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POLICY STATEMENT REPLACING COMPANION POLICY 43-101, *STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS*

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STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

This Policy Statement sets out the views of the Canadian Securities Administrators (the "CSA") as to the manner in which the CSA interprets and applies certain provisions of Regulation replacing regulation entitled National Instrument 43-101 and Form 43-101F1 (the "Regulation"), and how the securities regulatory authorities or regulators may exercise their discretion in respect of certain applications for exemption from provisions of the Regulation.

PART 1 APPLICATION AND TERMINOLOGY

1.1 Supplements Other Requirements

The Regulation supplements other continuous disclosure requirements of securities legislation that apply to reporting issuers in all business sectors.

1.2 Evolving Industry Standards and Modifications to the Regulation

Mining industry practice and professional standards are evolving in Canada and internationally. The securities regulatory authorities will monitor developments in these fields and will solicit and consider recommendations from their staff and external advisers, from time to time, as to whether modifications to the Regulation are appropriate.

1.3 Application of the Regulation

The definition of “disclosure” under the Regulation includes oral and written disclosure. The Regulation establishes standards for disclosure of scientific and technical information regarding mineral projects and requires that the disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. The Regulation does not apply to disclosure concerning petroleum, natural gas, bituminous sands or shales, groundwater or other substances that do not fall within the meaning of the term "mineral resource" in section 1.2 of the Regulation.

1.4 Mineral Resources and Mineral Reserves Definitions

The Regulation incorporates by reference the definitions and categories of mineral resources and mineral reserves as set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves Definitions and Guidelines (the "CIM Standards") adopted by the CIM Council on August 20, 2000 as amended, supplemented, or replaced. These definitions, together with guidance on their interpretation and application prepared by the CIM, are reproduced in the Appendix to this Policy. Issuers, qualified persons and other market participants are encouraged to consult the CIM Standards for guidance.

1.5 Best Practices Guidelines for Mineral Resources and Mineral Reserves

A qualified person classifying a mineral deposit as a mineral resource or mineral reserves should follow the CIM Estimation of Mineral Resource and Mineral Reserve Best Practices Guidelines (the CIM Resource and Reserve Guidelines) adopted by CIM on November 23, 2003, as amended, supplemented, or replaced. These guidelines are posted on www.cim.org.

For coal, a qualified person classifying coal resources and reserves may follow the guidelines of Paper 88-21 of the Geological Survey of Canada: A Standardized Coal Resource/Reserve Reporting System for Canada, as amended, supplemented or

replaced (Paper 88-21). The CSA remind issuers that Paper 88-21 only contemplates a Canadian scheme for reporting and therefore, the CSA believes it is not reasonable to extrapolate this to foreign schemes. For consistency, for all coal reporting, the securities regulatory authority urges all issuers to use the mineral resource and mineral reserve categories set out in the CIM Standards and not the categories set out in Paper 88-21.

1.6 Best Practices Guidelines for Mineral Exploration

Issuers and qualified persons should follow the Mineral Exploration "Best Practices" Guidelines adopted by CIM, published in June 2000, as amended, supplemented, or replaced.

Disclosure regarding the reporting of diamond exploration sampling results should conform to the CIM Guidelines for Reporting of Diamond Exploration Results adopted by CIM in March 2003, as amended, supplemented, or replaced.

These guidelines are posted on www.cim.org.

1.7 Preliminary Assessments

The term “preliminary assessment”, commonly referred to as a scoping study, is defined in the Regulation. It is a type of study that includes an economic evaluation taken at an early stage of the project prior to a preliminary feasibility study. The CSA consider an economic evaluation to include disclosure of forecast mine production rates that may contain capital costs to develop and sustain the mining operation, operating costs, and projected cash flows. A preliminary assessment must be either in the form of a technical report, or be supported by a technical report.

