a) Should we consider greater alignment of NI 43-101 disclosure requirements with the disclosure requirements in other influential mining jurisdictions?
Yes, CIM needs to be better aligned with the other CRIRSCO Codes.
- b) If so, which jurisdictions and which aspects of the disclosure requirements in those jurisdictions should be aligned, and why?
All the CRIRSCO Codes – AS a CIM Code there are aspects that need better alignment.
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.

The time should be reduced. The reporting should be complete prior to the announcements. In writing the final report aspects do come to the fore that alter the original declaration.

In recent years, CSA staff have observed mining issuers making use of new technologies to conduct exploration on their properties, including the use of drones. During the COVID-19 pandemic, we received inquiries from qualified persons about the possible use of remote technologies to conduct the current personal inspection.

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?
Remote visualisation can add to the expert in conducting a site inspection. Aspects not immediately in view are lost e.g. access to the site. The agenda can be driven by the operator on site who may restrict certain views and so dictate the view provided by a remote.
- 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?
The QP must still decide. Guidelines may exist that indicate when safety is an issue whether through a disease or security. The QP may be able to consider other options. The use of a recorded view should not be allowed as they could have been extensively edited. A live view with the QP dictating the views that need to be seen is required.

B. Data Verification Disclosure Requirements

Mineral projects commonly pass through the hands of several property holders, each generating exploration and drilling data. Using data collected from former operators prior to the current issuer's involvement in the project (**legacy data**) may be legitimate, but this data needs to be carefully verified, and transparently documented in technical reports. CSA staff see inadequate data verification disclosure at every project stage, from early stage exploration properties to feasibility studies.

Describing sample preparation, security, analytical procedures, and quality assurance/quality control (**QA/QC**) measures is critical to an understandable mineral resource estimate. Qualified persons must state their professional opinion on those processes, explain the steps they took to verify the integrity of the data, and state their professional opinion whether the data suits the purpose of the technical report. CSA staff emphasized these requirements in both CSA Staff Notice 43-309 *Review of Website Investor Presentations by Mining Issuers* and CSA Staff

Notice 43-311 *Review of Mineral Resource Estimates in Technical Reports (CSA Staff Notice 43-311)*.

Data verification as defined in section 1.1 and outlined in section 3.2 of NI 43-101 applies to all scientific and technical disclosure made by the issuer on material properties. For example, data verification:

- requires accurate transcription from the original source, such as an original assay certificate,
- is not adequate when limited to transcribing data from a previous technical report,
- is not limited to technical reports but also to other disclosure such as websites, news releases, corporate presentations, and other investor relations material, and
- is not limited to the drill hole database and must be completed for all data in a technical report.

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

- **It is clear.**
- **The overarching activity here should be for the QP to be able to confirm that the company is not being deceptive and to prevent potential fraud. The regulations should bear this in mind.**
- **The QP needs to be encouraged to use their own judgement and/or seek the opinion of experienced QPs.**
- **In all cases reference needs to be made to the protocols that were appropriate at the time of the data collection.**

Item 12: Data Verification of the Form addresses a core principle of NI 43-101 and is a primary function of qualified persons. Mining Reviews demonstrate that disclosure in this item is often non-compliant. For example, we do not consider any of the following to be adequate data verification procedures by the qualified person:

- QA/QC measures conducted by the issuer or laboratory; - **should be considered but not definitive**
- database cross-checking to ensure the functionality of mining software; - **Data shouldn't be a way to check the software – software should be reliable.**
- reliance on data verification by the issuer or other qualified persons related to previously filed technical reports; and **very very dangerous practice**
- unqualified acceptance of legacy data, such as disclosing that former operators followed “industry standards”. **should add requirement to check for data lost between previous and current owners/operators. Need to justify the industry standards otherwise too vague and open to abuse.**

In addition, qualified persons frequently limit data verification procedures to the drill hole data set, resulting in a general failure to meet the disclosure requirements of Item 12 of the Form, which apply to all scientific and technical information in a technical report.

