

FUNDAMENTALS OF NI 43-101



Disclosure Standards for Mineral Projects

- National Instrument 43-101
- Form 43-101F1
- NI 43-101 Companion Policy

- TSX and TSXV Exchange
 - Appendix B -Disclosure Standards
 - Policy 3.3 -Timely Disclosure
 - Appendix 3E -News Release Guidelines
 - Appendix 3F -Mining Standards Guidelines

- CIM Best Practices for:
 - Mineral Resource and Reserve Estimation
 - Mineral Exploration
 - Reporting of Diamond Exploration Results



Fundamental Principles of NI 43-101

1. Qualified Person

- Scientific and technical disclosure must be prepared by a qualified person “QP”

2. Standards and Definitions

- e.g. CIM categories of resources and reserves
- Pre-feasibility and feasibility study

3. Allow Disclosure in a manner that is not misleading

- Cautionary language
- Assumptions, basis



Fundamental Principles NI 43-101 continued

4. Prohibited Disclosure

- Potentially confusing
- Undermines credibility of market

5. Technical Report

- Form 43-101F1 – provides context
- Filed to support scientific and technical disclosure on a project material to the company
- Specific triggers for filing technical report
- Certain triggers require preparation by independent QPs



Key Points Related to NI 43-101

Fundamental Principles

- Applies to all oral and written disclosure of scientific or technical information
- Many requirements concerning technical reports and written disclosure apply only to mineral projects that are material to the company
- Certain basic disclosure outside the acceptable requirements is possible if made according to strict provisions
- Disclosure of grade or tonnage outside the five CIM categories must be treated as an exploration target and must comply with strict requirements
- Technical reports are not always required
 - Mineral project is not material to the company
 - No material change to previously filed technical report



Materiality

- Which mineral projects are material?
 - No bright-line test (10% book value test removed)
 - What Company is telling investors
 - Current and proposed work programs
 - Related financings
 - Stage of development
 - Other properties
 - Binding agreements may not be a prerequisite

- **S.2.4 of Companion Policy**



Naming QP – Where is it Required?

- All written technical disclosure on material properties must identify QP and relationship to the company
- Applies to producing issuers as well as juniors
- Written disclosure includes:
 - News release
 - Annual information form
 - Management discussion and analysis
 - Website
 - Investor relations material

Asia Gold Corp.

News release – Jan. 10, 2006

“David C. Owens, president, and Richard Gosse, vice-president exploration, both qualified persons as defined by National Instrument 43-101, supervised the preparation of the technical information in this release.”



Naming QP – Another Example

“The technical information contained in this document has been reviewed and approved by John Smith, P.Geo., VP Exploration for Alpha Resources, a qualified person as defined by NI 43-101.”



Website Disclosure

- NI 43-101 Applies!
- Remember - All written disclosure made by, or on behalf of an issuer on a mineral project of the company
 - Name the QP
 - Provide the required and cautionary language
- Keep it up to date
- One of the first places investors (and regulators) will go

Analyst Reports and Third Party Newsletters

May a company distribute these or post to its website?

- NP 51-201 Disclosure Standards – Part 5.2 Analyst Reports
 - Could be seen to endorse a particular report
 - Avoid redistributing or posting analysts' reports
 - If you name of one analyst- name them all
- TSX Company Manual – Appendix B
 - If aware of materially misleading info published by others must correct or make known that doesn't agree, and not responsible for publication

