Notice

Regulation replacing *Regulation 43-101 respecting Standards of Disclosure for Mineral Projects*, including Form 43-101F1 *Technical Report*, and replacement of *Policy Statement to Regulation 43-101 respecting Standards of Disclosure for Mineral Projects*

April 8, 2011

Introduction

We, the Canadian Securities Administrators (CSA), are adopting new versions of *Regulation 43-101 respecting Standards of Disclosure for Mineral Projects* (the New Regulation), including Form 43-101F1 *Technical Report* (the New Form), and *Policy Statement to Regulation 43-101 respecting Standards of Disclosure for Mineral Projects* (the New Policy Statement) (together, the New Mining Regulation).

The New Mining Regulation will replace the previous versions of these documents (the Previous Mining Regulation), which came into effect in all CSA jurisdictions on December 30, 2005.

Concurrently with this Notice, we are publishing the New Mining Regulation, the Consequential Amendments (see below), and blacklines of the New Regulation and the New Form showing all changes from the versions of these documents currently in force. These documents are also available on the websites of CSA members, including the following:

- www.bcsc.bc.ca
- www.albertasecurities.com
- www.sfsc.gov.sk.ca
- www.osc.gov.on.ca
- www.lautorite.qc.ca
- www.nbsc-cvmnb.ca

In some jurisdictions, Ministerial approvals are required for these changes. Subject to obtaining all necessary approvals, the New Mining Regulation and the Consequential Amendments will come into force on **June 30, 2011.**

Substance and Purpose of the New Mining Regulation

The changes in the New Mining Regulation

- eliminate or reduce the scope of certain requirements
- provide more flexibility to mining issuers and qualified persons in certain areas
- provide more flexibility to accept new foreign professional associations, professional designations, and reporting codes as they arise or evolve
- reflect changes that have occurred in the mining industry, and
- clarify or correct areas where the Previous Mining Regulation was not having the effect we intended

Background

We have been monitoring the Previous Mining Regulation since its adoption. In the spring of 2009, CSA members carried out focus group discussions with market participants from various sectors, consulted with their advisory committees, and solicited written comments concerning a range of issues related to the Previous Mining Regulation. We developed proposed changes to the Previous Mining Regulation and published them for a 90-day comment period on April 23, 2010 (the April 2010 Materials).

The New Mining Regulation reflects our further consideration of these proposed changes in light of the comments we received, the results of a survey we conducted of the costs of filing technical reports in connection with short form prospectuses, and other developments during the comment period.

Written Comments

The comment period expired on July 23, 2010. During the comment period, we received submissions from 50 commenters. We have considered these comments and we thank all the commenters. A list of the 50 commenters and a summary of their comments, together with our responses, are contained in Appendices B and C.

Summary of Changes to the April 2010 Materials

We have made some revisions to the April 2010 Materials, including changes of a minor nature or made only for the purposes of clarification or further streamlining. Appendix A describes the key changes made to the April 2010 Materials. As the changes are not material, we are not republishing the New Mining Regulation for a further comment period.

Consequential Amendments

We are also adopting consequential amendments to

- *Regulation 44-101 respecting Short Form Prospectus Distributions*
- *Regulation 51-102 respecting Continuous Disclosure Obligations*, including Form 51-102F1 and Form 51-102F2
- *Regulation 45-106 respecting Prospectus and Registration Exemptions*
- *Regulation 45-101 respecting Rights Offerings*

(together, the Consequential Amendments).

The Consequential Amendments are published with this Notice.

Local Notices

Certain jurisdictions are publishing other information required by local securities legislation with this Notice.

Questions

If you have any questions, please refer them to any of the following:

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Appendix A

Summary of Key Changes to the April 2010 Materials

The New Regulation

Part 1 Definitions and Interpretation

- Instead of defining the terms "preliminary feasibility study", "pre-feasibility study" and "feasibility study" in the Regulation, we incorporated by reference, in new section 1.4, the definitions of those terms under the CIM Definition Standards, as amended.

- In the definition of "mineral project", we added the words "a similar interest" to capture metals streaming agreements that are similar to royalty interests.

- We revised the proposed definition of "qualified person" as follows:

  - We applied the requirement for a university degree or equivalent accreditation to the qualified person, rather than to the membership designation in a foreign professional association.

  - We applied the requirement for continuing professional development to the professional association, rather than to the membership designation in a foreign professional association.

  - With respect to membership designations in a foreign professional association that do not require a favourable confidential peer evaluation, we changed the alternative criteria from "at least ten years of post-degree practical experience" to "demonstrated expertise". We also reduced the minimum peer recommendations from three to two.

Part 2 Requirements Applicable to All Disclosure

- We clarified in paragraph 2.3(1)(c) that the restriction applies to the disclosure of gross value, not quantity, of metal or mineral in a deposit.

Part 4 Obligation to File a Technical Report

- In paragraph 4.2(1)(b), we restricted application of the technical report trigger for a preliminary short form prospectus to situations where the preliminary short form prospectus discloses for the first time mineral resources, mineral reserves, or the results of a preliminary economic assessment that constitute a material change in relation to the issuer, or a change in this information, if the change constitutes a material change in relation to the issuer. This is Case 3 as described in the April 2010 Materials.

- We revised the 45-day exemption in subsection 4.2(5) to clarify that, if the disclosure is also included in a preliminary short form prospectus, the technical report must be filed by the earlier of the date of filing the preliminary short form prospectus and 45 days after the first time disclosure.

- We revised the new six-month exemption in subsection 4.2(7) to clarify that, if the disclosure is also contained in a preliminary short form prospectus, the technical report must be filed by the earlier of the date of filing the preliminary short form prospectus and 180 days after the first time disclosure.

Part 7 Use of Foreign Code

- In subsection 7.1(2), we re-instated a modified version of the reconciliation requirement in the Previous Mining Regulation. An issuer must provide a reconciliation of any material differences between the mineral resource and mineral reserve categories used and the categories under the CIM Definition Standards.

Part 9 Exemptions

- In section 9.2, we added the words "or similar interest" to capture metals streaming agreements.

- We amended subparagraph 9.2(1)(a)(i) to include the requirement that the owner or operator be a reporting issuer, as reporting issuers are subject to more rigorous disclosure requirements

The New Form

- We added an instruction to Item 6: History indicating the need to distinguish work done outside the current property boundaries, from work done within the boundaries.

- We added a similar instruction to Item 10: Drilling regarding drilling conducted by previous operators.

- In Item 15: Mineral Reserve Estimates, paragraph (a), we removed references to the preliminary feasibility study or feasibility study.

- In Item 19: Market Studies and Contracts, paragraph (a), we eliminated the requirement to disclose the results of relevant market studies and similar analyses. We substituted a requirement for the qualified person to discuss the general nature of the studies done, and to confirm that they have reviewed the studies and that the results support the assumptions in the technical report.

The New Policy Statement

- We added general guidance on our expectations regarding updating the lists of "acceptable foreign codes" and "professional associations" in Appendix A.

- We added new guidance on

  - our interpretation of the good standing requirement for "qualified persons" and the meaning of "demonstrated expertise"

  - the restriction against disclosing gross value of contained metal or mineral

  - triggers with permitted filing delays, and

  - the exemptions for royalty or similar interests in section 9.2 of the New Regulation

- We removed the last paragraph of the guidance on section 2.4 of the New Regulation. We had intended this guidance to merely repeat the tests in paragraph 4.2(1)(j) of the New Regulation but concluded that it was unnecessary and confusing.

- We replaced the proposed guidance on the preliminary short form prospectus trigger because the trigger still applies in certain circumstances.

- We made some additions and clarifications to Appendix A to reflect the changes to the definition of “qualified person”.

Appendix B

List of Commenters

1.	April 29, 2009	Canadian Council of Professional Geoscientists
2.	May 10, 2010	Wardrop
3.	May 19, 2010	Canadian Institute of Mining, Metallurgy and Petroleum Special Committee on Valuation of Mineral Properties
4.	June 2, 2010	SRK Consulting (UK) Limited
5.	June 10, 2010	Loewen, Ondaatje, McCutcheon Limited
6.	June 28, 2010	Stantec
7.	June 29, 2010	APEGM
8.	July 6, 2010	John T. Postle
9.	July 8, 2010	Scott Wilson
10.	July 9, 2010	Fonds de Solidarite FTQ and translation
11.	July 9, 2010	Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists
12.	July 12, 2010	Neil Gow
13.	July 15, 2010	Geoscientists Nova Scotia
14.	July 16, 2010	Ted Eggleston
15.	July 16, 2010	Micon International Limited
16.	July 16, 2010	Canadian Institute of Mining, Metallurgy and Petroleum
17.	July 19, 2010	Capstone Mining Corp
18.	July 19, 2010	Goldcorp
19.	July 19, 2010 and July 23, 2010 addendum	Fasken Martineau
20.	July 20, 2010	Engineers Geoscientists New Brunswick
21.	July 20, 2010	Ordre des geologues du Quebec and translation
22.	July 20, 2010	Geoscientists Canada
23.	July 21, 2010	Fred Barnard
24.	July 21, 2010	Association of Professional Geoscientists of Ontario
25.	July 22, 2010	Coffey Mining
26.	July 22, 2010	Khalid Elhaj
27.	July 22, 2010	TD Asset Management Inc.
28.	July 22, 2010	Silver Wheaton
29.	July 22, 2010	Stephen Semeniuk

30.	July 23, 2010	Prospectors & Developers Association of Canada
31.	July 23, 2010	TMX Group Inc.
32.	July 23, 2010	VENMYN
33.	July 23, 2010	Bennett Jones
34.	July 23, 2010	Ausenco Minerals & Metals
35.	July 23, 2010	Cameco Corporation
36.	July 23, 2010	AMEC Americas Limited
37.	July 23, 2010	Cassels Brock
38.	July 23, 2010	Osler Hoskin & Harcourt LLP
39.	July 23, 2010	Golder Associates
40.	July 23, 2010	Canadian Coalition for Good Governance
41.	July 23, 2010	De Beers Canada Inc.
42.	July 23, 2010	Endeavour Financial
43.	July 23, 2010	Borden Ladner Gervais LLP
44.	July 23, 2010	Hunter Dickinson
45.	July 23, 2010	New Gold
46.	July 23, 2010	Sandstorm Resources Ltd.
47.	July 23, 2010	Association of Professional Engineers & Geoscientists of Saskatchewan
48.	July 26, 2010	Pincock Allen & Holt
49.	July 30, 2010	Davies, Ward, Phillips and Vineberg
50.	August 8, 2010	Australian Joint Ore Reserves Committee (JORC)

Appendix C

Summary of Comments and CSA Responses

Proposed Regulation 43-101 respecting Standards of Disclosure for Mineral Projects, Form 43-101F1, *Technical Report* and Policy Statement 43-101 (together, Regulation 43-101) and related consequential amendments

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   (b) Question #2
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   (d) Question #4

G. Specific Questions – New Exemption for Property Acquisition with Current Technical Report

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1. Question #6

I. General Comments Not Specifically Related to Proposals

1. Disclosure requirements
2. Technical report review

#	Theme	Comments	Responses
	A. GENERAL COMMENTS		
1.	General support for the proposed amendments to Regulation 43-101	26 commenters express general support for the proposed amendments to Regulation 43-101. Several commenters thanked CSA for the opportunity to participate in focus group discussions and for CSA's efforts to undertake a broad consultation process in developing the proposed amendments.	We thank the commenters for their support. We found the feedback very useful in identifying key industry issues and thank all the contributors for their time and input.
	B. DRAFT REGULATION 43-101 RESPECTING STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS (REGULATION)		
	General comments regarding the Regulation		
	Drafting comment	One commenter suggests that the introductory phrases in the current Regulation, such as "subject to", "except for", etc., should be retained as they make the Regulation easier to read and understand for the many users of the Regulation that are not legal professionals.	While we do not disagree with the commenter, the inclusion of these phrases is contrary to legislative drafting conventions in some jurisdictions.
	Cautionary language	A commenter strongly supports the various new requirements in the Regulation for cautionary language, including the requirements for prominence and proximity. The commenter would further support cautionary language being bolded or otherwise brought to the attention of readers.	We acknowledge the comment but think that the proposed requirement to give cautionary language equal prominence will provide sufficient notice to readers.
	Scope of Regulation	A commenter thinks the 43-101 process is designed to regulate disclosure of mineral resources, but is used to disclose mineral reserves, which is beyond the realm of geology and geostatistics. A parallel process is needed to regulate disclosure of mineral reserves where the onus is not on geologists and geostatisicians.	We disagree. Regulation 43-101 applies to all disclosure of scientific and technical information, including mineral reserves. Qualified persons, as defined in the Regulation, include engineers who are customarily involved in the preparation of reserve estimates.
	Specific comments regarding the Regulation		
1.	Part 1 Definitions and Interpretation		

#	Theme	Comments	Responses
	Definition of “acceptable foreign code”	Two commenters expressly support the proposed changes to this definition and moving to an objective test.	
		A commenter generally supports the proposed broader definition, but would have concerns if the phrase “generally accepted in a foreign jurisdiction” includes Russian-based codes. In the commenter’s experience, these codes are seriously at odds with CIM standards and are misleading to investors.	We do not think the proposed definition of acceptable foreign code would include Russian-based codes because they are not consistent with CIM standards, and therefore would not satisfy the test in the definition.
		A commenter notes that the definition includes SEC Industry Guide 7 but this is missing from the related section in the Policy Statement.	We included SEC Industry Guide 7 as an acceptable foreign code because of the large number of cross-border issuers in Canada. We did not refer to it in the guidance because it does not use mineral resource and reserve categories consistent with other acceptable foreign codes.
		One commenter that is an exchange says it will only accept foreign codes expressly accepted by CSA, and suggests that CSA maintain a list of currently acceptable foreign codes.	The codes specifically identified in the definition are the codes that staff think currently satisfy the definition. We plan to publish CSA Staff Notices on a timely basis identifying the additional codes that we think satisfy the definition of “acceptable foreign code”, based on our own research or submissions from market participants made in accordance with subsection 1.1(1) of the Policy Statement.
		A commenter recommends that CSA include in this definition “The SME Guide for Reporting Exploration Results, Mineral Resources, and Mineral Reserves”, which is being used by major mining companies in the USA and SME is lobbying the SEC to adopt. The SME code should be recognized because SME members participate on CRIRSCO and have worked to improve technical disclosure standards and to develop a code in the USA that is consistent with CIM definitions.	We understand that mining companies in the USA that elect to use the SME code are still required to comply with SEC Industry Guide 7. As a result, we do not think the SME code currently satisfies the test that the foreign code must be “generally accepted in a foreign jurisdiction”. We will continue to monitor the situation.