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?
- **QP to use discretion .**
 - **It is too difficult to be prescriptive due to the vast scope of types of data, sources etc etc.**
 - **A prescriptive approach would not improve disclosure or the verification process.**
 - **It is noted that verification is supposed to root out data that is propmoth only one perspective and to prevent fraud being committed.**
 - **The QP should be encouraged to state the details and procedures used in the verifecton process and where appropriate highlight the associated risks with their mitigation strategies**
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, the inspection should be part of the verification process.

C. Historical Estimate Disclosure Requirements

In spite of extensive guidance in the Companion Policy, CSA staff see significant non-compliant disclosure of historical estimates. We remind issuers that non-compliance with section 2.4 of NI 43-101 can trigger the requirement to file a technical report under subsection 4.2(2) of NI 43101. Examples of non-compliance include:

- failure to review and refer to the original source of the historical estimate,
- failure to include the cautionary statements required by paragraph 2.4(g) of NI 43-101, or inappropriate modification of such statements,
- failure to include required disclosure of key assumptions, parameters and methods used to prepare the historical estimate, and
- inappropriate disclosure by an issuer of a previous estimate.

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

Yes. An experienced reader can't always claim ignorance in the risks associated with historical data.

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

No, the requirements will never be sufficiently clear. There will always be exceptions to the requirements or aspects not considered. If a QP wants to be fraudulent, he will find a way to get around virtually any regulations.

D. Preliminary Economic Assessments

The disclosure requirements for preliminary economic assessments were substantially modified in 2011, resulting in unintended consequences requiring additional guidance published in CSA Staff Notice 43-307 *Mining Technical Reports – Preliminary Economic Assessments* in August 2012.

Mining Reviews continue to show that preliminary economic assessment disclosure remains problematic for issuer compliance and, more importantly, is potentially harmful to investors. While the inclusion of inferred mineral resources is a recognized risk to the realization of the preliminary economic assessment, CSA staff's view is that the broad, undefined range of precision of a preliminary economic assessment also contributes to that risk. This range of precision is incongruent with one of the core principles of NI 43-101, which is that investors should be able to confidently compare the disclosure between different projects by the same or different issuers. In addition, CSA staff see evidence of modifications to cautionary language required by subsection 2.3(3) of NI 43-101 that render this provision less effective.

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?

- **No, even when claiming an accuracy, a judgement is required. It is not a perfect science.**
- **PEAs are abused – this is the practice that needs attention and the investor needs to be aware of the supporting information.**
- **The investor should be aware of the details of the PEA and should not be exonerated from their decisions ie they need to take responsibility for their decisions.**
- **The basis for a PEA is not always sound.**

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?

Yes, it is sufficient. Investors need to be aware of the risks in the industry, use of inferred resource and other aspects that may be included in a PEA but are not part of the requirements. Use of experienced advisors is recommended.

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?

No, independence is virtually impossible to define. The QP always gets paid and therefore has a potential interest in the results. Risk is small for ethical and moral practitioners.

In 2011, we broadened the definition of preliminary economic assessment in NI 43-101 in response to industry concerns that issuers needed to be able to take a step back and re-scope advanced properties based on new information or alternative production scenarios. In this context, the revised definition was based on the premise that the issuer is contemplating a significant change in the existing or proposed operation that is materially different from the previous mining study.

CSA staff continue to see considerable evidence of preliminary economic assessment disclosure, subsequent to the disclosure of mineral reserves, which is potentially misleading and harmful to investors. In many cases, issuers continue to disclose an economic and technically viable mineral reserve case, while at the same time disclosing a conceptual alternative preliminary economic

assessment with more optimistic assumptions and parameters. In many cases, the two are mutually exclusive options.

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

Yes, a PEA is pre-reserve reporting. Reserves require a PFS or LOM ie more demanding requirements than a PEA.

In some cases, issuers are disclosing the results of a preliminary economic assessment that includes projected cash flows for by-product commodities that are not included in the mineral resource estimate. This situation can arise where there is insufficient data for the grades of the by-products to be reasonably estimated or estimated to the level of confidence of the mineral resource. We consider the inclusion of such by-product commodities in the preliminary economic assessment to be misleading.

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.