Although preliminary assessments can provide important information to the market, because of the early stage of the project, the information has a high degree of uncertainty and can be used as the basis for abusive market tactics. An issuer must disclose a preliminary assessment that is a material change in its affairs. In so doing, an issuer may trigger a technical report under subsection 4.2(1) 10. of the Regulation. Also, if the preliminary assessment includes inferred minerals resources an issuer must provide the proximate statement required by subsection 2.3(3)(b) of the Regulation. The purpose of the proximate statement is to alert an investor to the limitations of the information.

1.8 Objective Standard of Reasonableness

Issuers should apply an objective standard of reasonableness in making a determination about the definitions or application of a requirement in the Regulation Where a determination turns on reasonableness, the test is an objective, rather than subjective one in that it turns on what a person acting reasonably would conclude. It is not sufficient for an officer of an issuer or a qualified person to determine that he or she personally believes the matter under consideration. The person must form an opinion as to what a reasonable person would believe in the circumstances. Formulating the definitions using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to a person's application of the definition in particular circumstances.

1.9 Improper Use of Terms in French Language

An issuer that prepares its disclosure using the French language must ensure that it uses the proper terms when referring to a mineral deposit. In the French language, an issuer must not use the words “gisement” and “gîte” interchangeably. The word “gisement” means a mineral deposit that is a continuous, well-defined mass of material containing a

sufficient volume of mineralized material that can be or has been mined legally and economically. The word “gîte” means a mineral deposit that is a continuous, well-defined mass of material containing a sufficient volume of mineralized material that has had no demonstration of economic viability. Therefore, an issuer must use these terms properly so that an investor understands whether the deposit has demonstrated economic viability or not.

PART 2 DISCLOSURE

2.1 Disclosure is the Responsibility of the Issuer

Primary responsibility for public disclosure remains with the issuer and its directors and officers. The qualified person is responsible for preparing the technical report and providing scientific and technical advice in accordance with applicable professional standards. The proper use, by or on behalf of the issuer, of the technical report and other scientific and technical information provided by the qualified person is the responsibility of the issuer and its directors and officers. The onus is on the issuer and its directors and officers and, in the case of a document filed with a regulator, each signatory of the document, to ensure that disclosure in the document is consistent with the related technical report or advice. Issuers are strongly urged to have the qualified person review disclosure that summarizes or restates the technical report or the technical advice or opinion to ensure that the disclosure accurately reflects the qualified person's work.

2.2 Use of Plain Language

Disclosure made by or on behalf of an issuer regarding mineral projects on properties material to the issuer should be understandable. Issuers should present written disclosure in an easy to read format using clear and unambiguous language. Wherever possible, issuers should present data in table format. The CSA recognize that the technical report does not lend itself well to "plain language" and therefore urge issuers to consult the responsible qualified person when restating the data and conclusions from a technical report in plain language in its public disclosure.

2.3 Prohibited Disclosure

(1) Paragraph 2.2(c) of the Regulation prohibits the addition of inferred mineral resources to the other categories of mineral resources. Issuers are cautioned not to show a sum of mineral resources, or to refer to an aggregate number of mineral resources that includes inferred mineral resources.

(2) Paragraph 2.3(1) of the Regulation prohibits the disclosure of a target of further exploration that has not been categorized as required. It also prohibits the disclosure of an economic evaluation, including a preliminary assessment, preliminary feasibility study, and a feasibility study, that includes inferred resources. However, pursuant to subsection 2.3(2) and 2.3(3), these prohibitions are excepted if the disclosure is accompanied by the required proximate statements in those sections and is based on information prepared by or under the supervision of a qualified person.

2.4 Materiality

(1) Materiality should be determined in the context of the particular issuer's overall business and financial condition taking into account quantitative and qualitative factors. Materiality is a matter of judgment to be made in light of the particular

circumstances, taking into account both qualitative and quantitative factors, assessed in respect of the issuer as a whole.

(2) In assessing materiality, issuers should refer to the definition of "material fact" in securities legislation, which in most jurisdictions means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the securities of the issuer. In making materiality judgements, issuers should take into account a number of factors that cannot be captured in a simple bright-line standard or test. An issuer must consider the effect on both the market price and value of the issuer's securities in light of the current market activity. Therefore, an assessment of materiality depends on the context. Information that is immaterial today may be material for tomorrow. An item of information that is immaterial alone may be material if it part of an aggregate of items.

