

To:

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

**Comments in respect of CSA consultation paper 43-101, dated 14 April 2022**

This submission is based on my personal opinions in respect of mineral reporting. Whilst I am Chair of the SAMCODES ESG Committee (SAMESG), these comments have not been debated in our committee and therefore reflect my personal professional opinion based on my experience as an ESG contributor to mineral reports.

Responses are provided to questions where I believe I am able to add value. Therefore not all consultation questions have been answered.

**Question 3a) and 3b)**

Many mining companies are listed across multiple stock exchanges. Whilst the various stock exchange listing requirements usually provide instruction on which mineral reporting code should be primarily used in order to meet the stock exchange disclosure requirements, misalignment between the various mineral reporting codes creates additional reporting burdens for companies. It may also result in information being disclosed in one jurisdiction and not in others.

Efforts to align the disclosure requirements between the dominant mining jurisdictions of Australia, South Africa and the USA would be an important starting point. In addition, the latest update of PERC could be considered as a reference. Many jurisdictions, in addition to CRIRSCO, are currently working on enhancing their disclosure requirements in respect of ESG and these particular elements should be aligned across all jurisdictions if possible.

**Question 5**

Personal inspections provide information that is not always obvious via document review and the application of innovative, remote technologies. Some project risks can only be detected through using human senses such as smell e.g. the odour of hydrocarbons may reveal major pollution incidents not otherwise disclosed or visible using drone technologies. Whilst the use of drones can play an important cost saving role in providing insight to a property and its context, it is not fully able to replace the value attained from travelling to and around a property in person. There may however be circumstances where a personal inspection is not possible. The risks of not undertaking

such an inspection by either the QP or a contributing author should be evaluated on a case-by-case basis and reasons for a lack of a personal inspection provided in the disclosure.

### **Questions 20, 21 and 22**

The qualified person accepting responsibility for the mineral resource estimate as well as subject matter experts (SMEs) who are contributing to a mineral report should be guided to consider the date and timing of the previous personal inspection undertaken by the other report author, the competencies of that person, the employment status of that person and the risks to the mineral resource report if a personal visit is not undertaken. If a contributor to a particular report (an SME and not the QP) or a previous QP who was employed by the same company preparing the current disclosure has visited a property recently (within the last 12 months for example) and there have been no or very limited subsequent physical changes undertaken on that property then that personal inspection may well be considered sufficient. Assumptions made by the QP in respect of this should be disclosed in their report.

A definition of a “current personal inspection” may therefore be a practical way to encapsulate the above. Considerations to include in such a definition would be:

- Applicable time period related to “current” e.g. is 6 months or 24 months adequate?
- Should the inspection be undertaken by the lead author of the current report or is a site visit by a QP from the same organisation (reporting organisation or consultant QP) acceptable?
- QPs should then be able to disclose, based on their assessment of the project risk, which disciplines attended a personal inspection, what these persons evaluated and the conclusions drawn as a result.

### **Question 25**

Determination of RPEEE (or RPEE as amended in some other CRIRSCO Codes) is an essential assessment that provides insight to the investor or reader of the report in terms of the likelihood of being able to extract a Mineral Resource. Whilst the supporting definition of a Mineral Resource is based on the RPEEE of a deposit, the form would benefit from reinforcing this as many authors of mineral reports may reference the Form without additionally consulting the definitions standards.

The Form could also benefit from being explicit about the need to specifically disclose the assumptions underlying the determination of RPEEE such that a reader of the report can make their own assessment as to whether or not the RPEEE is realistic from the perspective of the reader (as an example a mining company may consider it likely that permits are granted within a specific period of time and on this basis assume that they can demonstrate RPEEE. An investor, based on their own knowledge and experience, may consider the mining company’s assumptions optimistic or overly conservative and may arrive at a different opinion on the realistic prospects).

### **Question 27**

Disclosures about project risks will always be subjective, particularly when the likelihood and consequence associated with a risk are given ratings. However, there is value in a reader of a report being able to assess the risks that an author of a report has identified as being relevant to a property. Risk disclosures could be enhanced by requiring authors to provide sufficient contextual

information that has informed their identification of the risk (either in the same or cross-referenced sections of the report) so that the reader is able to evaluate this contextual information and draw their own opinions on the reasonableness and completeness of the risks identified by the qualified person.