#	Theme	Comments	Responses
	Definition of “advanced property”	Two commenters express concerns about including a property that has been the subject of only a preliminary economic assessment because these early stage assessments are unreliable and it is not appropriate to describe the property as “advanced”. A commenter notes that not all pre-feasibility or feasibility studies result in the declaration of mineral reserves, and therefore these properties would not qualify as “advanced properties”. A commenter thinks the paragraph relating to reserves should simply require the property to have reserves, because reserves by definition must be economically mineable as demonstrated by at least a preliminary feasibility study.	We do not share these concerns. The term “advanced property” is intentionally broad as its sole use under the Regulation is to identify a general category of properties (those with an economic analysis) that are subject to additional disclosure requirements under the Form. We agree, and have amended the definition to include this scenario. We agree, and have amended the definition accordingly.
	Definition of “advanced property” and other property categories	A commenter notes the proposed definition of “advanced property” does not specifically include “development property” or “producing issuer”, so technical reports for development and producing properties would include unnecessary disclosure of drill results in Item 10 (c) of the Form. The commenter suggests defining a new category of mineral project possibly called “Deposit Delineation Property” to capture properties where drilling is proposed or which have mineral resources but no economic analysis. This commenter also thinks it is not clear which term to use to describe small scale producing properties that do not meet the “producing issuer” definition, such as projects deriving revenue from pilot plants.	We think that “advanced property” is sufficiently broad to capture development and producing properties. The proposed amended definition, together with the proposed elimination of the definition of “development property”, should clarify this. We have not adopted these suggestions, as it is not necessary for purposes of the Regulation or Form to provide definitions for all stages of a mineral project. We only include those definitions that are necessary to differentiate properties for purposes of application of the rule.
	Definition of “Certification Code”	A commenter expressly supports the recognition of Chile’s Certification Code in the Regulation.	
	Definition of	A commenter suggests this definition is not necessary as it is used only once, in	We agree, and have deleted this definition. We note though that the

#	Theme	Comments	Responses
	“development property”	the Instruction to Item 26 of Form 43-101F1, where it arguably does not need a precise definition.	definition is also used in paragraphs (b) and (c) of the Instructions to Illustrations, and have amended the wording of these references accordingly.
	Definition of “effective date”	A commenter expressly supports this new definition and distinguishing it from the date of signature. Another commenter finds the current wording confusing as it is unclear how the date would be selected, who would select it, and where it would be stated. They propose amending the definition to the date of the technical report or the date specified in the report by the qualified person.	We do not think it is necessary to amend the definition because paragraph 8.1(2)(c) of the Regulation and the Date and Signature Page section of the Form specify these details. However, we have added guidance to the Policy Statement to clarify the meaning and purpose of “effective date”.
	Definition of “feasibility study”	A commenter proposes that issuers should not be permitted to add descriptions to the defined term such as “bankable”, which are potentially misleading. Consider providing guidance in the Policy Statement.	We do not think such descriptions are necessarily misleading because the definition of feasibility study refers to a study acceptable to a financial institution.

#	Theme	Comments	Responses
	Definition of “historical estimate”	Seven commenters expressly support the proposed changes to this definition One of these commenters notes however that very old and recent estimates will be accorded equal status. Another suggests that, if the historical estimate is post-2001, the issuer should name the qualified person responsible for the estimate as well as the system they used for classifying the resources. A commenter proposes revising this definition to include estimates previously made by the issuer itself. Sometimes a property is in inventory but dormant and historical estimates, although not current, are important information.	Our decision to treat all historical estimates consistently is based on industry feedback. We think the requirements of section 2.4 of the Regulation should mitigate any potential concerns. We think the requirement in section 3.1 of the Regulation for the issuer to name a qualified person is sufficient in this case. We agree that the classifying system would be useful information. We have added guidance in the Policy Statement that the issuer can comply with paragraph 2.4(d) of the Regulation by identifying the acceptable foreign code used, if applicable. We have not adopted this suggestion. This situation would only arise for estimates that have been dormant since at least 2001, which we think would be relatively rare. In most cases, the issuer will have all the data necessary to upgrade the estimate to current mineral resources or reserves.
	Definition of “preliminary economic assessment”	<u>Change to permit preliminary assessment after completion of a pre-feasibility or feasibility study</u> Ten commenters expressly support this change. A commenter thinks this change is potentially confusing as assessments done after a feasibility study are based on much more accurate information concerning the deposit, metallurgy and costs of the project than an early stage study. Another commenter supports allowing an issuer to disclose some form of “assessment” when new material information becomes available after a pre-feasibility or feasibility study, but does not think these assessments should be described as “preliminary”.	We do not see this as a significant concern because these assessments include inferred mineral resources that have a low confidence level and any economic analysis should be considered preliminary. See our response to the comment above.

#	Theme	Comments	Responses
		<u>Addition of word "economic"</u> Four commenters disagree with the proposed change in the defined term from "preliminary assessment" to "preliminary *economic* assessment". Their reasons include: • It could imply a level of analysis that is not supported by an early stage study. • The change shifts the focus from "preliminary" where it should be, to "economic".	We think the word "economic" adds accuracy to the definition because these studies include an economic analysis and their purpose is to assess the potential economic viability of the deposit. Disclosure of the results of these studies must include required cautionary language to ensure the disclosure is not misleading.
		<u>Other</u> A commenter finds the proposed changes in this definition confusing because the related guidance says preliminary economic assessments are commonly referred to as "scoping studies" - this term implicitly means a study done before a pre-feasibility or feasibility study. The commenter also suggested that use of inferred resources in preliminary economic assessments over-rides the CIM definitions, which exclude inferred resources from "feasibility or other economic studies".	We understand that 'scoping study' is an informal industry term that has essentially the same meaning as a preliminary economic assessment. However, we are not aware of any industry-accepted published standard for scoping studies and acknowledge there might be some confusion around the use of the two terms. We have amended the guidance in the Policy Statement to clarify that preliminary economic assessments could include scoping studies but do not necessarily have the same meaning.
		The commenter suggests splitting this definition into two: (i) a preliminary economic assessment/scoping study; and (ii) an economic assessment of inferred resources that may be included in a life of mine plan but not in a pre-feasibility or feasibility study.	See our response to the comment above. The definition of "preliminary economic assessment" is not meant to capture life of mine plans as they are typically used to update mineral reserves for mining purposes. We do not think a life of mine plan is an economic analysis of the potential viability of mineral resources.
		Another commenter thinks the proposed definition is too broad because it would include a lesser study than a scoping study. Leaving the definition as proposed would permit most issuers to call their properties "advanced properties" and rely on the exemptions for "advanced properties" under Regulation 43-101. The definition should require that the study achieve at least the standard for a scoping study.	See our response to the comment above. We also note that the only exemption for advanced properties is in Item 10(c) of the Form and they are otherwise subject to additional disclosure requirements under Items 15 to 22.

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	Definition of “producing issuer”	Two commenters think there is a loophole in the definition because it only specifies a revenue test and not a production test. This means a company could cease production, but still be exempt from the requirement to provide an independent technical report. The only issuers that should be able to rely on this exemption are issuers that are currently producing. A commenter suggests including in part (b) of the definition gross revenues derived from mining operations on properties acquired by the issuer in the last three years. An issuer should be able to include in its calculations revenues of an acquired property. Employees of a producing mine customarily become employees of the new owner so the new owner will have the internal expertise to prepare the technical reports.	The revenue test, while not perfect, provides a simple and verifiable test that captures most production situations. Moving to a production test would be difficult and complex due to problems with defining “production”. Although we acknowledge the concern, we do not think it is significant enough to justify a more complicated and untested definition. We have not adopted this suggestion. We think we should consider these situations on a case by case basis. Also, in our experience, these situations do not occur frequently.

#	Theme	Comments	Responses
	Definition of "professional association"	Three commenters expressly support the proposed changes to this definition and moving to an objective test. One commenter thinks the broader definition will provide issuers with more flexibility, and encourages CSA to maintain an updated list of acceptable foreign associations in Appendix A to the Policy Statement. A commenter generally supports the proposed broader definition, but would have concerns about weaker jurisdictions opening the potential for unqualified persons to act as qualified persons under the Regulation. One commenter believes that Regulation 43-101 should provide a mechanism for a person to apply for "qualified person" status based on their qualifications, experience, and peer recommendations, even though the person is not a member of a professional association. <u>Subparagraph (a)(ii) – foreign association</u> One commenter that is an exchange says they will assume the only acceptable foreign qualified persons are those that are members of an association listed in Appendix A to the Policy Statement. The commenter has concerns about CSA's ability to update the list readily and suggests maintaining a link to a current approved list of foreign associations. CSA should also consider how it will notify the public and other regulators of updates to the list. <u>Paragraph (e) – disciplinary powers</u> A commenter that is a Canadian professional association proposes removing paragraph (e) of the definition because the association does not have legal authority to apply disciplinary powers outside the geographic limits of the province. A commenter notes the US professional engineering bodies are not included in	We do not think the new objective test lowers the current standard. Applying the new test results in a list of associations that is substantially similar to the list under the current rule. The new test simply provides flexibility so that we can more easily update the list in Appendix A, when appropriate. Qualified person is not a professional designation or a license to practice. The securities regulatory authorities do not have the mandate or resources to determine if an individual is qualified in a given situation. Professional associations are best equipped to provide ongoing registration, oversight and discipline of qualified persons. The test for determining whether a foreign association qualifies for purposes of the Regulation is contained in the definition in the rule. Appendix A represents our views regarding which associations currently satisfy the test in the definition. We plan to update Appendix A periodically to identify additional associations that we think satisfy the definition of "professional association", based on our own research or submissions from issuers made in accordance with subsection 1.1(5) of the Policy Statement. We understand that other Canadian professional associations are not subject to a similar restriction. We think it is essential that a professional association be able to apply disciplinary powers to members that reside or practice in foreign jurisdictions because of the international nature of the mining industry. We do not have any information indicating this is an issue. However, we

#	Theme	Comments	Responses
		the list of approved foreign associations of the Australian Stock Exchange. The commenter understands the US state boards did not apply because it is unlikely they would have the power to discipline members for failure to comply with the JORC Code. The commenter imagines the same issue would arise under Regulation 43-101 and questions the inclusion of the US professional engineering bodies in Appendix A of the Policy Statement.	question whether most professional associations generally would consider it within their mandates to discipline a member for failure to comply with a reporting code in a foreign jurisdiction.
	Definition of "qualified person"	Three commenters expressly support the proposed changes to this definition and moving to an objective test. <u>Paragraphs (a), (b) and (c) – experience requirements</u> A commenter notes these paragraphs impose a different experience requirement than for all other foreign jurisdictions reporting under the various CRIRSCO standards. The CRIRSCO standards require at least five years experience relevant to the situation under consideration, while the Canadian definition requires only five years of general experience. The commenter recommends that CSA align its definition with international standards. <u>Paragraph (d) – good standing with professional association</u> Eight commenters that are Canadian professional associations think the Regulation should require any qualified person acting for an issuer in Canada to be registered, as well as in good standing, with a Canadian professional association. Such a requirement would align the Regulation with provincial/territorial laws regarding registration of geoscientists. These commenters also think the Regulation should require a qualified person evaluating a property in Canada to be licensed in the jurisdiction where that property is located. One of these commenters believes that current registration processes across	We have not experienced any problems with this component of the definition and therefore do not propose to amend it. We acknowledge that paragraphs (a), (b) and (c) taken together are somewhat broader than the Competent Person definition for certain foreign codes. However, we think paragraph (c) is narrower in scope than the corresponding part of the Competent Person definition because it requires experience relevant to the specific mineral project and specific technical report under consideration. We think that the requirement to be in good standing with a professional association necessarily includes satisfying any applicable registration or licensing requirements. That is how we have always interpreted the "good standing" requirement. We therefore do not think it is necessary to refer specifically to registration in the definition. We have however added guidance to the Policy Statement to clarify our interpretation of the "good standing" requirement. Another factor influencing our decision is that specifically referring to registration in the definition of "qualified person" would necessitate other amendments to the definition as some foreign associations do not have a registration requirement, and other foreign associations might have a similar requirement but label it differently. The requirement for a Canadian qualified person to be licensed in the jurisdiction where the property is located is already required under other Canadian legislation. Adding such a requirement to Regulation 43-101 would be duplicative and also, in our view, beyond our mandate. We think it is the responsibility of the qualified person and the relevant professional

#	Theme	Comments	Responses
		Canada and mutual recognition agreements under negotiation would reduce the regulatory onus for foreign qualified persons acting for Canadian issuers. Three of these commenters recognize the complexities of imposing a registration requirement on foreign qualified persons who are reporting on properties located outside Canada, and feel that the proposed changes to Regulation 43-101 go part way to addressing the risks and concerns to the investing public. However, these commenters believe imposing a registration requirement is still desirable for investor protection as legal process and disciplinary action would be easier to pursue. <u>Subparagraph (e)(ii)A – peer evaluation</u> A commenter requests that CSA specify how many persons constitute a "peer evaluation". <u>Subparagraph (e)(ii)B – post-degree experience</u> Eight commenters do not support the requirement that a foreign qualified person have at least ten years experience. Their reasons include: • A Canadian qualified person is only required to have five years experience. • Regulation 43-101 should not require higher experience levels than specified by the foreign codes it recognizes. • It is unnecessary and inconsistent with the experience requirements in paragraphs (b) and (c) of the definition. <u>Australian professional associations</u> Three commenters have concerns about the impact of the proposed changes to this definition on Members of the Australian professional associations, AusIMM and AIG. One of these commenters is concerned that the proposed changes to the definition will disenfranchise a large group of engineers and geoscientists who	association to ensure that all relevant licensing requirements are met. Please see our responses to the comments above. This is a description of criteria applicable to a membership designation in a foreign professional association. As such, we do not think it is appropriate for us to specify the number of persons required for a peer evaluation. This will vary depending on the association. This provision was not meant to require a foreign qualified person to have at least ten years experience. This provision merely describes a feature of a membership designation that is an alternative to the confidential peer evaluation in what is now subparagraph (e)(ii)(A). We provided the alternative test to include certain professional designations that may not require a confidential peer review but compensate for this by having more stringent experience requirements. To clarify our intention and allow more flexibility, we have replaced the ten years experience threshold with the concept of "demonstrated expertise", and provided guidance on this in the Policy Statement. As mentioned above, we have replaced the ten years experience threshold with a test of "demonstrated expertise". We have provided guidance in the Policy Statement regarding this test. We have added AIG Members to Appendix A based on this test. We think that those Members of AusIMM who satisfy the "demonstrated expertise" test and other aspects of the definition of "qualified person" in most cases should be able to upgrade their membership designation in AusIMM to Fellow, or obtain the

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		have been Members (Fellows are not affected) of the AusIMM and AIG for many years, who have acted or are currently acting as qualified persons. The commenter is particularly concerned about the requirements in (e)(i) [position of responsibility] and (e)(ii)(B) [at least ten years post-degree experience in the field of mineral exploration or mining], which are not requirements of Canadian professional associations.	Chartered Professional (CP) title.
		Another commenter notes that Members of AusIMM will no longer qualify even though AusIMM satisfies all the criteria for a professional association except that it does not require ten years post-graduate experience, while a Registered Member of SME will qualify even though SME only requires five years of post-graduate experience. The commenter proposes applying the ten-year experience requirement to "qualified person" rather than "professional association", which would allow individuals with an appropriate level of experience to act as qualified persons.	See our response to the comment above.
		Another commenter notes that the exclusion of Members is not consistent with the Competent Person definition in the JORC Code. That definition excludes Associates, Graduates, and Students, but does not exclude Members. Only 16% of the AusIMM membership are Fellows, while over 62% are Members. Many of the Members otherwise would meet the Regulation 43-101 definition but have not upgraded their membership to Fellow. The requirements for Fellow in AIG go far beyond the stated requirements in Regulation 43-101.	See our response to the comment above.
		This commenter also notes that the AusIMM designation of "Chartered Professional (CP)" in Appendix A is not a membership class as such.	We have amended Appendix A accordingly.
		<u>Other</u> A commenter believes that, to serve investors' and clients' interests, an individual acting as a qualified person for a company should not be an insider, director, or promoter of other mining companies as it compromises the qualified person's independence and diverts the qualified person's time and attention.	Section 1.5 of the Regulation sets out the test for independence, which we think is sufficiently broad to protect investors and clients in cases where an independent technical report is required. We think to go further than this would be unduly restrictive.

