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POLICY STATEMENT
TO REGULATION 43-101 RESPECTING
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 43-101 and Form 43-101F1 (the "Regulation"), and how the securities regulatory authorities or regulators (the "Securities Regulatory Authorities") 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 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, coal bed methane or other substances that do not fall within the meaning of the term "mineral project" in section 1.1 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") Definition Standards on Mineral Resources and Mineral Reserves (the "CIM Definition Standards") adopted by the CIM Council on November 14, 2004, as amended.

1.5 Best Practices Guidelines for Mineral Resources and Mineral Reserves

A qualified person classifying a mineral deposit as a mineral resource or mineral reserve should follow the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines adopted by CIM on November 23, 2003, as amended. These guidelines are posted on www.cim.org.

A qualified person estimating mineral resources or mineral reserves for coal 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 ("Paper 88-21"). However, for all disclosure of mineral resources or mineral reserves for coal, issuers are required by section 2.2 of the Regulation to use the equivalent mineral resource or mineral reserve categories set out in the CIM Definition Standards and not the categories set out in Paper 88-21. The CSA believes it is not reasonable to apply Paper 88-21 to foreign coal properties.

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.

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.

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. A preliminary assessment may be based on measured, indicated, or inferred mineral resources, or a combination of any of these. The CSA considers these types of economic analyses 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. In some cases the technical report must be independent.

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. An issuer may mislead investors if it does not disclose this information properly. Under general securities laws, 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 section 4.2(1)(j) of the Regulation. When an issuer discloses the results of a preliminary assessment, section 3.4(e) of the Regulation requires a cautionary statement. If the preliminary assessment includes inferred mineral resources, an issuer must provide the cautionary statement required by section 2.3(3)(b) of the Regulation. The purpose of these cautionary statements is to alert investors to the limitations of the information. We expect the issuer to include these cautionary statements in the same paragraph as, or immediately following, the disclosure of the preliminary assessment.

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 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 definitions using an objective test strengthens the basis upon which the Securities Regulatory Authority may object to a person's unreasonable application of a definition.

1.9 Improper Use of Terms in the 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,

defined mass of material containing a volume of mineralized material that has had no demonstration of economic viability. An issuer must use these terms properly so that investors understand whether the deposit has demonstrated economic viability.

1.10 Royalty Interests and Other Similar Interests

The definition of "mineral project" under the Regulation includes a royalty interest or other similar interest. Scientific and technical disclosure regarding all types of royalty interests in a mineral project is subject to Regulation 43-101. "Royalty interest or other similar interest" includes gross overriding royalty, net smelter return, net profit interest, free carried interest, and a product tonnage royalty.

A company that holds any such interest in a mineral project and has triggered one of the requirements to file a technical report under section 4.2(1) of the Regulation may rely on the limited relief under section 9.2 of the Regulation. Section 9.2 exempts the royalty holder from having to complete a personal inspection of the property and those items under Form 43-101F1 that the royalty holder is unable to complete because it meets the condition specified in section 9.2(2)(a). It must also comply with the disclosure requirements under section 9.2(2)(b) and (c). Generally, the CSA considers a company with a royalty interest or similar interest would meet the condition in section 9.2(2)(a) if the arrangements or agreements between the royalty holder and the operating company limit the royalty holder to auditing the production or financial records, without the ability to participate in decisions to expend funds on the mineral project. If the royalty holder's arrangements or agreements involve the sharing of capital costs or operating losses, the CSA expects the royalty holder will make arrangements to access the necessary data from the operating company.

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 or supervising the preparation of 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 Securities Regulatory Authority, each signatory to 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 is accurate.

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 recognizes 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) Section 2.3(1) of the Regulation prohibits the disclosure of the quantity, grade, or metal or mineral content of a deposit that has not been categorized as required. It also prohibits the disclosure of the results of an economic analysis, including a preliminary assessment, preliminary feasibility study, and a feasibility study, that includes inferred resources. However, pursuant to section 2.3(2) and (3), respectively, these prohibitions are excepted for quantity and grade of exploration targets expressed as ranges and for preliminary assessments that include inferred mineral resources if the disclosure is accompanied by the cautionary statements required in those sections. Also, this disclosure must be based on information prepared by or under the supervision of a qualified person. For preliminary assessments, the cautionary statement under section 3.4(e) is also required. We expect the issuer to include these cautionary statements in the same paragraph as, or immediately following, the disclosure permitted by these exceptions.

(2) An issuer may only rely on the exemption under section 2.3(3) to disclose an economic analysis that includes inferred resources if the project has not reached the preliminary feasibility study stage. If a project is in or has advanced past the preliminary feasibility study stage, the CSA considers that any economic analysis done later anywhere on the project is not a preliminary assessment. The CSA also considers a mine plan on a developed mine to have advanced past the preliminary feasibility study stage.