(3) For example, materiality of a property should be assessed in light of the extent of the interest in the property held, or to be acquired, by the issuer. A small interest in a sizeable property may, in the circumstances, not be material to the issuer. Property to be acquired by the issuer may, in certain circumstances, be material to the issuer.

(4) For another example, in assessing whether interests represented by multiple claims or other documents of title constitute a single property for the purpose of the Regulation, issuers should consider that several non-material properties in a contiguous cluster may be material to the issuer, as a whole.

(5) For another example, when disclosing results of a drilling program the results from a single hole may not be material in itself. However, the results of several holes, in aggregate, could be material to the issuer.

2.5 Material Information not yet Confirmed by a Qualified Person

Issuers are reminded that they have an obligation under provincial and territorial securities legislation to disclose material facts and to make timely disclosure of material changes. The securities regulatory authorities recognize that there may be circumstances in which the issuer expects that certain information concerning a mineral project may be material notwithstanding the fact that a qualified person has not prepared or supervised the preparation of the information. In this situation the securities regulatory authorities suggest that issuers file a confidential material change report concerning this information while a qualified person reviews the situation. Once a qualified person has confirmed the information, the issuer should issue a news release and the basis of confidentiality will end. Issuers are also reminded that during the period of confidentiality, prohibitions against tipping and trading by persons in a special relationship to the issuer apply until the information is fully disclosed to the public. Issuers should also refer to National Policy 51-201, *Disclosure Standards* for further guidance about timely disclosure obligations.

2.6 Exception for Disclosure Previously Filed

Section 3.5 of the Regulation provides that the disclosure requirement of sections 3.2, 3.3, and 3.4 of the Regulation may be satisfied by referring to a previously filed document that includes the required disclosure. Issuers relying on this exception are reminded that all disclosure should provide sufficient information to permit market participants to make informed investment decisions and should not present or omit information in a manner that is misleading.

2.7 Meaning of Current Technical Report

The "current technical report" referred to in sections 4.2 and 4.3 of the Regulation is a technical report that contains all information required under the Form 43-101F1 in respect of the subject property as at the date on which the technical report is filed. A technical report may constitute a current technical report, even if prepared considerably before the filing date, if the information in the technical report remains accurate and does not omit materially new information as at the date of filing.

2.8 Exceptions from Requirement to File Technical Report with Annual Information Form, Annual MD&A, Annual Report and Preliminary Short Form Prospectus if Information Previously Disclosed

The Regulation contains relief from the technical report filing requirement in certain instances. If an issuer has disclosed scientific and technical information on a mineral property in an annual information form, prospectus, or material change report the issuer will not be required to prepare and file a technical report with the issuer's annual information form, annual MD&A, annual report, or preliminary short form prospectus unless the disclosure contains new and material scientific and technical information about that mineral property.

2.9 Use of Historical Estimates

(1) Under section 2.4 of the Regulation, when an issuer options or agrees to buy a property, the issuer can disclose an estimate of resources and reserves made before February 1, 2001 using the old terminology of the estimate provided the issuer complies with the conditions set out in that section. An issuer will trigger the filing of a current technical report if it makes disclosure of the historical estimate as if it is a current estimate. Therefore, issuers should refer to the following guidance for reporting historical estimates.

(2) The announcement of the acquisition and the historical estimate will not trigger the requirement to file a technical report under subsection 4.2(1) 10. of the Regulation if the issuer's disclosure states that the estimates are not current and the issuer has disclosed the estimate as a historical resource or reserve. The disclosure must also include the following cautionary statements:

- the issuer has not done the work necessary to verify the classification of the resource or reserve,
- the issuer is not treating them as a Regulation defined resource or reserve verified by a qualified person, and
- the historical estimate should not be relied upon.

