

TECHNICAL REPORTS



Technical Report

Purpose of technical reports

- Permits public and analysts to have information that will assist with making investment decisions
- Supports Company's disclosure of mineral exploration, development and production activities
- Summarizes the material technical information to support the conclusions and recommendations

As much as possible – should be written in plain language understandable by the public

Possible Uses of Technical Report

- Regulatory filing requirement
- Reference document for making disclosure about mineral project
- Supports due diligence by investment banks
- Marketing document
- Provides defense for civil liability for officers, directors, underwriters

What is a Mineral Project?

Any mineral exploration, development, or production activity, including a royalty or similar interest.

- Multiple deposits in one project area
 - Include in one NI 43-101 report
- Developed by the same processing facility
 - Shared infrastructure, tailings disposal, etc.
- Mineral reserves must have integrated development plan



Is the Technical Report Still Current?

- New technical information on the property
 - drilling, assays, metallurgical test work
- Change of assumptions
 - mineral resources/reserves
 - economic analysis
- Recommendations
 - Consistent with what Company telling investors?
 - Consistent with use of proceeds in offering document?



Current technical report

- Mineral project consisting of multiple deposits
- Mineral project – shared mining facility
 - Processing facility, infrastructure, tailings disposal, administration, etc.
- Current technical report requires update on complete project
 - Summary of information on each deposit, exploration information, engineering studies, permits, etc.



Changing Base Case

- Mineral resources
- Mineral reserves
- Results of economic analysis

When does this trigger new technical report?

Technical Report Triggers – NI 43-101

Section 4.1(1) of NI 43-101

- First time reporting in Canada

Section 4.2(1) of NI 43-101

- Annual Information Form
- First time disclosure of mineral resources, mineral reserves, or preliminary assessment
- Material change to mineral resources, mineral reserves, or preliminary assessment
- Valuation required under Canadian securities law (almost never required)



Technical Report Triggers – NI 43-101

Section 4.2(1) of NI 43-101

- Preliminary long form prospectus
- Preliminary short form prospectus
- Offering memorandum
- Rights offering
- TSX Venture (Short Form) offering
- Information or proxy circular concerning mineral property acquisition (shares offered)
- Take-over bid that discloses mineral resources/reserves or preliminary assessment (where shares offered)



Independent Technical Report Triggers

Section 5.3(1) of NI 43-101

- First-time reporting issuer in Canada
- Long Form Prospectus
- Valuation – (required by the securities commission)
- First time disclosure of mineral resources, mineral reserves, or preliminary assessment
- Greater than 100% change to mineral resources or mineral reserves
 - Exemption from independent report requirement for producing mining companies (for last two bullets only)



Geological Report Triggers

TSX-V

- Technical reports filed with securities commissions must comply with NI 43-101 and Form 43-101F1 (irrespective of any waiver by stock exchanges)
- Different triggers for technical reports
- Different timing for filing of technical reports
- Stock exchanges may waive certain content requirements for technical report they require only

TSX-V Appendix 3F

Mining Standards Guidelines

Triggers for required filing of Geological Reports

- Reverse take-over
- Change of business
- Qualifying transaction
- Listing application
- Reviewable transaction – fundamental
- Reviewable transaction
- Tier Movement
- Short Form Offering Document
- Reporting mineral resources or reserves
- Completion of preliminary assessment or feasibility study



Timing for Technical Reports

- For mineral resources and mineral reserves and preliminary assessment
 - file within 45 days of disclosure
- For AIF disclosing property that became material less than 30 days before AIF filing
 - file within 45 days of the property becoming material
- For director's circular; file not less than 3 business days before take-over bid expires
- For all other cases; file with document it supports

Can You Use Another Company's Technical Report?

- If Company A triggers report; cannot rely on Company B's technical report on same property
- Each company must have own, complete public disclosure record
- S.8.2 of NI 43-101: “Addressed to Issuer”
 - Company's name on title page
 - Specify Company in Item 4(a) Introduction
 - QP's certificate and consent must name Company

Content of Technical Report

Some Points to Check

- Item 4: Introduction
 - (b) Purpose of report
 - Should be clearly stated
 - Should be consistent with the purpose for which the report will be filed
 - Problem could occur when technical report prepared for one purpose is used later for a completely different purpose
 - e.g. technical report on preliminary assessment (scoping study) later filed with prospectus to finance mine construction

2.0 INTRODUCTION AND TERMS OF REFERENCE

2.1 Introduction

Compañía Minera Maricunga (CMM) requested Kinross Gold Corporation's Technical Service Department prepare a Technical Report for the Refugio Project in support of the December 4, 2003 press release by Kinross Gold Corporation (Kinross) disclosing an updated resource and reserve estimate for the project. This report has been prepared in compliance with Canadian Securities Administrators National Instrument 43-101, under the direct supervision of:

R. Cooper P.Eng. Director of Technical Services, Projects and Planning,
Kinross Gold Corporation and

W. Hanson, P.Geo, Manager of Technical Services, Kinross Gold
Corporation.

The individuals noted above are the "qualified persons" responsible for the content of the following report.