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	Definition of “specified exchange”	Three commenters suggest moving the list of specified exchanges to the Policy Statement or including generic language that would permit other foreign exchanges to be specified, as international markets develop over time. One commenter suggests that CSA consider adding the Mexican, Santiago, and Lima exchanges to the list. Another commenter asks CSA to consider providing a link to a current list of specified exchanges.	We do not think it would be appropriate to include generic language in this particular definition. The exemptions for producing issuers that trade on a specified exchange are intentionally restricted to situations where the exchange, as well as requiring mining issuers to disclose under an acceptable foreign code, also provides satisfactory oversight and enforcement of the disclosure standards. This aspect can only be determined on a case by case review. With respect to the exchanges currently specified, we were able to obtain sufficient information indicating that they satisfy these criteria. We also note that these exemptions extend to cross-listings, as well as primary listings, on a specified exchange. We expect that many producing issuers would have at least a secondary listing on one of the exchanges currently listed.
	Proposed new definition – “filed”	A commenter suggests adding a definition of “filed” to mean filing on SEDAR.	CSA regulations generally do not include a definition of “filed” because the definition and filing requirements are set out in the SEDAR rule, Regulation 13-101. That rule also includes certain exemptions and as a result, not all issuers are required to file on SEDAR.
	Proposed new definition – “economic analysis”	A commenter recommends adding a definition of “economic analysis” as there appear to be inconsistencies between Form 43-101F1 and the Policy Statement. Form 43-101F1 separates Item 21 Capital and Operating Costs, from Item 22 Economic Analysis, thereby suggesting that capital and operating costs do not constitute an economic analysis. However, the guidance on the meaning of “preliminary economic assessment” says that economic analyses include capital and operating costs. Alternatively, the commenter suggests reconciling these inconsistencies through additional guidance in the Policy Statement.	We do not agree that there is an inconsistency between the Form and the Policy Statement. Item 21 focuses specifically on capital and operating costs, while Item 22 is a much broader item that specifies the content of an economic analysis included in a technical report. Item 22 Economic Analysis includes capital and operating costs as a component in paragraph (e). This is consistent with the guidance in the Policy Statement. We do not think additional guidance is necessary.

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	1.2 and 1.3 – definitions of mineral resource and mineral reserve	A commenter prefers the current wording of these sections to the proposed wording, as it will allow CIM to amend these definitions without impacting Regulation 43-101. Another commenter does not think the proposed additional wording improves the clarity of the sections. A commenter has concerns about the CIM Definition Standards for mineral resources becoming too restrictive, in particular CIM's latest recommendation to show resources at only one cut-off grade. It is appropriate to recommend a single cut-off grade but to understand a deposit's potential it is also necessary to know the effect of changes in price on a range of grades.	We do not think the changed wording affects CIM's ability to amend the definitions. The words "as amended" preserve this ability. We have removed references to the adoption date of the original CIM definitions. While Regulation 43-101 requires the issuer to identify the base case mineral resource, it does not prohibit disclosing a range of estimates using different cut-off grades to show grade or price sensitivity.
2.	Part 2 Requirements Applicable to All Disclosure		
	2.1(b) – approved by a qualified person	Five commenters expressly support allowing scientific and technical information to be approved by a qualified person, as an alternative to prepared by or under the supervision of a qualified person. One commenter that is an exchange suggests reconciling the option that information may be prepared by or under the supervision of a qualified person with the more stringent exchange requirement, which requires the qualified person to have read and approved the disclosure.	The current Regulation does not require a qualified person to approve the issuer's disclosure in all cases and we do not think it would be appropriate to impose this requirement. We provided the option for the qualified person to approve the disclosure to cover situations where the issuer might not know or have access to the qualified person who prepared the information.
	2.2(c) – inferred mineral resources	Two commenters recommend that CSA remove the restriction against adding inferred mineral resources to other categories of resources. Their reasons include: • This particular rule is impractical to apply, generally ignored by industry, and does not add credibility to the Canadian capital markets. • Other major mining jurisdictions do not have a similar rule so large companies in foreign jurisdictions use inferred resources in economic	While we did consider this option, we received feedback from industry organizations, other regulators, and our mining advisory groups indicating that this is an important requirement and removing it would not align with industry best practices.

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		analyses. This puts small Canadian companies at a disadvantage. • Regulation 43-101 already provides sufficient protection to the market by requiring disclosure of the tonnes and grades of each category of mineral resources. • Measured and indicated resources do not have 100% certainty and the level of confidence in inferred resources varies, even in a bulk tonnage deposit.	
	2.3(1) – restricted disclosure	Three commenters expressly support the new restrictions against disclosing gross contained metal values, and metal equivalent grades unless individual metal grades are also disclosed. One commenter does not support the new restrictions because metal equivalents and gross metal values are useful for comparing the results between drill holes and in presenting results for polymetallic resources. They are not misleading if appropriate back-up information is provided, and should be allowed as long as the grade and metal price of each element is clearly stated. This commenter also thinks a thorough and systematic assessment of a deposit is usually achieved only at the advanced exploration stage. For earlier stage properties, it is less misleading to use a stated recovery of 100%, with a caveat that recoveries will change subject to final metallurgical testwork, than to use recoveries based on ongoing and incomplete metallurgical testwork. <u>Paragraph (c) – gross contained metal</u> Other commenters said the following about paragraph (c): • It is unclear if the restriction is against disclosing metal value or contained metal value. The commenter suggests removing the word “contained”. • It is confusing when read with paragraph (d).	Subsection 2.3(1) does allow issuers to disclose metal equivalent grades provided they also include the individual metal grades that comprise the equivalent grade. We disagree with the commenter regarding the disclosure of gross metal values. We think disclosure of such values is misleading because it is often a large number that does not take into consideration the potential costs, recoveries, or other factors relating to the extraction and recovery of the metals. Therefore, we think that the risk of this type of disclosure being misleading generally outweighs any benefit it might provide to the market. The current restriction does not require issuers to include assumed recoveries. Therefore, we do not think the commenter’s concern about the restriction for metal equivalent disclosure is warranted. For greater clarity, we have removed the word “contained”. We have also added guidance in the Policy Statement to explain what we mean by gross metal or mineral value.

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		• The language should be clearer that it captures only gross contained metal or mineral value and not total pounds, ounces, or karats contained in a deposit. • Clarify whether the restriction applies to the quantity (in weight) of contained metal or minerals, or the value (in currency) of the contained metal or minerals. If the restriction is against disclosing the amount of contained metal or minerals, this would conflict with standard practice for international issuers to disclose a deposit's contained metal or minerals.	Our intention is to restrict the disclosure of gross monetary value, not the quantity, of metals or minerals, the latter of which is permitted under paragraph 2.2(d) of the Regulation. For greater clarity, we have slightly revised the wording of this paragraph.
		<u>Paragraph (d) – metal equivalent grade</u> Four commenters recommend expanding paragraph (d) to require disclosure of other relevant factors such as commodity price, plant recovery, and smelter payment assumptions, to align this paragraph with CIM Best Practice Guidelines or Item 19(m) of current Form 43-101F1.	Because subsection 2.3(1) imposes restrictions that apply to all disclosure, we think it is appropriate to include only the minimum requirements we think are necessary to prevent misleading disclosure, this being the individual metal grades. The requirement in the technical report applies only to mineral resource and mineral reserve estimates (Items 14(c) and 15(c) of the Form). We think it is appropriate to require this additional disclosure in the technical report because it is a detailed, supporting document.
		One commenter thinks an issuer should be able to rely on the exemption in section 3.5 of the Regulation if this information was previously disclosed.	We have not adopted this suggestion. We think the disclosure of metal or mineral equivalent grades has the potential to be misleading without the context provided by the additional detail.
		A commenter asks whether paragraph (d) will apply to disclosure made prior to implementation of the new Regulation. It would be helpful to have a "grandfather provision" for old technical reports, or a transitional time period.	Item 19(m) of the current technical report form requires this disclosure so this provision does not impose a new requirement for technical reports. Rather, it is a clarification that conforms the Regulation to the Form and our current practical guidance.
	2.3(2) – exploration targets	A commenter expressly supports the proposed changes to this section. Another commenter supports the proposed changes but thinks the section should require the cautionary language to be proximate to the disclosure, as well as of "equal prominence".	In subsection 2.3(6) of the Policy Statement, we indicate that we interpret the "equal prominence" requirement to include proximity.

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	2.3(3) – disclosure of preliminary economic assessments	Two commenters expressly support the fact that Regulation 43-101 allows preliminary assessments to include inferred resources. One commenter expressly supports the proposed changes to this section and the definition of "preliminary economic assessment" as they will allow issuers to disclose the full potential of their assets within reasonable parameters and with appropriate cautionary language. A commenter thinks it is unclear why an issuer would compile a preliminary economic assessment on "the results of any pre-feasibility or feasibility study" referred to in paragraph (c). If the intention is to provide for economic analyses of the potential viability of inferred resources, this should be explicitly stated.	We understand there are situations where an issuer might want to prepare a preliminary economic assessment after completion of a pre-feasibility or feasibility study. In these situations, paragraph (c) requires the issuer to disclose the impact of the preliminary economic assessment on the results of the pre-feasibility or feasibility study. We have provided guidance on paragraph (c), which we have now moved to subsection 2.3(4) of the Policy Statement.
	2.4 – historical estimates	A commenter says the proposed changes appear to allow use of a "historical estimate" in an economic analysis, and suggests adding a prohibition against this. A commenter thinks "using the original terminology" is potentially confusing – does it mean the terminology in a technical report prepared under the previous Regulation, or the terminology in the document containing the historical estimate? The commenter suggests deleting the phrase. A commenter recommends that CSA delete paragraph (f) as it could result in misleading statements. Historical estimates frequently do not have sufficient documentation for an issuer to assess what needs to be done to upgrade or verify the estimate. Issuers would have to predict what success they will have with additional drilling, etc., which could give the historical estimate	The Regulation already contains this prohibition in paragraph 2.3(1)(b). Although we made a drafting change in the new Regulation, the meaning of this requirement has not changed. Therefore, the terminology used in the technical report should be the same as the terminology of the historical estimate. We have not removed this requirement because we think it could be misleading to convert historical categories to equivalent current resource categories without verifying the estimate meets current definitions. We do not share the commenter's concern. The presence or lack of documentation will be an important factor in determining what the issuer will need to do to verify or upgrade the historical estimate. We do not see this as an impediment to the issuer complying with paragraph (f). We think the qualified person is in the best position to determine what

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		unwarranted credibility. Alternatively, compliance with paragraph (f) should be necessary only if the information is known to a reasonable level of confidence. The commenter also requests additional guidance on what is expected to comply with this requirement.	additional work is necessary in each case.
3.	Part 3 Additional Requirements for Written Disclosure		
	3.1 – name of qualified person	Three commenters expressly support new paragraph (b) which would allow an issuer to name the qualified person who approved the disclosure. A commenter generally supports the proposed streamlining, but has concerns about the potential coercion of qualified persons employed by consulting firms to approve disclosure when the original qualified person is not available. The commenter proposes that new paragraph (b) apply only to qualified persons employed by the issuer.	The purpose of paragraph (b) is to provide issuers with more flexibility so they can rely on a qualified person who has current knowledge of the project, as an alternative to naming the qualified person who prepared the original information. In most cases, we expect the qualified person approving the disclosure would be an employee of the issuer. In other cases we expect the issuer would have to contract for the services on terms and conditions that are acceptable to both parties.
	3.2 – data verification	A commenter would welcome guidelines for the acceptance/rejection of legacy data. Many projects include data collected and analyzed using procedures standard for the time and use of the data depends entirely on the qualified person's opinion. Sometimes this data is used to declare indicated (or better) mineral resources. A commenter thinks this requirement is too broad because it captures any written disclosure of scientific or technical information about a mineral project on a property material to the issuer. For example, if an issuer discloses in its interim MD&A quarterly mine production from a material property, a production forecast for that mine or reserve or resource estimates, the requirement applies. The commenter believes the requirement should be limited to disclosure of material scientific and technical information relating to exploration and drilling.	The qualified person is the expert and is in the best position to determine the reliability and suitability of legacy data for the purpose used. We do not think it is appropriate for the securities regulatory authorities to provide guidance on industry best practices. This provision is in the current Regulation and we are not aware of any problems with its practical application. Therefore, we have not made any changes.
	3.3 – exploration	<u>Subsection (1) – disclosure of exploration information</u>	