(3) If the issuer's disclosure shows that the issuer is treating the historical estimate as a current resource and reserve, for example, by using the definitions under the Regulation and stating the issuer will be adding on or building on that resource or reserve base, then the issuer is required to file a current technical report on the property within 30 days of the issuer's disclosure if

i. the property, or interest in the property, is material to the issuer, and
ii. the acquisition of the resources and reserves is a material change in the affairs of the issuer.

This 30-day period is set out under section 4.2(4) of the Regulation.

(4) In most cases, this 30-day period will not begin to run until the issuer enters into a formal purchase or option agreement, which should allow the issuer time to complete its due diligence and have the technical report prepared. If the issuer, at the time of the disclosure, has not signed a formal agreement, but is conducting its day to day operations in reliance on the terms of a letter of intent or memorandum of understanding, then the 30-day period will begin to run from the time the issuer first discloses the historical estimate as a resource or reserve without the three cautionary statements set out in paragraph (2) above.

(5) If the agreement is subject to conditions such as the approval of a third party or the completion of a 60-day due diligence review, the technical report is still required to be filed within 30 days after the issuer enters into the agreement. However, the issuer may apply for relief to extend the 30-day period. Whether or not the securities regulators will grant such relief depends on the circumstances.

2.10 Use of Other Foreign Codes

Issuers are prohibited from using foreign codes other than those permitted under Part 7 of the Regulation. Therefore, if an issuer announces an acquisition or proposed acquisition of a property that contains estimates of tonnes and grade that are not historical (ie. they were not categorized before February 1, 2001) and are not according to the CIM Standards or the alternative codes under Part 7, then the issuer may apply for an exemption under section 9.1 to permit that issuer to disclose that foreign estimate as is, and if applicable, an extension of time for filing a technical report to support the disclosure. If granted, the relief would likely include the conditions set out under section 2.4 (a) to (e) of the Regulation.

Issuers are reminded that they have an obligation under provincial and territorial securities legislation to disclose material facts and to make timely disclosure of material changes. Therefore, the issuer should arrange its affairs in advance to comply with those requirements and the requirements in the Regulation if it is considering the acquisition of a foreign property and wishes to disclose estimates using foreign codes not permitted under the Regulation (ie. the Russian or Chinese codes). Issuers that have difficulty doing this should consider filing a confidential material change report and maintain a period of confidentiality until they obtain an exemption or convert the estimates and disclose them in accordance with the Regulation. Issuers should also refer to section 2.5 of this Policy for further guidance about timely disclosure obligations.

Issuer may also consider disclosing the quantity and grade of mineralization of a possible mineral deposit as a range with the proximate statements set out under section 2.3(2) of the Regulation.

PART 3 AUTHOR OF THE TECHNICAL REPORT

3.1 Selection of Qualified Person

It is the responsibility of the issuer and its directors and officers to appoint a qualified person who meets the criteria listed under the definition in the Regulation of qualified person, including having the relevant experience and competence for the subject matter of the technical report.

3.2 Assistance of non-Qualified Persons

A person who is not a qualified person may work on a project. If a qualified person relies on the work of a person who is not a qualified person to prepare a technical report or to provide information or advice to the issuer, it is up to the qualified person to take whatever steps are appropriate, in his or her professional judgement, to ensure that the information that he or she relies upon is sound. A qualified person is required to visit the site and cannot delegate the personal inspection requirement.

3.3 More than One Qualified Person

Section 2.1 of the Regulation requires that all disclosure be based upon a technical report or other information prepared by or under the supervision of a qualified person. Section 5.1 of the Regulation provides that a technical report must be prepared by or under the supervision of one or more qualified persons. Several qualified persons may author different portions of the report. In that case, each of them must provide a certificate and consent required under Part 8 of the Regulation. Each qualified person who is primarily responsible for preparing or supervising the preparation of the technical report must sign it.

When one or more qualified persons prepare a technical report that includes a mineral resource or mineral reserve estimate prepared by another qualified person for a previously filed technical report, one of the qualified person's preparing the new technical report must take responsibility for those estimates repeated in the new technical report. In doing this, that qualified person should make whatever investigations are necessary to reasonably rely on that information.