Agreed – the reporting of by-products and deleterious elements should be at the same level as the primary metal. The cash flow should be supported by data at the same level in all respects.

E. Qualified Person Definition

CSA staff have substantial evidence that the current qualified person definition is not well understood, and have seen an increase in practitioners with less than 5 years of experience as professional engineers or geoscientists acting as qualified persons in technical reporting. CSA staff have directed many comments to issuers informing them that the qualified person does not meet the requirements of NI 43-101 in the circumstance under review.

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.

- **No, it is clear.**
- **The QPs assessment of their competence is self-regulating i.e. they call on their own competence**
- **A register of QPs should be avoided as it merely moves the responsibility from the QP to the person or body who deem the QP competent.**
- **Consideration needs to be made of other technical specialists and their taking of responsibility**

Currently, the qualified person definition requires the individual to be an engineer or geoscientist with a university degree or equivalent accreditation in an area of geoscience or engineering related to mineral exploration or mining.

The first and original NI43-101 issued on 1 February 2001 defined the QP thus:

"qualified person" means an individual who

(a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;

- (b) has experience relevant to the subject matter of the mineral project and the technical report; and**
- (c) is a member in good standing of a professional association;**

Note that by reformatting the QP definition in the first NI43-101 using bullet points and deleting the word ‘including’, the NI43-101 definition in 2001 is fundamentally changed from the original 1998 review document.

It is important that the word including is reinstated as currently any experience of 5 years can be grounds for being a QP whereas it should be relevant experience.

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?

Yes - SAMREC includes mine surveyors who have a certified mine surveyor qualified from the Minerals Council of South Africa. They have the experience required specifically in mineral resource management and provide much of the data used in mine planning and other aspects of mine operations. Other professionals can be QPs eg metallurgists, analytical chemists if they have sufficient experience in the aspects that are being reported.

Qualified person independence

The gatekeeping role of the qualified person is essential for the protection of the investing public. CSA staff see evidence of issuers and qualified persons failing to properly apply the objective test of independence set out in section 1.5 of NI 43-101. The Companion Policy provides certain examples of specific financial metrics to consider. This list is not exhaustive. There are multiple factors, beyond financial considerations, that must also be considered in determining objectivity, including the relationship of the qualified person to the issuer, the property vendor, and the mineral project itself.

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

Independence is virtually impossible to define. The commissioning agents should be required to conform the independence of the QP if relevant. I.e. move the responsibility to the commissioning agents e.g. the board of directors.

Named executive officers as qualified persons

CSA staff are concerned that the gatekeeping role of the qualified person conflicts with the fiduciary duties of directors and officers. We have seen situations where the self-interest of such individuals in promoting an attractive outcome for the mineral project overrides their professional public interest obligation as a gatekeeper.

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

- Yes, definitely in the case of projects.**

- **In the case of more mature/advanced projects and mines, the independence criteria may be different,**
- **Proper full transparency of the QP and their relationship to the company is required.**

F. Current Personal Inspections

The current personal inspection requirement in section 6.2 of NI 43-101 is a foundational element of the qualified person's role as a gatekeeper for the investing public. It enables the qualified person to become familiar with conditions on the property, to observe the property geology and mineralization, and to verify the work done on the property. Additionally, it provides the only opportunity to assess less tangible elements of the property, such as artisanal mining or access issues, and to consider social licence and environmental concerns. The current personal inspection is distinctly different from conducting exploration work on the property; it is a critical contributor to the design or review, and recommendation to the issuer, of an appropriate exploration or development program for the property.

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

Yes, inspections need to be within a reasonable time frame e.g. 6 months. Multiple inspections are better as the QP sees the project evolve.

CSA staff's view is that qualified persons must consider their expertise and relevant experience in determining whether they are suitable to conduct the current personal inspection. For example, geoscientists are generally not qualified to conduct elements of the current personal inspection related to potential mining methods or mineral processing. Similarly, engineers may not be qualified with respect to elements of the geoscience. In such cases, more than one qualified person may be required to conduct a current personal inspection, particularly for an advanced property.

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?