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	information	A commenter is concerned about the amount of information that is required given the broad definition of "exploration information" in the Regulation. This definition could include brief statements that broadly indicate the type of results from ordinary course ongoing exploration activities at a producing property. For summary disclosure of this nature, the requirements are excessive relative to the importance of the information. The commenter recommends reducing these requirements where drill hole data is not provided or the disclosure relates to exploration activities on a producing property. Section 3.5 does not provide enough of an accommodation. <u>Paragraph (2)(a) – location and type of samples</u> A commenter suggests also requiring disclosure of the number of samples. <u>Paragraph (2)(b) – location, azimuth, and dip of drill holes</u> A commenter thinks this paragraph requires a company to provide too much detail, which can result in unwanted complications. For example, analysts sometimes use the details incorrectly and issue misleading information. It should be sufficient for the company to provide an interpretation of the results disclosed. There is also strategic value in not providing too much information to competitors.	This provision is in the current Regulation and we are not aware of any problems with its practical application. Therefore, we have not made any changes. We do not think the number of samples is critical information that needs to be disclosed in every case. This requirement is consistent with the existing requirement to disclose sample locations recognizing that azimuth, dip, and depth are important in locating the intersections in 3-D space. We think this provides important information for investors to assess the relative location and potential continuity of mineralization between drill holes. We have slightly revised the drafting to clarify that the information required is only with respect to the results being disclosed. We also think that disclosure of such third party interpretations by or on behalf of an issuer would likely be misleading and contrary to Regulation 43-101.	
	3.4 – mineral resources and mineral reserves	<u>Paragraph (c) – key assumptions</u> A commenter proposes modifications to require disclosure of the commodity price and exchange rate used, as these are the most important assumptions for mineral resource and mineral reserve estimates, and comment on the estimate's sensitivity to these assumptions. <u>Paragraph (d) – risk factors</u> A commenter suggests retaining the words "title, taxation, socio-political or other relevant issues' in the text. <u>Paragraph (e) – cautionary language</u>	As these are key assumptions, we think discussion of these factors is already required and it is not necessary to add further detail. If these risks could materially affect the potential development of the mineral resources or reserves, we think they are already caught by the words "other risks"	

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		A commenter suggests that CSA provide guidance on the meaning of "equally prominent" including confirmation that tabular or graphic disclosure may be accompanied by footnoted narrative disclosure in satisfaction of this requirement. <u>New proposal</u> A commenter notes that disclosed resource and reserve estimates often change significantly with no explanation and proposes adding a requirement that an issuer must reconcile current with previously disclosed estimates and comment on contributing factors.	We have already provided guidance on this topic in subsection 2.3(6) of the Policy Statement. We do not think it is necessary to impose this requirement because the supporting technical report will include a summary of all new information. Issuers are already required to disclose material exploration information so we think the market should know on what new information the revised estimate is based.
	3.5 – exception for previously filed disclosure	A commenter notes that the common interpretation of this section is that it refers to disclosure previously filed by the issuer itself. Because the proposed amendments, in particular new subsection 4.2(7), sometimes contemplate referring to the disclosure of another issuer, section 3.5 needs clarification. A commenter thinks this exception should extend to paragraph (b) of section 3.4, as well as paragraphs (a), (c), and (d). It can be costly to include tables in news releases and other documents disclosing the quantity and grade of each category of mineral resources and mineral reserves. Cross-referenced documents are readily available in electronic format.	We have made this change for greater clarity. We think it would be confusing and potentially misleading if an issuer were allowed to refer to previous documents for the quantity and grade of each category of mineral resource or reserve. It would also likely be in breach of section 2.2 of the Regulation. We do not think this requirement imposes a significant burden on issuers.
4.	Part 4 Obligation to File a Technical Report		
	General comment – foreign issuers	A commenter thinks the requirements in Part 4 are too broad because a foreign issuer that becomes a reporting issuer is required to file technical reports even if the number of Canadian shareholders is very few. CSA should consider including a *de minimis* Canadian shareholder exemption for foreign issuers with respect to the filing of technical reports. The commenter also asks CSA to consider adding, in paragraphs 4.2(1)(c) [information circular], (d) [offering memorandum], (e) [rights offering circular], (g) [valuation] and (h) [Short Form Offering Document], a *de*	We considered including a *de minimis* exemption as part of the 2005 amendment process but decided not to because this situation occurs infrequently. We think that these situations are best dealt with case by case through the discretionary relief process. See our response to the comment above. Also, d*e minimis* is generally interpreted to mean a 2% threshold, while designated foreign issuers under Regulation 71-102 can have up to 10% of their securities held by

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		minimis Canadian shareholder exemption for foreign issuers, or an exemption for designated foreign issuers under Regulation 71-102, as these provisions are unclear and costly for foreign issuers to comply with.	Canadian residents. The question of whether we should provide an exemption for designated foreign issuers was specifically considered, and rejected, when we adopted Regulation 71-102. We do not think the policy reasons for this decision have changed.
	General comment – removal of certain technical report triggers	A commenter asks CSA to consider, in addition to the short form prospectus trigger, removing the triggers in paragraphs 4.2(1)(c) [information circular], (d) [offering memorandum], (e) [rights offering circular], and (i) [takeover bid circular], for an issuer that is short form eligible. The commenter notes that, as with a short form prospectus, the need to obtain technical reports can affect the ability of mining issuers to complete capital market transactions. Also, the technical disclosure in the issuer's annual information form is incorporated by reference into these documents and a qualified person is required to approve any subsequent technical disclosure. Another commenter asks CSA to consider removing the triggers in paragraphs 4.2(1)(c) [information circular] and (i) [takeover bid circular] because, if shares can be issued under a short form prospectus without requiring a technical report, the same should apply to information circulars and takeover bid circulars. Further, issuers might choose to structure their transactions using cash raised through a short form prospectus offering rather than as a share exchange transaction; the technical report requirement should not drive transaction structures.	We have not adopted these suggestions. These other documents do not provide the same degree of investor protection with respect to statutory liability or consents of experts, as a prospectus. See our response to the comment above. In the case of an issuer that is not short form eligible, the issuer will not have a current annual information form that is supported by a technical report. We also think there are many factors influencing how an issuer chooses to structure a transaction.
	4.2(1) – introductory language	A commenter thinks the current wording could mean an issuer must file a technical report even if the scientific and technical information relates to a non-material property and suggests a drafting change to prevent this possible interpretation.	While we have not experienced any problems with how issuers are interpreting this, for greater clarity we have made the suggested drafting change.
	4.2(1)(f) – annual information form	A commenter questions the proposed removal of the qualifying language that the scientific and technical information must be material and not contained in a previously filed technical report and is concerned that this change will force a company with even slightly active projects to file technical reports every year.	We have not removed this exemption for annual information forms. We have moved it to subsection 4.2(8) and it now applies to all technical report triggers.

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	4.2(1)(g) – valuation required to be prepared and filed under securities legislation	A commenter suggests that CSA should require or recommend that all valuation of mineral properties should be prepared in accordance with CIMVal Standards and Guidelines.	We do not think this change is necessary. It is sufficient that technical reports supporting valuations be prepared by a qualified person and we do not think it is appropriate for the securities regulatory authorities to impose or endorse specific valuation methodologies.
	4.2(1)(i) – takeover bid circular	A commenter proposes permitting a time delay for the filing of a technical report by a reporting issuer, similar to the delay provided for directors' circulars in paragraph 4.2(5)(a). Reporting issuers will have previously disclosed relevant scientific and technical information about their properties and (as with a short form prospectus) any updated information in the bid circular would be supported by a qualified person. The requirement to file the technical report concurrently with the bid circular affects the ability of the bidder to act in a timely fashion and creates a disadvantage for reporting issuers in the mining industry as compared to issuers in other industries.	The Regulation permits more time for the filing of a technical report to support disclosure in a directors' circular because the offeree often has little or no control over the timing of the bid. In contrast, the offeror generally can control the timing and is in a better position to organize its affairs for purposes of making the bid. We are not convinced that, in this case, the burden imposed by the requirement generally outweighs the benefit to the market of having the technical report available at the same time as the takeover bid circular.
	4.2(1)(j) – any written disclosure	Three commenters expressly support the proposed expansion of this trigger to apply to all first-time written disclosure. A commenter suggests changing the words "in respect of the affairs of the issuer" to "in relation to the issuer" to more precisely invoke the definition of "material change" in the Ontario Securities Act. A commenter suggests that a summary of the technical report be filed at the same time as the news release disclosing mineral resources or mineral reserves because management prepares the news release, rather than the independent qualified person.	We agree, and have made this change. We do not think this is necessary, as the Regulation requires that the mineral resource or reserve estimates be prepared or approved by a qualified person, and the estimates will be supported by a full technical report.
	4.2(6) – 45-day filing delay	Two commenters think the 45 days should be extended to 60 days as it is extremely difficult to achieve the desired standard of work required to file within 45 days, especially when there are multiple reports.	We think that 45 days is sufficient as this period is intended to allow the technical reports to be finalized, not prepared in their entirety. We previously extended the filing deadline from 30 to 45 days and think that further extending the filing deadline would present an unacceptable risk to the market.

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		Another commenter thinks the 45-day period should be extended to a uniform six-month period as 45 days is inadequate in most cases, particularly where reports have to be prepared for multiple properties, and the likelihood of boilerplate, formulaic disclosure increases when filing periods are unduly short.	We disagree. The six-month timeframe is only appropriate where there is a current technical report filed by another issuer, which reduces the risk of unsupported or misleading disclosure. The exemption permitting a six-month filing delay is also subject to significant additional conditions.
	4.2(8) – current technical report on file	Eight commenters expressly support the proposed elimination of the requirement to provide updated consents and certificates for a previously filed technical report. One commenter encourages CSA to work closely with the SEC to harmonize certificate and consent requirements for the filing of continuous disclosure documents to realize full benefits for cross-border issuers. A commenter notes that paragraph (a) seems inconsistent with paragraph (b) as the previously filed technical report would not support the scientific or technical information if that information has changed in a non-material way since the filing of the technical report. Another commenter thinks the test in paragraph (b) is wrong because it refers to material information about the subject property rather than information that is material to the issuer as a whole. This imposes a burden on issuers that is not commensurate with the benefit to investors. Paragraph (b) should be eliminated, or alternatively the Regulation should retain the safe harbour in the current Regulation for annual information forms that repeat information from a prior annual information form that was supported by a technical report.	We think paragraph (a) must be read in conjunction with paragraph (b). The wording of paragraph (a) is consistent with the filing obligation in subsection 4.2(1), which is to file a technical report that supports "scientific or technical information" in the document. The issuer must have satisfied this basic requirement to qualify to use the exemption in subsection 4.2(8). However, paragraph (b) acknowledges that only "material" new information will trigger the filing of an updated report. We disagree with the conclusion that Regulation 43-101 imposes a burden on issuers that is not commensurate with the benefit to investors. Regulation 43-101 applies to disclosure about mineral projects; therefore, it is appropriate for materiality to apply to the mineral project, not the issuer. Also, we have not removed the exemption for annual information forms. It has been moved to subsection 4.2(8) and now applies to all technical report triggers.
	4.3 – required form of technical report	A commenter notes that CSA is providing the option to prepare a technical report in French, and suggests requiring that all supporting documentation under section 4.3 be provided in English to maintain the consistency and	The option to prepare a technical report in French is available under the current Regulation, although not explicitly stated. We have provided guidance in the Policy Statement explaining the purpose of this new

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		transparency of information given to the marketplace.	provision.
5.	Part 5 Author of Technical Report		
	5.1 – prepared by a qualified person	Two commenters recommend specifying in this section that at least one qualified person must take responsibility for each section or item of the technical report, as indicated in subsection 5.1(5) of the Policy Statement. A commenter thinks the requirement in section 5.1 should follow section 2.1 and allow a technical report to be approved by a qualified person, rather than prepared or supervised by a qualified person. This would permit greater flexibility in the preparation of technical reports and improve the timeliness of information provided to the capital markets.	We think this is already sufficiently clear as the provision refers to "a technical report", which includes all parts of the technical report. Although we think it is appropriate for a qualified person to approve an issuer's general disclosure of scientific and technical information, we do not agree we should permit this with respect to the technical report. The technical report is the detailed, expertised document that supports the issuer's disclosure. We think it is critical that the information in the technical report be prepared by or under the supervision of a qualified person as the qualified person is the only person with the appropriate qualifications to prepare and assess that information.
	5.2 – execution of technical report	A commenter expressly supports the requirement to have a technical report sealed by the qualified person.	
	5.3(2) – issuer whose securities trade on a specified exchange	Three commenters expressly support the proposed new exemption from the independence requirement for a technical report of a producing issuer whose securities trade on a specified exchange.	
	5.3(3) – producing issuer exemptions	A commenter expressly supports the expanded exemptions from the independence requirement for a technical report of a producing issuer.	
6.	Part 6 Preparation of Technical Report		
	6.2(3)(b) – current personal inspection	A commenter questions the requirement for an issuer relying on the site visit exemption to re-file the technical report with updated certificates and consents after completion of the site visit. It would be equally useful to have the issuer file a short report confirming completion of the site visit and the results.	We think it is appropriate that the technical report be re-filed due to the importance of the site visit requirement and its potential impact on the content of the report and the assertions made by the qualified person in their certificate and consent.

#	Theme	Comments	Responses
	6.3 – maintenance of records	A commenter thinks the required seven-year retention period is a minimum, and that drill core proving a deposit should be kept until the deposit has been mined. Core that is more than 30 years old is essential for validation of history and often resource and reserve estimates.	Although there might be value in maintaining records for longer than seven years, we do not think it would be appropriate to mandate a longer retention period in all cases.
	6.4 – limitation on disclaimers	A commenter suggests replacing the words "reliance by another party on" in paragraph (a), with the words "assigns or attributes responsibility to another party for".	The purpose of this phrase is to prohibit a qualified person from advising another party that they cannot rely on the technical report (or part the qualified person is responsible for). We have made a drafting change to clarify this.
7.	Part 7 Use of Foreign Code		
	7.1 - reconciliation to CIM Definition Standards	One commenter expressly supports removing the requirement to reconcile mineral resource and mineral reserves prepared under an acceptable foreign code, to the CIM Definition Standards. The requirement is not beneficial for investors and often difficult for issuers to implement. Another commenter supports removing the reconciliation requirement, but proposes that mineral resource and mineral reserve disclosure under an acceptable foreign code should state with equal prominence that such disclosure has not been prepared in accordance with CIM standards and briefly summarize any material differences between the mineral resource and mineral reserve categories. Four commenters do not support removing the reconciliation requirement. Their reasons include: • It could become problematic if a foreign code adopted definitions that were less harmonized with CIM. • By agreement, CIM must notify CSA of any changes in the CIM Definition Standards, while no foreign jurisdiction has such an obligation. • The reconciliation obligation is not a significant burden and gives investors better information to compare properties.	While we think that in most cases categories under CIM and an acceptable foreign code will be largely consistent, we appreciate that there are some differences. Therefore, we have reinstated this requirement only for cases where there are material differences. See our response to the comment above.