3.4 Exemption from Qualified Person Requirement

(1) The securities regulatory authorities recognize that certain individuals who currently provide technical expertise to issuers will not be considered qualified persons for purposes of the Regulation. These individuals may have the necessary experience and expertise and the other criteria required under the definition in the Regulation of qualified person. Application can be made by an issuer under section 9.1 of the Regulation for an exemption from the requirement for involvement of a qualified person and the acceptance of another person. The application should demonstrate the person's experience, competence and qualification to prepare the technical report or other information in support of the disclosure despite the fact that he or she does not meet the requirements set out in the definition in the Regulation of qualified person.

(2) Requests for exemption from the requirement that the qualified person belong to a professional association will rarely be granted. Where an issuer wishes to retain a person who is well qualified and who does not belong to a professional association because no association exists in his or her jurisdiction or because it is not common practice for members of his or her profession to be registered in the jurisdiction, securities regulatory authorities will consider granting an exemption. However, if there is any other qualified person known to the issuer who has been to the site and is able to co-author the report, then an exemption will not likely be granted. Also, the securities regulatory authorities will generally not grant relief to an issuer that has a qualified person in its management positions, as such qualified persons should take responsibility for the issuer's scientific and technical disclosure on its mineral projects.

(3) In the event an exemption is granted, if the person wishes to continue to provide services either to the same issuer or to another issuer that makes public

disclosure in Canada, then the person will be urged to join a professional association, as the securities regulatory authority or regulator will not likely grant continued relief.

3.5 Independence of Qualified Person

(1) Section 1.4 of the Regulation provides the test an issuer and a qualified person should apply to determine whether a qualified person is considered to be independent of the issuer. The test should be applied like this: if a reasonable person would consider the existence of any relationship described in section 1.4 of the Regulation would influence the qualified person's judgement, then the qualified person is probably not independent. If the issuer applies for relief, the securities regulatory authorities may consider granting an exemption under section 9.1 of the Regulation if the issuer demonstrates why the involvement of an independent qualified person does not need to be preserved in a particular circumstance.

Applying this test, the following are examples of when CSA staff would consider a qualified person not to be independent. These examples are not a complete list of non-independence situations. When an independent qualified person is required, an issuer must always apply the above test to confirm that the requirement is met.

A qualified person is not independent when the qualified person:

(a) is an employee, insider, or director of the issuer,

(b) is an employee, insider, or director of a related party of the issuer,

(c) is a partner of any person or company in paragraph (a) or (b),

(d) holds or expects to hold securities, either directly or indirectly, of the issuer or a related party of the issuer,

(e) holds or expects to hold securities, either directly or indirectly, in another issuer that possesses an interest in the property that is the subject of the technical report,

(f) has or expects to have, directly or indirectly, an ownership, royalty, or other interest in the property or a property contiguous to the property that is the subject of the technical report,

(g) holds or expects to hold securities, either directly or indirectly, in an issuer that has a direct or indirect interest in a property contiguous to the property that is the subject of the technical report,

(h) has received the majority of their income, either directly or indirectly, in the three years preceding the date of the technical report from the issuer or a related party of the issuer, and

(i) has received cash or securities of the issuer for past work done for the issuer under an understanding that the qualified person has a non-monetary debt to repay to the issuer for any future work for the issuer.

For the purpose of the above, "related party of the issuer" means an affiliate, associate, subsidiary, or control person of the issuer as those terms are defined under provincial and territorial securities legislation.

For the purpose of the above, there may some instances where, if a qualified person holds a very small number of an issuer's total issued securities or does not directly or indirectly control the trading of the securities, it would be reasonable to consider the qualified person's independence would not be compromised.

(2) There may be circumstances in which the staff at the securities regulatory authorities question the objectivity of the author of the technical report. In order to ensure the requirement for independence of the qualified person has been preserved, the issuer may be asked to provide further information, additional disclosure or the opinion of another qualified person to address concerns about possible bias or partiality on the part of the original author.