### **Questions 28 and 29**

Item 4 could be improved by requiring the inclusion of contextual information that is relevant to the property location. Such contextual information may include the presence of sensitive habitats or species, proximity to protected or sensitive areas (including World Heritage Sites), water catchments, climatic conditions and predicted changes, proximity and demographics of nearby communities particularly indigenous communities, the location of environmental features on the property and adjacent properties, current land uses, land ownership including traditional ownership structures amongst many other considerations. Such information can be readily and easily obtained via desktop analyses and should be included in all mineral reports regardless of the level of geological certainty of the resource. The inclusion of fact-based contextual information can be reviewed by investors who can make their own conclusions as to the risks to the project as a result of the project location and context. Further improvements could include:

- 4(b) – the requirement for a map depicting the project location overlain on a topographical map of at least 1:50 000 scale;
- 4(d) – land tenure in addition to mineral tenure should be described including, where applicable, traditional land tenure arrangements / requirements. A requirement to specifically disclose the likelihood of physical and / or economic displacement of existing land owners and users should be included;
- 4(f) – the term liabilities implies that this would only be applicable in the case of a property where previous mining or other activities have taken place that have resulted in pollution. Properties that change ownership (particularly where the previous owners were mining companies) may also transfer commitments made by previous project owners. These need to be understood, evaluated and material commitments or agreements disclosed as failure to honour such commitments may result in reputational damage for the new developers.

Whilst not specified in this question, it is worth noting that additional environmental and social considerations should be included in Item 5. Examples could include:

- 5(a) – details of sensitive habitats and the presence or likely presence of species of conservation significance,
- 5(b) – means of access should describe both current and anticipated future access routes,
- 5(c) – the socio-economic context of such population centre of all sizes (including individual households) should be described,
- 5(d) – whilst current climatic conditions are relevant, there is growing demand for information on predicted changes to the local climate to be described. There should be a requirement here to do so,
- 5(e) – whilst typically contained within an environmental impact assessment process, disclosure of alternative considered in respect of the nature and location of mining associated infrastructure should also be required.

### **Question 30**

Disclosure of aspects of community consultations should be required for all stages of mineral reporting. These should not be verbatim extracts of minutes of community meetings but should rather be a comprehensive summary that provides details of which stakeholders were engaged (including all potentially interested and affected parties), what issues were raised by such stakeholders and details of how the company has or intends to respond. A requirement for disclosure of the mechanisms employed by companies to receive and address concerns raised by stakeholders should be included (e.g. the project's grievance mechanism). For projects where an EIA process has been undertaken, the results of the public participation processes associated with that could be cross referenced to where those can be accessed publicly e.g. on a specific website.

It is essential that engagements and the associated outcomes / commitments with stakeholders are recorded and transparently disclosed by project developers as this supports the development and maintenance of a social licence to operate. Clearly confidential information (e.g. value of financial commitments, personal details etc.) should remain confidential but investors need to understand what stakeholders opinions are of a project and what commitments have been made in response to these opinions.

### **Questions 31 – 33**

The current emphasis in Item 4 is on 'legal' rights. In certain jurisdictions indigenous people (and in fact some non-indigenous people) may not have legal rights but definitely have traditional rights that should be acknowledged (along with the implications of this on access to sites and social licence to operate). There needs to be greater recognition of the use of land and other natural resources within the project area of influence (which may extend beyond the concession boundary), by communities. Ties to land are strong with indigenous communities and this link and any risks to future development should be acknowledged as early as possible, along with how the way forward will be managed. Free, prior and informed consent (FPIC) should be the default for indigenous communities, with an if not why not statement given if that is not the case.

The validation of disclosures in respect of an issuer's relationship with Indigenous Peoples may not be practical. Transparent disclosures in a manner and language that is accessible to Indigenous Peoples should be required such that they, like other users of technical reports, can access the information disclosed by the issuer and express their opinion on this.

### **Questions 34 – 36**

Disclosure of capital and operating costs to manage environmental and social risks should be specifically required and to be included in the economic analysis. The assumptions made in respect of these costs (including the financial obligations to meet legally mandate mine closure bonding or financing requirements) should be integrated into the financial analysis. Where an issuer voluntarily subscribes to particular international performance standards, the costs associated with achieving compliance to such standards should be included in all project budgets as a demonstration that the project economics have been assessed comprehensively.

### **Conclusion**

As a participant in the CRIRSCO ESG Sub-Committee and Chair of the SAMESG Committee, I am available to discuss any queries in respect of my comments submitted here.

Kind regards

Teresa Steele-Schober