#	Theme	Comments	Responses
	7.1 - other comments	A commenter suggests extending the permission to use a foreign code to a co-owner of a property located in a foreign jurisdiction where the partner is registered in a foreign jurisdiction. A commenter suggests mandating the disclosure of which acceptable foreign code is used to prepare the technical report.	We think this situation is already covered by paragraph 7.1(1) (b). We think this requirement is implicit in Items 14(b) and 15(b) of the Form. These sections require the issuer to comply with all the disclosure requirements of the Regulation, including paragraph 2.2(a), which requires disclosure in accordance with the CIM Definition Standards. If an issuer is disclosing under an acceptable foreign code instead of the CIM Definition Standards, it will have to disclose the code it is using.
8.	Part 8 Certificates and Consents of Qualified Persons for Technical Reports		
	8.1 – certificates of qualified persons	A commenter notes this section does not specify when a certificate should be dated. They suggest the certificate should be dated the date of filing the technical report or within three days of filing. A commenter thinks that a qualified person taking responsibility for resource or reserve estimation should have to provide additional details about their relevant experience to support their suitability to do mineral resource/reserve estimation, and proposes adding a new requirement. A commenter proposes specifying in this section that at least one qualified person must take responsibility in the certificates for each section or item of a technical report.	We think it is implicit that the date of the certificate is the date the qualified person signs the certificate, since subsection 8.1(1) requires the certificate to be dated and signed. We do not think the certificate date should necessarily be tied to the filing date of the technical report as filing is the responsibility of the issuer. However, the issuer is encouraged to file the technical report on a timely basis because the technical report must contain all material scientific and technical information about the property in order to be a current report. We think this disclosure is already required. Under paragraph 8.1(2)(c), the qualified person must provide a summary of their relevant experience and certify that they are a qualified person for purposes of the Regulation. Paragraph (c) of the definition of “qualified person” requires the qualified person to have “experience relevant to the subject matter of the mineral project and the technical report”. We think this is already covered by section 5.1 of the Regulation, which requires “a technical report” to be prepared by or under the supervision of one or more qualified persons.

#	Theme	Comments	Responses
	8.3 – consents of qualified persons	Two commenters propose that the exemption from the consent requirement in subsection (2) should also apply to stand-alone technical reports that an issuer files voluntarily. One of these commenters thinks the updated consent required under subsection (3) should only apply where the document contains an extract from or summary of the technical report. If the document only contains mineral resources or reserves supported by a technical report, the requirement that the qualified person approve the written disclosure obviates the need for an additional consent, in both the case of a new reporting issuer and a voluntarily filed report. A commenter supports the proposed modifications of the consent requirements in subsections (2) and (3), but raises a question about secondary market liability. Which qualified person is responsible for the report at the time of investment?	Reports in the form of a technical report that are filed voluntarily are not "technical reports" as defined in the Regulation and therefore do not have any consent requirement. Subsection 4.2(12) of the Policy Statement provides guidance on consents included with voluntarily filed reports. The Regulation provides an option to name the qualified person who approved the issuer's disclosure of scientific and technical information, but does not mandate approval in all circumstances. Even if the qualified person has approved the disclosure, we think it is important that the qualified person provide a full written consent for the first time disclosure of mineral resources or reserves to verify they have reviewed the issuer's disclosure of the estimates. We think that, in most cases, a qualified person will be an expert as defined in securities legislation and is responsible for the information in the technical report as at the effective date of the report, regardless of the time of investment. However, whether secondary market liability applies in any particular case is a question of law that can only be determined on a case by case basis.
9.	Part 9 Exemptions		
	9.2(1) – exemptions for royalty interests	Six commenters expressly support the proposed new exemption for royalty interest holders from the requirement to file a technical report. Five commenters think the exemption should extend to other types of carried interests (for example, metals streaming agreements, which are economically similar to royalty interests but have different legal and tax attributes).	We agree that the exemption should extend to metals streaming agreements. As is the case for a royalty holder, the relevant information for a purchaser under such an agreement is the information provided by the operator. We have re-inserted the words "or similar interest" into the definition of "mineral project" and relevant provisions of the Regulation. We have also provided guidance on these exemptions in section 9.2 of the Policy Statement. We do not think this change is necessary because the requirement to file a

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		Two of these commenters also suggest that the lead-in language specifically refer to a project “on a property material to the issuer”. One of these commenters suggests that references to the operator should also include the owner. <u>Paragraph (c) – operator has disclosed information</u> Three commenters recommend that paragraph (c) be amended to recognize that the “scientific or technical information” disclosed by the operator of the property might not be at the same level as would be disclosed under Canadian securities law given the potential difference in the materiality of the information to the operator, or the requirements of the specified exchange. Two commenters suggest qualifying “scientific or technical information” with the word “material” or replacing the phrase with “a preliminary economic assessment, mineral resources, or mineral reserves”.	technical report only applies to material properties. We agree, and have made this change. We think it is important that the owner or operator has disclosed the scientific and technical information that is material to the royalty holder, and therefore have made an amendment to this effect. We have also amended subparagraph 9.2(1)(a)(i) to include the requirement that the owner or operator be a reporting issuer, as reporting issuers are subject to more rigorous disclosure requirements.
10	Other general comments		
	Liability	A commenter has concerns about the potential liability of qualified persons and issuers that they think Regulation 43-101 does not adequately address. • It is unclear whether a qualified person is acting as an “expert” when they prepare or supervise the preparation of scientific and technical information that forms the basis for disclosure, or in the proposed Regulation, approve the disclosure. If the qualified person is an expert, the consequence is that the issuer is relieved of liability for the disclosure. The commenter does not think this is the intention of Regulation 43-101 and submits it is not an appropriate result, particularly in the case of a non-independent qualified person. • The proposed Regulation refers in various places to use of scientific and technical disclosure of, or technical reports filed by, other issuers [for example, 4.2(7), 5.3(4) and 9.2(1)(b)]. In cases where an issuer is entitled to extract from or rely on the disclosure of a third party, the issuer should have to satisfy conditions equivalent to those under paragraph 4.2(7)(b) of the proposed Regulation. It should also be	For a qualified person to be subject to the civil liability provisions in securities legislation relating to experts, all the conditions in the relevant legislation would have to be met, including the provision of an expert consent. Therefore, we do not think a qualified person would be potentially subject to civil liability in all capacities they act in under Regulation 43-101, nor is that the intent of the Regulation. Whether secondary market liability applies in any particular case is a question of law that can only be determined on a case by case basis. We think the conditions to the exemption in subsection 4.2(7) of the Regulation are appropriate because the new owner obtains an extension of time for filing its own technical report. However, we do not think it is necessary to impose equivalent conditions for the other exemptions mentioned. Subsection 5.3(4) is an exemption from the independence requirement only; a qualified person must still take responsibility for the

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		clear that the third party is not responsible to the issuer or its investors for the use of the information.	technical report and provide the related consent and certificate. The exemption for royalty holders in subsection 9.2(1) is only an exemption from the requirement to file a technical report. The royalty holder must still comply with all other provisions of Regulation 43-101, including naming a qualified person who is responsible for the royalty holder's scientific and technical disclosure.
	C. PROPOSED FORM 43-101F1 (FORM)		
1.	General comments regarding the Form	14 commenters express general support for the proposed changes to the Form.. Four of these commenters specifically endorse the new format with expanded items for operations and the greater consistency with a pre-feasibility or feasibility study. Another commenter thinks the revised Form will address the current problem of too much important information being included under "Other Relevant Data and Information". One commenter generally supports Regulation 43-101 as industry best practice primarily because of the emphasis placed on verification of results. The commenter encourages CSA to take the lead in developing a global template for technical reports, as Canada is the only jurisdiction that identifies the technical report content. This commenter does however have the following suggestions for improvement. • The form prescribes the ordering of items within the report and the required order is sometimes confusing. For example, property history, a very comprehensive section, precedes any discussion of the geological setting, deposit type, or mineralization of the property. • The commenter questions the benefit of multiple technical reports and proposes a simplified shorter report format it has developed for companies with multiple properties that report on foreign exchanges.	The Form was developed and amended in consultation with industry. While the headings are prescribed, there is flexibility regarding where to disclose information such as historical exploration and drilling results that we think addresses the commenter's concern We have not adopted this suggestion as the Form currently allows issuers to include multiple properties in a single report. We do not think this is a concern. Section.3.5 does not apply to disclosure

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		• There are some discrepancies between the Regulation and other documents comprising Regulation 43-101. In the case of any inconsistency, the Regulation should take precedence, and the governing principles should always be relevance and materiality. For example, under section 3.5 of the Regulation, no discussion of socio-political risk is required when updating exploration project reports. However, this risk is especially important in early-stage projects because of their volatility.	in technical reports because the form and contents of the technical report are prescribed by the Regulation. Therefore, the technical report must include all the required information even if the issuer has disclosed it in another document.
2.	Specific comments regarding the Form		
	General Instructions	A commenter expressly supports the General Instructions, but asks that CSA consider additional instructions concerning the requirements for cautionary language to be prominently displayed and used immediately after the relevant data, interpretations or conclusions in the technical report.	We do not think this is necessary. The requirement in the Regulation that cautionary language be disclosed with equal prominence applies to technical reports. Subsection 2.3(6) of the Policy Statement also provides guidance on how we interpret equal prominence.
	General instructions, section (3) – intended audience	Two commenters do not agree that the intended audience for a technical report is the investing public and their advisors. These commenters think a technical report is an expert report primarily aimed at regulators and analysts, the true purpose of which is to confirm and verify the issuer's scientific and technical disclosure. These commenters also do not support the plain language requirement because: • Technical reports, by their nature, and unlike other continuous disclosure documents such as news releases and annual information forms, are difficult to write using plain language. • The authors of technical reports are not trained to write in plain language and re-writing by professional writers can result in incorrect disclosure. • Technical reports are usually time-sensitive and to write them in plain language would require significant additional time and resources.	We disagree. Technical reports are filed in the public domain to support disclosure of scientific and technical information. We acknowledge that our use of the term "plain language" may imply the need for specific language training and expertise. This is not our intention. We also acknowledge that scientific and technical information does not always lend itself well to plain language. However, we think that it is appropriate for the authors of technical reports to use, where possible, simplified language that is more likely to be understood by the public. We have amended the instruction to more clearly reflect this and to remove the reference to plain language.
	General Instructions,	Three commenters expressly support the proposal to allow a qualified person,	

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	section (5) – previously filed technical report	subject to certain conditions, to refer to information in a previously filed technical report.	
	General Instructions, section (9) – certificate of qualified person	A commenter suggests requiring the certificate to be given equal prominence with the Date and Signature Page, to ensure the certificates are submitted.	We do not think this is necessary to because the Regulation already requires the issuer to file the certificates with the technical report.
	Illustrations	A commenter proposes the following: • Consider requiring detailed maps to be shown relative to property boundary (inset page). • Consider requiring the scale in bar form only as scales in grid form can be confusing. • If UTM coordinates are used, the projection/ellipsoid and zone should be disclosed. • All maps should be required to contain grid co-ordinates using an easily recognizable geographic grid location system. Another commenter thinks the new guidelines will decrease the amount of information available to investors. The qualified person should determine the content of the illustrations.	While these suggestions might make sense in many cases, we think imposing them as specific requirements would be too prescriptive. The new requirements represent the minimum requirements for illustrations. The qualified person always has the discretion to provide more detail if necessary.
	Item 2: Introduction	A commenter supports the amendments to this Item, but thinks that if the site inspection is more than two years old and the issuer describes the property as dormant, the qualified person should be required to state what steps they took to independently verify there has been no additional work done on the property.	We think this is best dealt with in guidance and have amended subsection 6.2(1) of the Policy Statement.
	Item 3: Reliance on Other Experts	Six commenters expressly support the proposed changes to this Item.. Two commenters specifically support the new exemption for diamond valuation. One commenter thinks the proposed changes significantly clarify the Item. Another commenter understands the rationale for the proposed changes, but thinks one must be careful to avoid instances where nobody is ultimately responsible for the information.	The qualified person has a duty to ensure that the information they are relying on is prepared by an expert with appropriate qualifications, and that it is reasonable for the qualified person to rely on the information.

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		A commenter thinks the qualified person should also be able to rely on another expert or the issuer for Item 19 information, market studies and contracts, but this is no longer possible due to the removal of the catchall language “other issues and factors relevant to the technical report”.	This should mitigate any concerns the commenter might have in this area. We think we have addressed this concern with the changes we have made to Item 19 (a).
	Item 6: History	A commenter supports the amendments to this item, but suggests reinforcing that this section refers to historical work completed on the issuer’s property and not outside the property. <u>6(c) – historical estimates</u> A commenter suggests providing guidance on what should be reported for historical estimates. For example, a uranium deposit in Utah has five estimates dating from the 1970s – should all be commented on or just the latest? Consider an instruction giving the QP the flexibility to include only what they consider material.	We do not agree that this section should exclude historical work on adjoining areas. However, we recognize the importance of differentiating between historical work done on and off the property and have added an instruction to this effect. We agree, and have amended this section to require only the disclosure of significant historical estimates.
	Item 9: Exploration	A commenter agrees with the merging of current Item 14 (Sampling method and approach) with the exploration and drilling sections of the technical report. <u>Paragraph (a) – procedures and parameters</u> A commenter suggests clarifying that paragraph (a) also applies to geophysical surveys. <u>Paragraphs (b) and (c) – sampling methods and information</u> A commenter suggests also requiring the disclosure of measurement methods and information, as well as sampling.	We do not think this is necessary because geophysical work is a survey and is included in the definition of exploration information. We think this is covered generally by the requirement in paragraph (a) to disclose procedures and parameters.
	Item 10: Drilling	A commenter generally supports the amendments to this Item, but proposes clarifying that this section refers to drilling completed by the issuer. <u>10(c) – property other than an advanced property</u>	We disagree. In many cases, it makes sense to disclose the results of previous and current drilling together. However, we recognize the importance of differentiating between the historical drilling and that done by the issuer and have added an instruction to this effect.