(3) As in paragraph 3.2 above, provided that the independent qualified person has taken whatever steps are appropriate, in his or her professional judgment, to ensure that the information he or she relies on is sound, and takes responsibility for that information, the independent qualified person may rely on work done and information provided by others, including other non-independent qualified persons. However, the independent qualified person must visit the site and cannot delegate the personal inspection requirement.

PART 4 PREPARATION OF TECHNICAL REPORT

4.1 Addendums not Permitted

Anytime an issuer is required to file a technical report, that report must be complete and current. Therefore, if an issuer has a technical report previously filed, and is required to file another technical report because it triggered one of the circumstances listed under Part 4 of the Regulation, the issuer must update the outdated sections of the previously filed report and file a new, complete, current technical report if the contents of the previously filed technical report are no longer current. **It is not sufficient for the issuer to only file the updated portions**. Issuers are reminded that if there has been no change to the content required under Items 6 through 11 of Form 43-101F1 from that disclosed in the previously filed technical report, the Form provides they do not need to repeat that information, provided those items in the previous report are referred to in the new, current technical report.

The only exceptions are under subsections 4.2 (2) of the Regulation. An issuer may file an addendum if it is for a technical report that originally was filed with a preliminary short form prospectus or preliminary long form prospectus and there is a material change in the information before the issuance of the final receipt. In this case, the addendum must be attached to and filed with the previously filed technical report. They must also be filed with an updated certificate and consent of the qualified person.

4.2 Filing on SEDAR

If an issuer is required under regulation entitled National Instrument 13-101, *System for Electronic Document Analysis and Retrieval (SEDAR)* to be an electronic filer, then all technical reports must be prepared so that the issuer can file them on SEDAR. Issuers are reminded that figures required in the technical report must be included in the technical report filed on SEDAR and therefore should be prepared in electronic format.

The qualified person must date, sign and, if possible, seal the technical report, certificate and consent. If a person's name appears in an electronic document with (signed by) and (sealed) next to the person's name or there is a similar indication in the document, the securities regulatory authorities will consider that the document has been signed and sealed by that person. Although not required, maps and drawings may be signed and sealed in the same manner.

4.3 Technical Documents Filed with Other Securities Regulatory Authorities or Exchanges

The securities regulatory authority in most CSA jurisdictions require an issuer to file, if not already filed with it, any record or disclosure material that the issuer files with another securities regulatory authority, agency, or body, or exchange, wherever situate. If an issuer must complete such filing, and the record or disclosure material is a technical report but it is not a technical report required by the Regulation, then the exemption provided under section 9.4 of the Regulation permits an issuer to do this without breaching the Regulation. The issuer should file it on SEDAR under the "Other" category, and title the filing "Technical Document".

PART 5 USE OF INFORMATION

5.1 Use of Information in Technical Reports

The Regulation requires that technical reports be prepared and filed with securities regulatory authorities to support certain disclosure of mineral exploration, development and production activities and results in order to permit the public and analysts to have access to information that will assist them in making investment decisions and recommendations. Persons and companies, including registrants, who wish to make use of information concerning mineral exploration, development and production activities and results including mineral resource and mineral reserve estimates are encouraged to review the technical reports that will be on the public file for the issuer and if they are summarizing or referring to this information they are strongly encouraged to use the applicable mineral resource and mineral reserve categories and terminology found in the technical report.

5.2 Disclaimers in Technical Reports

Instruction (7) of the Form requires that a technical report shall not contain any disclaimers except for the limited purpose under Item 5 of the Form. Item 5 is only intended to permit a qualified person to insert a disclaimer of responsibility if he or she relied on other experts who are not qualified persons for legal, environmental, political, or other issues relevant to the technical report that are not the qualified person's area of expertise. Therefore, if an issuer retains a qualified person to prepare a technical report that the issuer, intends to file, either immediately or at a later date, as an Regulation technical report, the issuer must ensure that the qualified person does not insert any other disclaimers. The types of disclaimers prohibited includes blanket disclaimers that purport to disclaim responsibility for or reliability on all, or a portion of, the report that the qualified person prepared or create any limitations on the use or publication of the report that would interfere with an issuer's obligation to reproduce the report by filing it on SEDAR.