Item 5 – Reliance on Other Experts

Purpose:

- QP has relied on a report, opinion, or statement of a legal or other expert, who is not a QP, for legal, environmental, political, or other issues
 - Should not include scientific and technical information normally prepared by a QP

Requirements:

- Identify
 - the report, opinion, or statement relied upon
 - the maker of that report, opinion, or statement
 - the extent of reliance

Good practice:

- Identify where in the report that expert's opinion is used



Other Experts' Reports, Opinions, Statements

Legal title to property

- Title opinion from a law firm?
- Qualifications of law firm
- Not just information provided by Company

Permits

- Type of permits, status of application, expiry dates
- Experience and qualifications of expert
- In-house?

Environmental issues

- Need expert report?
- Experience and qualifications of expert

Limiting liability

- Get written consent of expert



Use of Historical Data and Work of Other QP's

- You may rely on historical data and the work of other QP's, if it is reasonable for you to do so
- You should conduct appropriate due diligence
 - Make a reasonable effort to verify quality and integrity
 - Identify and discuss any deficiencies or areas of concern
 - recommend on how to remedy these problems
- You may not disclaim responsibility for this information

Relying on Previous Resource Estimates

- Mineral resources/reserves by another QP from a previously filed technical report – one of the current QPs must take responsibility for those estimates
- Make whatever investigations necessary to reasonably rely on that information
- Alternatively
 - Include new certificate of QP from previous technical report
 - Take responsibility for mineral resources/reserves

Item 8 - History

(c) Historical mineral resource and reserve estimates

- In accordance with s.2.4
 - Careful about statements on reliability
 - Careful about comparing categories
- Consider including s.4.2(2) statements
 - *“a qualified person has not done sufficient work to classify the historical estimate as current mineral resources (or mineral reserves)”*
 - *the issuer should not treat the historical estimates as current mineral resources (paraphrased)*
 - *“the historical estimates should not be relied upon”*



S.2.4 Disclosure of Historical Estimate

Based on the results of the drilling, Noranda prepared a historical mineral resource estimate for the Antas North deposit of 5.07 Mt grading 0.80% Cu and 0.24 g/t Au. Noranda did not identify the resource category of the historical estimate, as such, no comparison of the estimate can be made to the accepted categories... This historical estimate is not current and does not meet CIM Definition Standard... and is reported here for historical purposes only.



Item 16 - Data Verification

- Not just data entry verification
- State what was done to verify data
- Reasons for failure to verify
 - Lack of documentation of procedures
 - Lack of archiving of original data
 - Not within scope of study or time constraints are not acceptable reasons
- Make recommendations to confirm data, if necessary

Common Deficiencies

- NI 43-101 disclosure rules also apply to technical reports
 - i.e. Include proximate cautionary language
 - historical estimates
 - exploration targets
 - preliminary assessments
- Zero cut-off grade mineral resource scenarios
- Insufficient detail on key assumptions and parameters for resource estimates
- Lack of cash flow table required under Item 25(h) for producing mines

Common Deficiencies

- Technical report is no longer current
 - Material changes to scientific and technical information about the property
 - Recommended work program completed
 - Additional drilling, metallurgical test work
 - Changes to infrastructure, permits
 - Assumptions in mineral resource/reserve estimates
 - Changes to capital costs, operating costs

Common Misconceptions

1. All authors of technical report must be independent.
2. All technical reports filed on SEDAR have been reviewed and accepted by the securities commissions.
3. Okay to disclaim responsibility for sections of report if state are relying on another report.
4. Okay to omit sections of technical report if adequately covered in previously filed technical report.



Filing Technical Reports

How Big is Too Big?

- Too big is can't be easily downloaded
- Try to keep under 10 MB
- Causes of large file sizes
 - Scanning images
 - Too much high resolution, compression and detail
 - Too many sections, logs and assay sheets
 - Too many colour graphics & photos
 - Inclusion of appendices
- Removing oversized maps is not full disclosure & makes report non-compliant



Dates in the Technical Report

- Effective date of technical report
- Possible revision date of report
- Effective date of mineral resources/reserves
- Signature date of technical report
 - (execution date)
- Date of personal inspection (site visit)
- Date of Certificate of QP
- Date of Consent of QP

Dates in the Technical Report

- Effective date of technical report:
 - Item 1: on title page
 - Item 24: on signature page along with signature date
- Signature date:
 - S.5.2 of NI 43-101: “execution date”
 - Item 24: “date of signing”
- If report is revised:
 - add date of revision below effective date on title page
 - new signature/date and certificate/date required

Dates in the Technical Report

- Effective date of resources/reserves
 - S.3.4(a) of NI 43-101
- Date of most recent personal inspection
 - S.8.3(2)(d) of NI 43-101 (Certificate of QP)
- Date of Certificate of QP
 - S.8.1(1) of NI 43-101
 - Separate document from technical report
 - S.8.1(2)(i) of NI 43-101
 - At Certificate **date**, technical report contains all information required to not be misleading



Dates in the Technical Report

- Consents of Qualified Persons
 - S.8.3 of NI 43-101
 - Reference to having read a filed document which should have a date
 - Date of signature of consent

Certificate of Qualified Person

- S.8.1(2) of NI 43-101
 - Requirements changed Dec. 30, 2005
 - Time to update your previous template
 - Do not include a consent in the certificate
 - Be aware of these changes:
 - Title and date of technical report
 - Brief summary of relevant experience
 - Whether independent as described in S.1.4 (not S.1.5)
 - *That, as of the date of the certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.*