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		A commenter suggests • restricting the comprehensive drilling results disclosure to "early stage exploration properties", properties for which drilling is proposed and/or mineral resources have been reported but no preliminary economic assessment, pre-feasibility study or feasibility study has been completed, and those parts of "advanced properties" which do not yet contribute to a mineral resource estimate • converting the instruction to this item, which is aimed at properties with mineral resource estimates, to a new item 10(d)	We have not made these changes. We think the amendments to the definition of "advanced property", and the removal of the definition of "development property", are sufficient to clarify this situation.
		<u>10(c)(i) – drill holes</u> A commenter notes this section seems to require a drill hole collar table and a table of significant intercepts. The commenter finds this vague and requests more specific language. The commenter notes that in the past a drill hole location map showing traces of the holes was sufficient and asks if this is still the case.	We do not think we need to specify that the information must be in table form. We do not think that a drill hole location map ever was sufficient on its own and it will not be in future.
		<u>Instruction (1) to Item</u> Two commenters suggest applying this Instruction to other pre-mineral resource projects.	We think the current threshold is appropriate and that it would be too difficult to determine where to draw the line for projects that have not reached the mineral resource stage.
		One of the commenters also expresses concern that this could lead to the elimination of drill hole location maps and proper cross sections in reports on properties without resource estimates.	We do not think this will happen because drilling will usually be material information required to be shown in an illustration.
	Item 11: Sample Preparation, Analyses, and Security	A commenter agrees with the proposed amendments to this Item, but proposes clarifying that it refers to sampling completed by the issuer.	We disagree. We think Item 11 should, and does, apply to all analytical results included in the technical report.
		This commenter also suggests moving the recommendations under paragraph (c) to Item 26 Recommendations.	We do not think this change is necessary because paragraph (c) relates specifically to QA/QC, and might not be a recommendation in the overall context of the report.
		Another commenter thinks "estimation process" in paragraph (c) is	We agree, and have made this change.

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		inappropriate and proposes replacing those words with “data processing”.	
	Item 12: Data Verification	A commenter notes this Item omits any mention of legacy data for which there are no assay certificates or QA-QC data. They would like to see an instruction or some guidance on what is generally acceptable. Another commenter suggests that where data is derived from an earlier technical report the new qualified person should comment on the adequacy of the data.	We think it is the responsibility of the qualified person to determine how to deal with this situation in accordance with industry best practices. We think this is already required because the qualified person must describe the steps taken to verify all data being reported. We have amended the wording to make this clearer.
	Item 13: Mineral Processing and Metallurgical Testing	A commenter expressly supports the greater specificity in this Item. The same commenter notes: • Where should the qualified person present process engineer data verification, site/lab visit information, especially with the advanced mineral project? • As representative samples are key in process plant design, this discussion should be placed ahead of the test results discussion. A commenter recommends combining this Item with Item 17 Recovery Methods, as both Items seem to cover the same topics. Another commenter thinks the new titles of Items 13 and 17 will not resolve the existing confusion over where to include recovery information. The commenter suggests re-naming this Item as “Metallurgical Sampling and Testwork” and Item 17 as “Mineral Processing Design”. <u>13(a) – summary of test results</u> A commenter suggests this should require testwork facilities to be named and	We do not think we need to specify where to disclose this information as long as it is included in the technical report to the extent required. We do not think this change is necessary. The Form sets out the information that must be included, not the order in which it must be presented. We have not made this change. While there may be some overlap between these two items, Item 13 applies to preliminary metallurgical and process testing done at an exploration stage, while Item 17 applies to the more detailed plant and process design required for advanced stage projects. We do not think this change is necessary. To the extent there are overlapping requirements, the disclosure of information under one item will satisfy the requirement to disclose it under the other. We think that changing the title of Item 13 could be confusing as people might think the basic requirements of this item have changed. We think this is already covered by the requirement in Item 11 to name

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		reports to be referenced. This commenter also proposes adding a new section (e) that would require the qualified person to opine on the impact on variables that should be modeled and incorporated in mine production plans and mill feed qualities in any resultant cash flow model. <u>13(d) – deleterious elements</u> A commenter asks: • Is it possible to clearly explain what the processing factors are ? • Should we include by-product elements? These elements can be concentrated in the final product and are usually priced..	the analytical or testing laboratory. We think this requirement would be too prescriptive and that this level of detail may not be necessary in all cases. We think the qualified person is best able to determine the materiality of this information in the context of the specific mineral project. It is up to the qualified person, who is the expert, to determine what processing factors are important to a particular mineral project and whether a particular element is deleterious.
	Item 14: Mineral Resource Estimates	A commenter thinks this Item should also • require the QP to disclose basic cost, recovery and revenue assumptions used to derive the base case cut-off grade • encourage the QP to comment on the sensitivity to cut-off grade • in the case of jointly-owned properties, state whether or not the mineral resource estimate is on an attributable basis A commenter asks CSA to consider retaining the current requirement, in this Item as well as Items 15 through 22, to name the qualified person responsible for the resource estimate. <u>Paragraph (b) – disclosure requirements in Regulation</u> A commenter thinks CSA should clarify that section 3.5 of the Regulation does not apply to the technical report. <u>Instructions</u> A commenter expressly supports the new Instructions to this Item. Two commenters suggest revising the second line of Instruction (2) to clarify	We have not made these changes. We do not think that the “reasonable prospects of economic extraction” test necessarily requires a supporting economic analysis. Most technical reports already include tables showing cut-off grade sensitivity and we do not think it is necessary to mandate this in all cases. Since the technical report applies to the property as a whole, it should include the whole resource estimate. The report must also disclose the issuer’s interest, so we do not think it is necessary to report the estimate on an attributable basis. We think this is already required under section 3.1 of the Regulation and in the certificate of qualified person filed with the technical report. We do not think this is necessary because the form and content of the technical report are prescribed by the Regulation. We have made this change for greater clarity.

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		that it refers to the mineral resources reported *for each of* the cut-off grade scenarios. A commenter proposes changing "reported under" in Instruction (2) to "resulting from", to avoid potential confusion. A commenter observes that the test of "reasonable prospect of economic extraction" seems equivalent to the requirement in the JORC definition.	We have made this change for greater clarity.
	Item 15: Mineral Reserve Estimates	A commenter thinks this Item should also • require in (d) more explicit discussion around mining selectivity, dilution, losses and extraction factors • require the QP to disclose revenue assumptions used in deriving the cut-off grade • in the case of jointly-owned properties, state whether on not the mineral reserve estimate is on an attributable basis A commenter suggests including this Item in Item 22 because most of the information in Items 16–22 is used to support conversion of mineral resources to mineral reserves. <u>Paragraph (a) – key assumptions, parameters, and methods</u> A commenter suggests removing "used in the preliminary feasibility or feasibility study" because these words are not necessary for the regulatory objective and imply a requirement to update the studies, which is not consistent with industry practice and would impose a new, onerous regulatory burden. The assumptions, parameters, and methods used for the initial reserve estimate will evolve over time, especially for mines with an extended mine life. Another commenter agrees, and notes that the disclosure obligation should apply to the key assumptions, parameters, and methods used in current reserve estimates. The inclusion of the words "used in the pre-feasibility or feasibility study" ties the disclosure obligation to specific historical reports that might no	We have not made these changes because we feel they would be too prescriptive and generally are covered by the current requirements of Items 15 and 16. See also our response to the comment regarding attributable basis under Item 14. We have not made this change. We developed the structure of the current Form in consultation with industry. We think that the content is more important than specifying the order of presentation. We agree with the commenters and we have made this change.

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		longer be current.	
	Item 16: Mining Methods	<u>16(c) – requirements for stripping, underground development, and backfilling</u> A commenter suggests adding specific reference to waste dumps and stockpiles.	We think this is covered under Item 18 Project Infrastructure, but have added a specific reference to stockpiles in Item 18.
	Item 17: Recovery Methods	A commenter suggests using “Mineral Processing Methods” or “Processing Methods” as the title for this Item. A commenter that proposed re-naming Item 13 also suggests re-naming this Item as “Mineral Processing Design”.	We do not think these changes are necessary. See our responses to the comments under Item 13 above.
	Item 18: Infrastructure	A commenter suggests adding specific reference to “water” in the last line. A commenter thinks the title for this Item is very general and it might be confused with Item 5. The commenter suggests using the title “Planned Infrastructure” or another more specific title.	We think this is already covered under Item 17 (c) We agree and have changed the title to Project Infrastructure so that it will also cover existing mine infrastructure.
	Item 19: Market Studies and Contracts	A commenter thinks this Item could cause significant economic and competitive prejudice to many of Canada’s mining producers as it would require disclosure of commercially sensitive pricing information that, to date, has remained confidential. It could be especially damaging in international commodities markets where a material portion of global sales are controlled by a limited number of producers. The commenter recommends that this disclosure not be required from producing issuers. The value of this disclosure to investors is marginal as investors already have access to sales information in the financial statements and MD&A. <u>19(a) – summary of marketing information</u> Six commenters oppose this section as it would require the disclosure of confidential or proprietary information that would provide existing producers with significant unfair competitive advantages over emerging producers, place mining issuers in a disadvantageous position compared to issuers in other industries and, with respect to certain restricted commodities, raise significant	We reconsidered our proposed requirements in light of the strong concerns expressed by the commenters about the disclosure of proprietary and confidential information. We have adopted the approach suggested by some of the commenters, that the technical report confirm the qualified person has reviewed the relevant information and that the information supports the assumptions in the technical report. We have also added a requirement for the qualified person to discuss the nature of the studies or analyses done (but not the specific results) so the reader has some idea of the level of work that has been done in this area. See our response to the comment above.

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		competition law concerns. Some of these commenters recommend instead that the qualified person be required to confirm there is a market entry strategy and the strategy supports the assumptions in the technical report. One commenter notes that currently the qualified person reviews relevant marketing studies and simply states that proper marketing studies have been completed that are adequate to support the resource/reserve declarations. This commenter also notes that product specifications are sometimes very tightly controlled and known only to the producer and the consumer. Public disclosure of these specifications could harm the issuer. Another commenter thinks the results will be beneficial if this Item will require more rigorous market research to support the commodity pricing assumptions and allow more discretion in commodity pricing, for example to use forecast rather than market prices.	We think that the level and adequacy of market research is best determined by the qualified person and should not be mandated by the Form.
	Item 20: Environmental Studies, Permitting and Social or Community Impact	A commenter thinks that waste disposal should be included with the mining method (Item 16) and tailings considerations should be included with recovery methods (Item 17). This commenter also questions whether most qualified persons or regulatory staff have the appropriate background to assess social impact, as it is a complex subject. If social impact is included, it should be in a separate section and the content should be factual, for example, describing data collection and the progress on socioeconomic planning.	We have not made these changes. We think Instruction (4) allows the qualified person flexibility to decide where to present information in the context of the specific report and situation. We disagree with this comment. We think this information is largely factual, important for advanced properties, and related to the permitting process. To the extent that this information is legal, political or environmental, Item 3 might apply.
	Item 21: Capital and Operating Costs	A commenter recommends separating capital costs and operating costs into two sections. Typically, different qualified persons estimate these costs; the change would also make a technical report more consistent with a pre-feasibility or feasibility study.	We have not made this change. Instruction (4) allows the qualified person to use sub-headings to separate these costs if they think it is necessary.

#	Theme	Comments	Responses
	Item 22: Economic Analysis	<u>22(c) – discussion of NPV</u> A commenter suggests this should require disclosure of whether NPV, etc. are pre- or post-tax, pre- or post-finance and, in the case of jointly owned properties, whether or not the economic analysis is on an attributable basis. A commenter thinks the discussion of payback will depend heavily on the standing of the issuer and the investment climate at the time of reporting. As a result, the qualified person will need to provide more details of how discount rates are actually calculated, as opposed to taking an industry norm and applying this to similar discounted cash flow models. <u>Instruction 1</u> Two commenters expressly support this new instruction, which relieves producing issuers from the requirement to include an economic analysis for properties currently in production. A commenter observes that, because this instruction is relevant only for producing issuers, Item 22 will continue to be problematic for non-producing issuers. They cite an example where disclosure of cash flow information by a junior partner in a joint venture created problems for the operator when the government in the foreign jurisdiction used the information to extract payments from the operator. They also question how a non-operating partner in a joint venture can obtain this information when the operator refuses to provide it. The commenter recommends re-wording this instruction or making additional exemptions available as cash flow information is not relevant for an operating mine if the actual operating costs, cut-off grades, and reserves are available. One commenter does not support allowing producing issuers to exclude economic analyses for producing or material expansion properties, as they are important information for investors. Under the Regulation, producing issuers already have cost and information advantages over exploration issuers.	We think this would be too prescriptive and might not be necessary in all cases. If tax or financing would have a significant effect on the economic analysis, we think they would be principal assumptions that should be disclosed under Item 22(a). See also our response to the comment regarding attributable basis under Item 14. We agree that this additional information might be necessary in some cases, but think the level of detail should be left to the qualified person to determine. We think that this situation is best dealt with on a case by case basis through the discretionary relief process. We removed this requirement for producing issuers because of industry concerns that this information on an individual project level provided too much detail that could put producing issuers at a competitive disadvantage with foreign producing issuers, unions, governments, and other entities. Producing issuers have a demonstrated production track

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			record and must report economic information on an aggregated basis in their financial disclosure. Therefore, we do not think this information is necessary for producing issuers at the project level.
	Item 23: Adjacent Properties	A commenter suggests moving this Item to follow or be part of Item 4 Property Description and Location, and cross-referencing it where necessary in other items. Another commenter suggests moving this item forward as it applies to both exploration and development properties. A commenter thinks the real purpose of this Item is to ensure the assay data are from the subject property, except in very limited cases. The qualified person should be required to state that samples and assays used to define the mineral resources were taken entirely from the subject property or, if some were taken from an adjacent property, to discuss the nature, amount, credibility, and importance of those samples and assays. A commenter suggests requiring an issuer to disclose 43-101-compliant resources on an adjacent property and to provide full details of the report on SEDAR, instead of the company website, so the information remains available even if the company dissolves or sells the property. <u>23(e) – historical estimates</u> Two commenters note that this requirement does not exclude paragraph (f) of section 2.4 of the Regulation, which requires the qualified person to comment on the work needed to upgrade or verify the historical estimate. It would be difficult or impossible for the qualified person to comply with this requirement in respect of an adjacent property. One of these commenters also suggests carving out paragraph (g) of section 2.4 of the Regulation as the issuer would not be treating the historical estimate	We moved this Item to its current location because of industry concerns that it was located too close to disclosure of the issuer's exploration results and might be confusing to the reader. Since this requirement already applies to both exploration and advanced properties, we do not think it is necessary to move it again. We disagree that the purpose of this Item is to ensure that assay data is only from the subject property. We think it should be up to the qualified person to determine if data from adjacent properties is relevant and appropriate to include in the resource estimation. However, Item 23(d) requires the qualified person to differentiate information from adjacent properties. If resources on an adjacent property are material information concerning the subject property, we expect that the qualified person would include this information in their technical report and a reference to the technical report for the adjacent property under Item 27 References. In general, we do not think it would be appropriate to require an issuer to disclose information about another issuer's property. We agree with the commenters. In reconsidering this provision, we concluded that only paragraph 2.4(a) of the Regulation was relevant for adjacent properties. We have amended this Item accordingly.