With sufficient experience other professionals can conduct the inspection. The QP to discern if another expert is capable or not.

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?

Certainly advisable but as per above other experts may be able to conduct the inspection appropriately. Probably a requirement when considering an operating mine.

We expect issuers to consider the current personal inspection requirement in developing the timing and structure of their transactions and capital raising. Subsection 6.2(2) of NI 43-101 does allow an issuer to defer a current personal inspection in limited circumstances related to seasonal weather, provided that the issuer refiles a new technical report once the current personal inspection has been completed. However, this provision has been used infrequently since it was

adopted in 2005. In rare circumstances where issuers do rely on this provision, CSA staff see significant non-compliance with the refiling requirement.

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

No however, there may be reasons why a site inspection is not possible e.g. war, security, health risk etc.

G. Exploration Information

CSA staff continue to see significant non-compliant disclosure of exploration information, including inadequate disclosure of:

- the QA/QC measures applied during the execution of the work being reported on in the technical report,
- the summary description of the type of analytical or testing procedures utilized, and
- the relevant analytical values, widths and true widths of the mineralized zone.

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

Yes, not possible to capture every circumstance. Discretion of the QP always required.

H. Mineral Resource / Mineral Reserve Estimation

In CSA Staff Notice 43-311 published in June 2020, a comprehensive review of disclosure in technical reports identified several areas of inadequate disclosure of mineral resource estimates.

Reasonable prospects for eventual economic extraction

CIM Definition Standards guidance states that a qualified person should clearly state the basis for determining the mineral resource estimate and that assumptions should include metallurgical recovery, smelter payments, commodity price or product value, mining and processing method, and mining, processing and general and administrative costs. Revisions to the CIM Definition Standards in 2014 and CIM Best Practices Guidelines in 2019 emphasized the requirement for the practitioner to clearly articulate these assumptions and how the estimate was developed.

Mining Reviews provide evidence of technical reports that lack adequate disclosure on metal recoveries, assumed mining and processing methods and costs, and constraints applied to prepare the mineral resource estimate to demonstrate that the mineralized material has reasonable prospects for eventual economic extraction.

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.

Yes, the basis for RPEEE should be disclosed to ensure that the declaration has RPEEE. Aspects to included should be revenue basis (price, recoveries, smelter recoveries), Opex

and capex, taxes, royalties etc. In some cases the details refer to adjacent mines – reference would still be required.

Data verification

Disclosure of a mineral resource estimate is a significant milestone for an issuer. CSA Staff Notice 43-311 noted that disclosure of data verification procedures and results was one of the weakest areas in the mineral resource estimate review, stating that in technical reports reviewed by CSA staff, more than 20% had incomplete disclosure concerning the qualified person's data verification procedures and results.

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?

Yes, some verification must be included otherwise the declaration is open to excessive abuse. The exact requirements are difficult to define and shouldn't be onerous in terms of cost and time ie resampling drill holes may be excessive.

- 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?

Yes, some verification should be undertaken. The exact details are very difficult to define. Data is frequently lost as a project is passed on from one operator to the next. Can recommend work such as twinning.

Risk factors with mineral resources and mineral reserves

Paragraph 3.4(d) of NI 43-101 requires issuers to identify any known legal, political, environmental and other risks that could materially affect the potential development of the mineral resources or mineral reserves. In addition, Items 14(d) and 15(d) of the Form require the qualified person to provide a general discussion on the extent to which the mineral resource or mineral reserve estimate could be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors.

Many technical reports only provided boilerplate disclosure about potential risks and uncertainties that are general to the mining industry. Failure to set out meaningful known risks specific to the mineral project make mineral resource and mineral reserve disclosure potentially misleading.

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

The generation of some ways to undertake a risk assessment may be useful – i.e. a guidance note.

I. Environmental and Social Disclosure

In recent years, CSA staff have seen an increase in public and investor awareness of environmental and social issues impacting mineral projects. Item 4: Property Description and Location and Item 20: Environmental Studies, Permitting and Social or Community Impact of the Form allow for disclosure of relevant environmental and social risk factors for the mineral project. However, these disclosure requirements related to environmental and social issues have remained largely unchanged since NI 43-101 was adopted in 2001.