2.4 Materiality

(1) Management of the issuer should determine materiality. It should be determined in the context of the issuer's overall business and financial condition taking into account 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. An assessment of materiality depends on the context. Information that is immaterial today may be material tomorrow; an item of information that is immaterial alone may be material if it is aggregated with other items.

For example:

(a) 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;

(b) 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, when taken as a whole, be a property material to the issuer; and

(c) 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 securities legislation to disclose material facts and to make timely disclosure of material changes. The CSA recognizes 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 CSA suggests that issuers file a confidential material change report concerning this information while a qualified person reviews the information. 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 disclosed to the public. Issuers should also refer to National Policy 51-201 *Disclosure Standards* for further guidance about materiality and timely disclosure obligations.

2.6 Exception for Disclosure Previously Filed

Section 3.5 of the Regulation provides that the disclosure requirements of sections 3.2, 3.3, and 3.4 (a), (c), and (d) 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 Technical Report

A report may constitute a technical report, even if prepared considerably before the date the technical report is required to be filed, provided the information in the technical report remains accurate and there has been no material change in the scientific and technical information prior to the required filing date. A change to mineral resources or mineral reserves due to mining depletion from a producing property generally will not be considered to be a material change to the property as it should be reasonably predictable based on a company's continuous disclosure record.

2.8 Exception from Requirement to File Technical Report if Information Previously Filed in a Technical Report

The Regulation contains relief under section 4.2(1)(b), (f), and (8) from the technical report filing requirement in certain instances. If an issuer has disclosed scientific and technical information on a mineral property in any of the documents enumerated under section 4.2(1) of the Regulation, the issuer will not be required to prepare and file a technical report with that disclosure unless the disclosure contains new, material scientific and technical information about that mineral property not supported by a previously filed technical report. In order to rely on the exception to the requirement to re-file a previously filed technical report under section 4.2(8) of the Regulation, the issuer must file updated qualified persons' certificates and consents required under Part 8 of the Regulation with that disclosure.

For a preliminary short form prospectus and an annual information form, the issuer will not be required to file a technical report with the disclosure unless

the disclosure contains new, material scientific and technical information about that mineral property not contained in an annual information form, prospectus, or material change report filed before February 1, 2001.

2.9 Use of Historical Estimates

(1) An issuer can disclose an estimate of resources or reserves made before February 1, 2001 using the historical terminology of the estimate provided the issuer complies with the conditions set out in section 2.4 of the Regulation. An issuer will trigger the filing of a technical report if it makes disclosure of the historical estimate as if it is a current estimate.

(2) Under section 2.4(a), we expect disclosure of historical estimates from third party reports, including government databases, to identify the original source and date of the estimates.

(3) Under section 2.4(b), when commenting on relevance and reliability, we expect an issuer to discuss the key assumptions and parameters that were used for the historical estimate. An issuer should consider whether the estimates are suitable for public disclosure.

(4) The announcement of an acquisition of a mineral project that includes the disclosure of an historical estimate will not trigger the requirement to file a technical report under section 4.2(1)(j) of the Regulation if the issuer makes the cautionary statements required under section 4.2(2)(b)(i) to (iii). We expect the issuer to include the cautionary statements required under this section in the same paragraph as, or immediately following, the disclosure of the historical estimate.

(5) The CSA will conclude the issuer is treating the historical estimate as a current resource or reserve in its disclosure when, for example, it states it will be adding on or building on that resource or reserve base, includes them in an economic analysis, or adds them to current resource or reserve estimates. In that case, the issuer will have triggered the requirement to file a technical report within the 45-day period set out under section 4.2(5) of the Regulation if:

(a) the property, or interest in the property, is material to the issuer, and
(b) the acquisition of the resources or reserves is a material change in the affairs of the issuer.

(6) If the issuer has not signed a formal agreement at the time of the disclosure, but is conducting its day to day operations in reliance on the terms of a letter of intent or memorandum of understanding, then the 45-day period will begin to run from the time the issuer first discloses the historical estimate as a current resource or reserve.

(7) If the agreement is subject to conditions such as the approval of a third party or the completion of a due diligence review, the technical report is still required to be filed within 45 days after the issuer discloses the historical estimate as a current resource or reserve. However, the issuer may apply for relief to extend the 45-day period. Whether or not the securities regulators will grant such relief will depend on the circumstances.

2.10 Use of Other Foreign Codes

Issuers are prohibited from disclosing mineral resources or mineral reserves using foreign codes other than those permitted under Part 7 of the

Regulation. If an issuer wishes to announce an acquisition or proposed acquisition of a property that contains estimates of quantity and grade that are not historical and are not in accordance with the CIM Definition Standards or the alternative codes under Part 7, the issuer may apply for an exemption under section 9.1 of the Regulation.