#	Theme	Comments	Responses
		on an adjacent property as current resources or reserves of the issuer.	
	Item 24: Other Relevant Data and Information	A commenter asks that CSA add an instruction discussing the nature of data that should be included here.	This is a general, catch-all provision and we think it is up to the qualified person to determine what, if any, additional information should be included here.
	Item 25: Interpretation and Conclusions	Two commenters recommend creating a new item “Project Risks”, to separate out the requirement to discuss risks and uncertainties and their reasonably foreseeable impact. In Item 25 the qualified person summarizes their major conclusions, which could appear unbalanced or unduly negative as a result of the detailed risk discussion. Another commenter notes that risk discussion is in at least four different sections of the proposed Form and recommends that this Item include discussion of all risk factors so the reader will have a comprehensive view.	We do not think it is necessary to make this change. We think the Form allows a qualified person to discuss risks and uncertainties in a separate section if they prefer that approach. Also, Item 25 does not required a detailed risk discussion so we do not think this will necessarily result in unbalanced or unduly negative disclosure. We have not adopted this suggestion. We think that integrating the discussion of specific risk factors with the relevant topic results in clearer disclosure.
	Item 26: Recommendations	A commenter thinks this section should focus on what needs to be done to address gaps in data. Qualified persons are sometimes required to establish or revise a budget to meet corporate capabilities rather than the recommended work program. A budget should be required only for a technical report that supports a new listing. <u>Instruction</u> One commenter says the new instruction to this Item is a welcome change.	We have not made this change. We think the budget is important information as in most cases the issuer is raising money for work on the property and investors should know how much money is needed to progress the project to the next stage or decision point.
	D. PROPOSED POLICY STATEMENT 43-101CP (POLICY STATEMENT)		
1.	General comments regarding the Policy Statement	Two commenters expressly support the proposed changes and additions to the Policy Statement.	.
2.	Specific comments regarding the Policy Statement		

#	Theme	Comments	Responses
	General Guidance, paragraph (1)	A commenter suggests that CSA consider adding “brines” to the list of substances that Regulation 43-101 does not apply to, as the question comes up on a regular basis.	We have not made this change. We think the Regulation is suitable for reporting results for brine projects and do not want to discourage issuers from using it.
	General Guidance, paragraph 5(i) – several non-material properties	A commenter suggests, for clarification, including the word “geological” before “area or region”.	We do not think it is necessary to make this distinction because geography can also be important in determining collective materiality.
	General Guidance, section 6 – Industry Best Practice Guidelines	Two commenters propose eliminating or re-wording paragraph (d), the specific guideline on rock hosted diamonds, as this is an addendum to Estimation of Mineral Resources and Mineral Reserves, Best Practice Guidelines, in paragraph (c). A commenter does not support listing the various best practice guidelines, as these will change from time to time; alternatively, consider including a catchall provision. Another commenter suggests providing a link to a current list of industry best practice guidelines to facilitate updating.	We have made this change. We think it is useful to list the current best practice guidelines and have already included a catchall provision “as amended and supplemented”. The Policy Statement includes a link to the CIM website. Some CSA jurisdictions also provide direct links to the specific guidelines on their websites.
	1.1(1) – Definition of “acceptable foreign code”	A commenter who proposes adding the SME Code to the definition of “acceptable foreign code” in the Regulation says it should also be included here. A commenter recommends that the Policy Statement include a summary of the process undertaken to assess the various codes, including the criteria applied.	See our response to this issue in section B.1 above under - Definition of “acceptable foreign code”. While we are not proposing any formal process, we have provided some general guidance on our expectations for submissions.
	1.1(4) – Definition of “preliminary economic assessment”	A commenter observes that by equating a preliminary economic assessment with a scoping study, industry’s use of the term “scoping study” has been severely restricted. They recommend removing the reference to “scoping study” as scoping studies have a much broader range than preliminary economic assessments as defined.	We have amended the guidance to indicate that the two terms might not be completely analogous.

#	Theme	Comments	Responses
	1.1(5) and (7) - Definitions of "professional association" and "qualified person"	Three commenters that are Canadian professional associations acknowledge the new guidance concerning Canadian registration requirements for geoscientists, but think that the Regulation should require registration with a Canadian professional association. A commenter thinks several of the professional associations in Appendix A to the Policy Statement have broad categories of registration that do not meet the new tests in the definition of "qualified person", for example, SACNASP. Another commenter raises certain concerns about the foreign professional associations listed in Appendix A. • Unlike Canadian professional associations that are established under law, some of the foreign associations are industry groups with no legal status. Their ability to mete out discipline is not clear, which puts investors at risk. • Canadian-based experts are subject to civil liability whereas foreign experts might not be. This is a disadvantage for Canadian experts and puts issuers at risk as damages not collectible from foreign professionals might be transferred to issuers. This commenter also recommends that the Policy Statement should: • include a summary of the process used to assess the different associations, including the criteria applied, with the characteristics of each association presented as a matrix so market participants can compare them; and • state that the associations in Appendix A are the only ones recognized for purposes of the Regulation and describe how other associations can apply to become recognized.	See our response to this issue in section B.1 above under - Definition of "professional association". The membership designation of SACNASP Professional Natural Scientist satisfies the criterion in subparagraph (e)(ii)(A) of the definition of "qualified person" If a SACNASP Professional Natural Scientist also meets the tests under paragraphs (a), (b), (c) and (d) of the definition of 'qualified person", they would be a "qualified person" for purposes of the Regulation.. Most foreign jurisdictions do not have statutory registration requirements and imposing such requirements would severely limit the pool of qualified persons available to issuers operating in these jurisdictions. As regards discipline, one of the requirements of a professional association is that it has and applies disciplinary powers. See our response to the issue of civil liability in section B.10 above, under – Other general comments. We think imposing a requirement that a Canadian issuer must always use a Canadian qualified person, regardless of the location of the issuer's property, would impose a burden disproportionate to the risk identified. See our response to this issue in section B.1 above, under – Definition of "professional association". While we are not proposing any formal process, we have provided some general guidance on our expectations for submissions from issuers regarding adding new associations to Appendix A.

#	Theme	Comments	Responses
	1.1(8) - Definition of "technical report"	A commenter notes that the Regulation, the Form, and the Policy Statement generally require the issuer to determine materiality, but this guidance says the qualified person determines materiality for the technical report. The commenter suggests replacing materiality with relevance or some other appropriate term to avoid confusion.	We have not made this change. While the issuer is responsible for determining materiality regarding its disclosure and affairs, we think the qualified person is in a better position to determine the materiality of information that needs to be included in the technical report.
	2.1(3) – use of plain language	Two commenters that commented on General Instruction (3), plain language, in Form 43-101F1 have the same comments regarding this guidance.	Because this guidance applies to an issuer's disclosure generally, we think the references to plain language are appropriate. The guidance recognizes that the technical report does not always lend itself well to plain language.
	2.2 – use of GSC Paper 88-21	A commenter expressly supports the guidance in this section.	
	2.3(1) – economic analysis	A commenter finds this guidance inconsistent with the section in the Regulation because the section in the Regulation only restricts the use of inferred resources in an economic analysis and does not mention a preliminary economic analysis.	We do not share this concern. However, we have removed the references to preliminary economic assessment, pre-feasibility study, and feasibility study for greater clarity.
	2.3(3) – exceptions	A commenter thinks the current wording allows the use of inferred resources in an economic analysis, and that the reference to "economic analysis" should be to "*preliminary* economic analysis".	We do not think this differentiation is required because a preliminary economic assessment includes an economic analysis.
	4.2(1) – information circular trigger	A commenter finds it unclear what would trigger the technical reports after completion of the transaction. Subsection 1.1(8) of the proposed Policy Statement clarifies that a technical report does not meet the definition unless there is a trigger for it to be filed.	We do not share the commenter's concern because the technical report will have been filed by the other party to the transaction in satisfaction of a technical report trigger. The purpose of subparagraph 4.2(1)(c)(iii) is to ensure the technical report is available on the SEDAR profile of the issuer resulting from the transaction.
	4.2(4) – property acquisitions - 45-day filing requirement	A commenter has concerns about this guidance and questions how a property not yet owned can be material to an issuer. Letters of intent are often non-binding and do not proceed to a definitive transaction. Forcing an issuer to prepare a technical report at this stage adds another cost to property	We disagree with the commenter. Due to the nature of option agreements, properties frequently become material at the letter of intent stage. It could be many years, if ever, before there is a formal agreement or vesting of an interest.

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		acquisitions, which will discourage otherwise beneficial property transfers.	
	4.2(5) – property acquisitions – other alternatives for disclosure	A commenter recommends clarifying at the end of the second paragraph that historical estimates cannot be added to current mineral resources or mineral reserves.	We already provide this guidance in subsection 2.4(5) of the Policy Statement.
	4.2(6) – production decision	A commenter does not think this guidance is appropriate in all circumstances. In the case of sophisticated mining companies with significant internal expertise that are able to self-finance the development of a mine, the costs of completing a comprehensive feasibility study might outweigh the benefits. The proposed supplementary disclosure suggests that a production decision made by such an issuer is less sound.	The guidance refers to the increased risk of putting a project into production without a feasibility study. We think this statement is accurate and does not reflect on the soundness of management's decision.
	4.2(7) – shelf life of technical reports	Two commenters find this guidance generally useful, but think it implies the issuer should file a new technical report. The commenters suggest modifying the guidance to clarify that because economic information in a technical report has become outdated does not, in itself, trigger the requirement to file a new technical report.	We have made this change for greater clarity.
	4.2(9) – preliminary economic assessments	A commenter recommends adding reference in the first sentence to a Life of Mine plan of a developed mine, as a Life of Mine plan of a developed mine can be used to establish mineral reserves. This commenter also proposes adding a reference to "pre-feasibility study" in the second sentence.	We have not made this change because "Life of Mine Plan" is not a term defined or used in the Regulation. We have also moved this guidance to subsection 2.3(4) of the Policy Statement because it relates to disclosure of preliminary economic assessments. We have made this change.
	4.2(12) – technical reports not required under the Regulation	A commenter thinks the second paragraph of this guidance contradicts the first paragraph of subsection 1.1(8) of the guidance.	We have replaced references to "technical report" in this section with the more generic "report" to differentiate more clearly between technical reports and those reports that are prepared in the form of a technical report but are not filed due to a requirement of the Regulation.
	4.2(13) – preliminary short form prospectus	A commenter recommends adding guidance in the second paragraph encouraging issuers to consult with qualified persons who authored previously	Since the most recent technical report must include a summary of all material information about the property, there should be no need for the

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		filed technical reports before referring to those reports in the final prospectus and well in advance of the time when their expert consents will be required under Regulation 44-101. Sometimes these technical reports are years old and have been superseded by more recent reports.	issuer to reference previous technical reports in prospectuses.
	5.1(5) – responsibility for all items of technical report	A commenter supports the requirements referred to this guidance but thinks they are not in fact included in section 5.2 and Part 8 of the Regulation.	We agree these requirements are not expressly included in section 5.2 and Part 8 of the Regulation. We think these requirements are implicit in section 5.1 of the Regulation, which requires "a technical report" to be prepared by or under the supervision of one or more qualified persons. We have amended the guidance to clarify this.
	6.1(1) – summary of material information	A commenter that commented on General Instruction (3), intended audience, in Form 43-101F1 makes the same comments regarding this guidance.	See our response to the comment on General Instruction (3)
	6.2(3) – current personal inspection	A commenter recommends changing this guidance to clarify that it is the qualified persons responsible for the technical report, rather than the issuer, who should determine the need for more than one personal inspection of the property.	We have made this change.
	7.1 – use of foreign code	A commenter that does not support elimination of the reconciliation requirement from section 7.1 of the Regulation proposes corresponding modifications to the guidance.	We have amended the Regulation to include a reconciliation requirement only where there is a material difference. We do not think additional guidance is required.
	8.3(1) – consent of experts	A commenter notes the reference to "the consent of qualified person required under the Regulation"; however, if the technical report is still current or the short form prospectus trigger is removed, no consent would be required under the Regulation.	We have amended the wording to include this possibility.
	E. PROPOSED CONSEQUENTIAL AMENDMENTS		
1.	Amendment to Regulation 44-101 *Short Form Prospectus*	12 commenters expressly support the proposed amendment to Regulation 44-101. One commenter cites an example where several qualified persons within a firm were involved in a project and subsequently left or changed	We thank the commenters for their support.

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	Distributions (Regulation 44-101)	employment. Another commenter thinks this amendment balances investor protection and the potential costs and delay involved in obtaining consents from individual qualified persons. A commenter supports the proposed amendment but does not think it goes far enough, as it is still costly and burdensome to seek the consent of the firm that employed the qualified person. The commenter proposes a carve-out from the expert consent provisions under Regulation 44-101 if there is a current technical report on file and, in support, refers to proposed subsection 4.2(8) of the Regulation, which will eliminate the need to provide updated consents and certificates under the Regulation where there is a current technical report. A commenter asks CSA to consider providing a similar exemption with respect to disclosure in other documents such as takeover bid circulars, information circulars, and rights offering circulars, provided the disclosure is not first-time disclosure of the technical information. Two commenters recommend extending the proposed exemption to allow issuers, in the same circumstances, to consent to the use of internally prepared technical reports. Issuers face the same logistical challenges where an employee whose consent is required in working in a remote location or has left the issuer's employment. One commenter supports the proposed amendment, but does not think qualified persons should ever be required to provide consents to support any disclosure documents after the filing of the technical report. Often qualified persons are asked to provide their consent on the basis of draft documents which might change before they are filed. If a consent is required, the qualified person should be allowed a certain period, say 20 days, to prepare the consent after the final document has been filed. Another commenter finds it anomalous to require a consent from the author of a technical report for a short form prospectus when no consent is required for the same information included in the annual information form incorporated by	We have not made this change. The expert consent provisions under the prospectus rules, unlike the consents under Regulation 43-101, apply specifically to the disclosure in the prospectus. They also apply to all experts, not just qualified persons under Regulation 43-101. We have not adopted these suggestions. We have not received any indications from market participants that they experience difficulty obtaining expert consents in connection with these other documents. We do not think it would be appropriate to allow the issuer to provide an expert consent with respect to its own disclosure. The purpose of the expert consent is to provide additional assurance to that provided by the issuer in its prospectus certificate. See our response to the comment above regarding expert consents under the prospectus rules. The purpose of the consent is to validate the disclosure in the filed document so it would not be appropriate to allow the consent to be filed at a later time than the document. See our response to the comment above regarding expert consents under the prospectus rules.