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?

Yes, ESG aspects need to be fit for purpose. What may be used for an operating mine or to demonstrate sustainability may not apply to a mineral resource or reserve declaration.

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?

Probably not. Social aspects may need a bit more specification/example.

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

A summary of relevant information should be disclosed. Should be concise.

J. Rights of Indigenous Peoples

We recognize Indigenous Peoples to include First Nations, Inuit and Métis Peoples in Canada. We also recognize that issuers have projects in jurisdictions outside of Canada, and those jurisdictions will have Indigenous Peoples.

The unique legal status of Indigenous Peoples has received national and international recognition. For many projects, the rights of Indigenous Peoples overlap with legal tenure, property rights and governance issues. We believe that disclosure of these rights, and the Indigenous Peoples that hold them, forms an essential part of an issuer's continuous disclosure obligations.

Item 4 of the Form requires disclosure of the nature and extent of surface rights, legal access, the obligations that must be met to retain the property, and a discussion of any other significant factors and risks that may affect access, title, or the right or ability to perform work on the property. We are interested in hearing whether other disclosures should be included in the Form, or the issuer's other continuous disclosure documents, that relate to the relationship of the issuer with Indigenous Peoples whose traditional territories underlie the property.

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?

Nothing specific – should be covered by ESG discussions

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?

Nothing specific – should be covered by ESG discussions

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.

QP should if appropriate include these risks as risks.

K. Capital and Operating Costs, Economic Analysis

Capital and operating costs assumptions are integral to the financial and economic analysis of mineral projects. We see longstanding evidence, including industry-based case studies, of significant variance between disclosed cost estimates in technical reports and actual costs as projects are developed. This variance can have negative impacts on investors who rely on financial disclosure in technical reports.

Capital and operating costs

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

Yes, investors are typically in a better position to financial aspects. QPs may not have the financial background or experience to provide all the details investors may want. Not all investors want the same information so it is difficult to be prescriptive in terms of requirements.

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?

As per response for 34. QPs aren’t always capable of determining how these financial guidelines apply. There is enough difficulty in getting the CIM standards applied, maybe not a good idea to add additional standards for early projects. May be considered for advanced projects and operating mines.

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

The requirements are clear. Application may require a guidance note.

Economic analysis

As stated above, a core principle of NI 43-101 is to require disclosure that will allow investors to be able to confidently compare the disclosure between different projects by the same or different issuers. Standardized disclosure is fundamental to this principle.

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?

No, the form of analysis may not be a DCF as it is too early in the project life cycle.

Recommended to check sensitivity to discount rates, yes.

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?

- **The adding of additional regulations, disclosure requirements etc can be onerous and seldom improves the quality of work or catches poor practice. Poor practice need not be identified and pointed out what is sub-standard i.e. deal with the few bad occurrences rather than subject the whole industry to more regulation.**
- **It is not possible to fully protect investors. Investors need to be experienced enough to understand the projects and identify the risks.**

Comments and Submissions

We invite participants to provide input on the issues outlined in this Consultation Paper.

Please submit your comments in writing on or before July 13, 2022. Please send your comments by email in Microsoft Word format.

Please address your submission to all of the CSA as follows:

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

Office of the Superintendent of Securities, Service NL

Northwest Territories Office of the Superintendent of Securities

Office of the Yukon Superintendent of Securities

Nunavut Securities Office

Deliver your comments only to the addresses below. Your comments will be distributed to the other participating CSA.

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 Fax: 604-899-6616
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The Secretary
 Ontario Securities Commission
 20 Queen Street West, 22nd Floor
 Toronto, Ontario M5H 3S8 Fax:
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comments@osc.gov.on.ca

Me Philippe Lebel
 Corporate Secretary and Executive Director, Legal Affairs
 Autorité des marchés financiers
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 2460, boulevard Laurier, bureau 400
 Québec (Québec) G1V 5C1 Fax:
 514-864-8381
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We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at www.albertasecurities.com, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Questions

Please refer your questions to any of the following:

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