Issuers are reminded that they have an obligation under 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. 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 Statement for further guidance about timely disclosure obligations.

Issuers may also consider disclosing the quantity and grade of mineralization as an exploration target as provided 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 retain 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, the qualified person must take responsibility for that work, information or advice and must take whatever steps are appropriate, in his or her professional judgement, to ensure that the work, information or advice that he or she relies upon is sound.

3.3 More than One 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.

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 persons preparing the new technical report must take responsibility for those estimates. 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 CSA recognizes that certain individuals who currently provide technical expertise to issuers will not be considered qualified persons for purposes of the Regulation. An issuer may apply 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 a requirement 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 available to the issuer who has been or can get to the site and is able to co-author the report, then an exemption will not likely be granted.

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 independent of the issuer. When an independent qualified person is required, an issuer must always apply the test in section 1.4 of the Regulation to confirm that the requirement is met.

Applying this test, the following are examples of when the CSA would consider that a qualified person is not independent. These examples are not a complete list of non-independence situations.

We consider 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 has a direct or indirect interest in the property that is the subject of the technical report or an adjacent property,
(f) has or expects to have, directly or indirectly, an ownership, royalty, or other interest in the property that is the subject of the technical report or an adjacent property, or
(g) 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.

For the purpose of (d) above, related party of the issuer means an affiliate, associate, subsidiary, or control person of the issuer as those terms are defined under securities legislation.

There may be some instances where it would be reasonable to consider the qualified person's independence would not be compromised even though the qualified person holds an interest in the issuer's securities. The issuer needs to determine whether a reasonable person would consider such interest would interfere with

the qualified person's judgement regarding the preparation of the technical report.

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 is not necessary in a particular circumstance.

(2) There may be circumstances in which 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 author of the technical report.

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. 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 of the technical report. If an issuer gets a new qualified person to update a previously filed technical report prepared by a different qualified person, we expect the new qualified person to take responsibility for the whole technical report and certify that in his or her certificate required under section 8.1 of the Regulation.

The only exception to the requirement to file a complete technical report is under section 4.2(3) 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. The technical report and addendum must also have an updated certificate and consent of the qualified person filed with it.

4.2 Filing on SEDAR

If an issuer is required under Regulation 13-101 respecting 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 the qualified person has a seal, 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

Securities Regulatory Authorities 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 not a technical report required by the Regulation, then the exemption provided under section 9.3 of the Regulation permits an issuer to do this without breaching the Regulation. The filing should be made by the issuer on SEDAR under the "Other" category.

PART 5 USE OF INFORMATION

5.1 Use of Information in Technical Reports

The Regulation requires that technical reports be prepared and filed in local jurisdictions 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. 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

Section 6.4 of the Regulation prohibits certain disclaimers in technical reports. The types of disclaimers prohibited by section 6.4 of the Regulation include blanket disclaimers that purport to disclaim responsibility for, or reliance on, that portion of the report that the qualified person prepared. Disclaimers are also prohibited when they create 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 CSA considers blanket disclaimers potentially misleading. In certain circumstances, securities legislation provides investors with a statutory right of action against a qualified person for a misrepresentation in disclosure 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.

The Securities Regulatory Authorities will expect the issuer to have its qualified person remove any blanket disclaimers in a technical report that the issuer uses to support its public offering document.

Item 5 of the Form permits 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 within the qualified person's area of expertise.

PART 6 PERSONAL INSPECTION

6.1 Meaning of Current Personal Inspection

The current personal inspection referred to in section 6.2(1) of the Regulation is the most recent personal inspection of the property, provided that there has been no material change to the scientific and technical

information about the property since that personal inspection. A personal inspection may constitute a current personal inspection even if the qualified person conducted the personal inspection considerably before the filing date of the technical report, if there has been no material change in the scientific and technical information about the property at the filing date.

6.2 Personal Inspection

The CSA considers 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. A personal inspection is required even for properties with poor exposure. In such cases, 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 personal inspection can be carried out by a qualified person. A qualified person, or where required an independent qualified person, must visit the site and cannot delegate the personal inspection requirement.

6.3 Delay of Personal Inspection Requirement

Section 6.2(2) of the Regulation permits an issuer to delay conducting a personal inspection in very limited circumstances. An issuer does not need to apply for this relief. The exemption applies automatically only where the issuer's mineral project is located on an early stage exploration property, as defined in the Regulation, provided the issuer complies with all conditions listed in section 6.2(2) of the Regulation. The exemption recognizes that there may be situations where an issuer is unable to access an early stage exploration property or obtain beneficial information on it because 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 an early stage 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 6.2(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 Authorities 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 and the reasons why it was not done.

6.4 More than One Qualified Person

Section 6.2(1) of the Regulation requires at least one qualified person who is 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 personal inspections of the property 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 or mining engineering, then the Securities Regulatory Authorities expect that expertise makes each of them 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.