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		reference into the short form prospectus. In particular, under the proposed amendments to section 3.1 of the Regulation, an issuer could rely on its own internal qualified person to approve the technical disclosure in its annual information form, without obtaining the consent of the qualified person who authored the supporting technical report. There is potential for greater recourse by a new investor relying on the prospectus than for an existing investor relying on the same disclosure in the AIF. The commenter proposes a further amendment to the prospectus expert consent provisions that would exempt any qualified person named in a document solely for the purpose of describing a technical report.	
2.	Amendment to Form 51-102F1 *Management's Discussion and Analysis* (MD&A)	A commenter expressly supports the proposed amendment. A commenter supports the proposed amendment but feels the requirement should go further. A company that makes a production decision without a technical report should be obligated to provide basic information such as capital cost, contingencies, operating costs per tonne and per unit of metal produced.	We do not think it is necessary to mandate this additional disclosure in the MD&A form. Although a production decision is not itself a technical report trigger, in most cases an issuer will have done an economic analysis that includes this information, the disclosure of which would have triggered the filing of a technical report.
	F. SPECIFIC QUESTIONS – SHORT FORM PROSPECTUS TRIGGER – PARAGRAPH 4.2(1)(b) OF REGULATION		
1.	*Do you rely on technical reports when making or advising on investment decisions in a short form prospectus offering?*	Six commenters say they rarely rely, or their experience suggests that investors or advisors rarely rely, on technical reports to make an investment decision. Some of these commenters indicate they rely more on the information disclosed in the prospectus, the protections inherent in the short form system such as the prospectus disclosure standard or the underwriters' discharge of their due diligence obligations, or the approval of technical information or expert consent from the qualified person. Three commenters say they do, or understand that investors and advisors do, rely on technical reports when making an investment decision.	We thank the commenters for their feedback on these issues.

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	If yes, please explain how the content of a technical report, or the certification of a technical report by a qualified person, could influence your investment decisions or your recommendations.	One commenter thinks that technical reports, along with other disclosure such as news releases and annual information forms, provide key information that influences investment decisions. However, the commenter thinks it is sufficient to rely on the certification or consent by the qualified person that the information in the short form prospectus is complete and current. One commenter thinks the information in the technical report represents the most up-to-date assessment of a property and is an integral part of the investment decision process. Another commenter thinks the content of technical reports is important in financial modeling and formulating views on valuation, and technical reports can play a primary role in investment decisions concerning smaller-scale, lesser-known issuers. One commenter thinks an independent qualified person should certify the technical report and its influence would depend on the reputation of the qualified person.	
2.	*Do you think we should keep, or eliminate, the short form prospectus trigger? Please explain your reasoning.*	17 commenters support eliminating the short form prospectus trigger in all three cases outlined in the Notice and Request for Comment. Their reasons include: • Removing the trigger is consistent with the policy objectives of the short form prospectus system. • Financing windows, especially for exploration and development companies, are generally short and provide limited opportunities to raise required funds. The time required to prepare or update technical reports can be significant and cause companies to lose financing opportunities. • The trigger can be very costly, especially where multiple technical reports are required or delays in preparing or updating the reports increase the company's financing costs. • Although the "buy side" may attribute some value to having access to a technical report, they also welcome the opportunity for issuers to	We thank the commenters for their thoughtful responses to questions 2 and 3. Many persuasive arguments were presented on both sides of the issue. After due consideration of all the comments received and the various options identified in the Notice and Request for Comment, as well as the results of the issuer costs survey we conducted, we have decided to • eliminate the short form prospectus trigger in Cases 1 and 2 as described in the table in the Notice and Request for Comment; and • keep the short form prospectus trigger in Case 3 as described in the table in the Notice and Request for Comment. Some of the factors influencing our decision are: • Removing the trigger is a substantive change to the Regulation and it is difficult to anticipate all the possible ramifications. Some commenters representing the buy side raised various investor protection concerns and questions, primarily with respect to Case

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		complete financings on a timely basis with considerably less cost and disruption. • A technical report is of little benefit in many short form offerings because they are completed on a “bought deal” basis or through an overnight marketed offering, where there is insufficient time to review a technical report. • Investors are sufficiently protected because the prospectus must disclose all material facts, there is a reasonably current technical report on file, a qualified person is named in the prospectus who is responsible for new information about the property, and underwriters and issuers must undertake due diligence regarding information in the prospectus. • As the proposed guidance in the Policy Statement suggests, appropriate cautionary language in the prospectus would alert investors to any risk associated with the potential for information in a subsequently filed technical report to vary from information in the prospectus. • If the trigger is removed, industry will develop practices that will reduce any potential risk to acceptable levels. • In Case 3, the most problematic, an issuer at significant risk would likely prefer a private placement to a prospectus that might require amendment and raise rescission rights, so the practical risk is minimized. • Eliminating the trigger would address some asymmetries between the primary and secondary markets. Investors in both markets should be treated equally. • Currently issuers might do a private placement rather than a short form prospectus to avoid the time and costs of having to prepare a technical report. Existing investors can suffer increased dilution as a result. One commenter notes the short form prospectus trigger has caused some issuers to undertake special warrant transactions rather than bought deals because IIROC has granted exemptions allowing short form eligible issuers to use special warrants where the unavailability of a technical report precludes the use of a short form prospectus. This has had the unfortunate consequence of	3. • Case 3 represents an acceleration of a technical report filing that would already be required under other provisions of the Regulation. • We have decided to adopt the new exemption for a property acquisition with a current technical report. In these circumstances, if we did not keep the short form prospectus trigger in Case 3, there would be a six-month delay before the issuer filed its own technical report. Some commenters expressed concerns about this scenario. • The results of the issuer cost survey we conducted confirmed that there are significant costs associated with technical reports and that the technical report requirement for a short form prospectus can result in lost financing opportunities. These results are consistent with many of the comments we received.

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		undermining the short form prospectus pre-marketing rules, as these rules do not apply to special warrant transactions. One commenter thinks CSA should keep the short form prospectus trigger in all three cases because: • The costs associated with this trigger are marginal compared to all the costs of a short form prospectus. • Eliminating the trigger would not generate benefits that outweigh the risks, particularly given the low ratio of short form prospectus financings to other types of financings. Another commenter thinks CSA should keep the trigger, but proposes using a shorter form of technical report, or summary, similar to that endorsed by various foreign exchanges. These short form reports provide information that is useful to investors and are approved by the equivalent of a qualified person, but are not as costly for issuers.	
3.	*Please discuss how your answers to questions 1 and 2 might change in each of the three cases described in the table.*	Three commenters support eliminating the short form prospectus trigger in Cases 1 and 2 described in the table, but keeping it in Case 3. Their reasons include: • In Case 3 the technical report is key to deciding the economic viability and potential value of a project and company. • The issuer will have to file a technical report anyway. If the information is both material and previously unreported it seems the technical report would be in the investor's interest prior to filing the short form prospectus. • The proposed six-month filing delay confers a significant benefit on issuers, but in the case of a short form offering, if the trigger is eliminated, the timing gap between the offering and the filing of the new technical report could be detrimental to investors. One of these commenters suggests that, if CSA removes the trigger in Case 3, CSA consider implementing a form of escrow arrangement so issuers do not	See our response to the comments on question 2.

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		miss financing windows but investors still have the benefit of the most current information. One commenter shares the views of other commenters regarding eliminating the trigger in Case 1 and keeping it in Case 3, but does not wholly support eliminating the trigger in Case 2. The commenter thinks that, although the technical report would not necessarily provide incremental information relevant to the investment decision, a technical report is still considered valuable to investors, particularly in the context of a short form offering where the time for making a decision is limited. It may be appropriate to develop an exemption to accommodate this specific situation. One commenter supports eliminating the trigger in Cases 1 and 3, but keeping it in Case 2, provided the technical report would only have to be filed within six months of closing the prospectus financing, rather than with the prospectus.	
4.	*If we decide to eliminate the short form prospectus trigger, is the proposed guidance in subsection 4.2(13) of the Amended Policy Statement useful?* *Do you have any suggestions concerning this guidance?*	13 commenters find the proposed guidance useful. A commenter that is a law firm would welcome specific guidance on how to remedy a situation where a technical report that contains information inconsistent with the prospectus is filed after the final short form prospectus. A commenter notes the last sentence of the second paragraph says the qualified person "could be required to provide an expert consent" under Regulation 44-101, while the Notice and Request for Comment says the qualified person "would likely be considered an expert … and so would be required to provide an expert consent". If CSA's view is that an expert consent would likely be required, the guidance should be more definitive.	As we have decided to keep the short form prospectus trigger in Case 3, we have replaced the proposed guidance in the Policy Statement. See our response to the comment above.

#	Theme	Comments	Responses
	G. SPECIFIC QUESTIONS – NEW EXEMPTION FOR PROPERTY ACQUISITION WITH CURRENT TECHNICAL REPORT – SUBSECTION 4.2(7) OF REGULATION		
1.	Question #5 – *Is the proposed new exemption relating to an acquired property helpful?*	14 commenters expressly support the proposed new exemption and think it will be helpful. One of these commenters notes it will allow an issuer to prepare a technical report within a more reasonable timeframe and provides a useful alternative to disclosing the estimate as a historical estimate or having the existing technical report re-addressed to it. Another commenter thinks it will provide new owners sufficient time to prepare a technical report that reflects their strategies and plans for developing a new property, without the time and expense required to file effectively what is an interim report of little value to the market. A commenter that is an exchange does not support the proposed new exemption. Its reasons include: • The proposed exemption conflicts with the revised definition of "historical estimate". If the issuer has not yet verified the estimate as current, it is a "historical estimate" by definition and the issuer should disclose it as such. • The commenter has concerns about the qualifications and suitability of an internal qualified person who signs off on the current resource for purposes of the news release, particularly in cases where the property will be "flipped" within six months such that the issuer will have no obligation to file the technical report. • In practice, many venture issuers will not benefit from the new exemption because exchange rules require the filing of technical reports in conjunction with the review of a variety of transactions. <u>Proposed modifications</u> One commenter proposes that the new exemption should also be available where the previous owner is a producing issuer whose securities trade on a specified exchange and that has disclosed mineral resources and mineral	We thank the commenters for their support. We have decided to keep the proposed exemption in the Regulation. We do not agree that the new exemption conflicts with the revised definition of "historical estimate". The new exemption provides the issuer with another alternative for disclosing a material property acquisition in circumstances where the issuer believes the estimate to be current. In such circumstances, it could be misleading for the issuer to disclose the estimate as a "historical estimate". With respect to a potential sale of the property, once the requirement to file a technical report has been triggered under the Regulation, the issuer remains subject to that requirement. We have not adopted this suggestion. The new exemption for royalty holders is from the obligation to file a technical report, which we think is appropriate given the unique nature of a royalty interest. Where an issuer has acquired a new material property we think the issuer should be

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		reserves under an acceptable foreign code. This exemption would then align with the proposed new exemption for royalty interest holders in subsection 9.2(1). Another commenter questions why the new owner should have to file a technical report within six months (particularly if there is no new scientific or technical information) rather than rely on the existing technical report triggers to determine when the new report is required. One commenter thinks the proposed exemption is practical in theory, but questions whether additional minimum standards are needed to ensure the prior report is reasonably current before it can be relied upon, as it is not always in the seller's interest to update a technical report. One commenter suggests an independent qualified person should review the previous owner's technical report and the results of the review be filed on SEDAR.	required to file a technical report to support its disclosure and it would not be appropriate to allow the issuer to rely on information from another source that is less than what would be required under a technical report. This exemption applies in cases where the new owner is disclosing significant new scientific and technical information that is a material change for the issuer and that must be supported, in all other cases, by a technical report filed by the issuer. Given the importance of the information to the issuer and its investors, we do not think it would be appropriate to allow the issuer to rely indefinitely on a technical report filed by a previous owner. We think the conditions that currently apply to this exemption provide sufficient protection for investors. However, as this is a substantive new provision, we will monitor its application. See our response to the comment above.
	Is it reasonable to expect that issuers will use the new exemption in light of the attached conditions?	The six commenters who responded to this specific question all think it is reasonable to expect that issuers will use the new exemption in light of the attached conditions.	
	H. SPECIFIC QUESTIONS – EXISTING EXEMPTION FROM SITE VISIT REQUIREMENT – SUBSECTION 6.2(2) OF REGULATION		
1.	Question #6 – *Do market participants use this exemption?*	Eight commenters say that market participants do not use or rarely use this exemption. Three commenters believe that market participants do use the exemption.	

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	Should we keep it in the Amended Regulation?	The 12 commenters who responded to this specific question all think CSA should keep this exemption in the Amended Regulation. One commenter suggests clarifying in paragraph 6.2(3)(b) that a second technical report with certificates and consents is required.	We have decided to keep this exemption in the Regulation. We think this is implicit, as subsection 6.2(2) requires the technical report initially filed to explain why a site visit was not completed and the intended timeframe for completion.
	I. GENERAL COMMENTS NOT SPECIFICALLY RELATED TO PROPOSALS		
1.	Disclosure requirements	A commenter thinks disclosure requirements for private placements are not rigorous enough and for prospectus offerings are too rigorous. The disparity is not appropriate given the large number of private placements compared to prospectus offerings.	We acknowledge the comment, but it is beyond the mandate of this committee.
2.	Technical report review	A commenter does not think CSA should have unlimited flexibility in determining when to review a technical report, but should be subject to a deadline (say 90 days) beyond which a report cannot be rejected.	The securities regulatory authorities carry out targeted reviews of technical reports as part of their continuous disclosure review program. However, ultimately it is the responsibility of the issuer to ensure its technical report is in compliance irrespective of regulatory review.