The securities regulatory authorities consider blanket disclaimers potentially misleading, particularly in the context of a public offering or take-over bid. Provincial and territorial securities legislation provides investors with a statutory right of action against a qualified person for a misrepresentation contained in a prospectus that is based upon the qualified

person's technical report. That right of action exists despite any disclaimer to the contrary that appears in the technical report. In addition, under the provincial and territorial securities legislation, a qualified person can only be liable if they provide their consent to the disclosure. It also provides the qualified person with a due diligence defence for the alleged liability and limits the amount they can be liable for.

Therefore, the issuer should ensure its qualified person understands that the securities regulatory authorities will expect the issuer to have its qualified person remove any blanket or specific disclaimers, other than those permitted by Item 5 of the Form, in a technical report that the issuer uses to support its public offering document.

PART 6 PERSONAL INSPECTION

6.1 Meaning of Current Personal Inspection

The "current personal inspection" referred to in section 6.2 of the Regulation is the most recent personal inspection of the property, provided that there has been no material change in the property since that site inspection. A personal inspection may constitute a current personal inspection, even if the qualified person who is primarily responsible for preparing or supervising the preparation of the technical report, conducted the personal inspection considerably before the filing date of the technical report, if there has been no material change in the property as at the date of filing.

6.2 Personal Inspection

Securities regulatory authorities consider current personal inspection particularly important because it enables the qualified person to become familiar with conditions on the property, to observe the geology and mineralization, to verify the work done, and on that basis to design or review and recommend to the issuer an appropriate exploration or development program. Even for properties with poor exposure a site visit is required. For example, it may be relevant for a qualified person to observe the depth and type of the overburden and cultural effects that could interfere with the results of the geophysics. **It is the responsibility of the issuer to arrange its affairs so that a current property inspection can be carried out by a qualified person.**

6.3 Exemption from Personal Inspection Requirement

Section 9.2 of the Regulation exempts an issuer from conducting a personal inspection in very limited circumstances. The exemption applies only where the issuer's mineral project is located on a grassroots exploration property, as defined in the Regulation, provided it complies with all conditions listed in section 9.2 of the Regulation. The exemption recognizes that there may be situations where an issuer is unable to access a grassroots exploration property or obtain beneficial information on it because extreme seasonal weather conditions prevent it from doing so by the time the issuer is required to file a technical report. Examples of such situations would include a grassroots exploration property that is inaccessible because of seasonal flooding or it is completely covered in snow for an extended period of time.

Other than circumstances permitted by the exemption under section 9.2 of the Regulation, there may be circumstances in which it is not possible for a qualified person to inspect the property. In such instances the qualified person or the issuer should apply in writing to the securities regulatory authority for relief, stating the reasons why a personal inspection is considered impossible. It would likely be a condition of any such relief that the technical report state that no inspection was carried out by a qualified

person, the reasons why it was not done, and any other conditions the securities regulatory authority may require.

6.4 More than One Qualified Person

Section 6.2 of the Regulation requires at least one qualified person who is primarily responsible for preparing or supervising the preparation of the technical report to inspect the property. This is a minimum standard for personal inspection. There may be cases in advanced mineral projects where the issuer should have property inspections conducted by more than one qualified person, taking into account the work being carried out on the property and the technical report being prepared by the qualified person or persons.

For example, for an advanced stage property with mineral resource and mineral reserve estimates, if several qualified persons prepare a different portion of the technical report because of their particular expertise in geology, metallurgy, or mining engineering, then the securities regulatory authorities expect that expertise makes each of them primarily responsible for the preparation of the technical report and each of them relevant for a proper personal inspection of the property.

PART 7 REGULATORY REVIEW

7.1 Review

(1) Disclosure and technical reports filed under the Regulation may be subject to review by securities regulatory authorities.

(2) If an issuer that is required to file a technical report under the Regulation files a technical report that does not meet the requirements of the Regulation, the issuer may be in breach of securities legislation. The issuer may be required to issue or file corrected disclosure, file a revised technical report or file revised consents, and may be subject to other sanctions.