

Mining Disclosure: What you need to know

Roundup Short Course 2020

Presented by:

British Columbia Securities Commission, BCSC

TSX Venture Exchange, TSX-V

Investment Industry Regulatory Organization of Canada, IIROC

Dentons

Agenda

8:30 – 8:50 **Introduction & Securities Regulatory Framework:** Chris Collins, BCSC

8:50 – 9:10 **Exchange Policies/Listing Requirements:** Luc Arsenault, TMX

9:10 – 9:40 **Material Information & Timely Disclosure:** Rod Young, TSX-V

9:40 – 10:00 **Restricted & Voluntary Disclosure:** Darin Wasylik, BCSC

10:00 – 10:20 COFFEE BREAK

10:20 – 10:45 **Technical Report Triggers TSX-V & CSA:** Stefan Lopatka, TSX-V

10:45 – 11:30 **Technical Reports & Exploration Information – Common Pitfalls & Problems:** Sally Gillies, TSX-V

11:30 – 11:45 **Updates - Keeping Current:** Victoria Yehl, BCSC

11:45 – 1:00 LUNCH BREAK

Panel Sessions: Moderated by Victoria Yehl, BCSC

1:00 – 1:45 **QP role, responsibilities, liability:** BCSC, TSX-V, IIROC, Denton's

1:45 – 2:30 **Data – historical, verification, objectivity:** BCSC x 2, TSX-V, TMX

2:30 – 2:50 COFFEE BREAK

2:50 – 3:35 **Risk Disclosure:** BCSC, TSX-V, IIROC, Denton's

3:35 – 4:20 **Reasonable Prospects:** BCSC x 2, TSX-V, TMX +/- IIROC

4:20 – 4:30 **General Q&A - Closing Remarks:** Chris Collins, BCSC

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BRITISH COLUMBIA
SECURITIES COMMISSION

Canadian Securities Regulatory Environment for Mining Disclosure

Chris Collins, MBA, P. Geo.
Chief Mining Advisor

What will we cover?

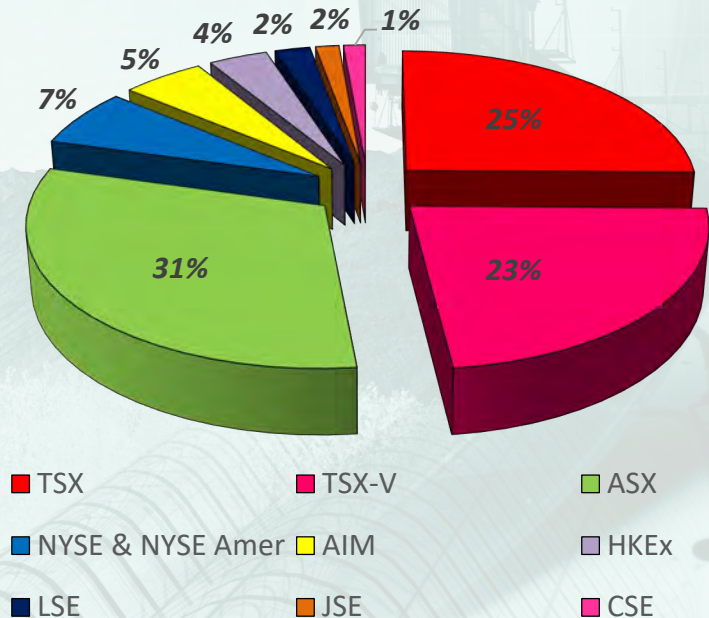
- **Why regulate mining disclosure**
- **Canada's role in mining capital formation**
- **Canadian mining securities regulatory framework**
- **The Core Principles of NI 43-101**

Why do we have mining disclosure rules?

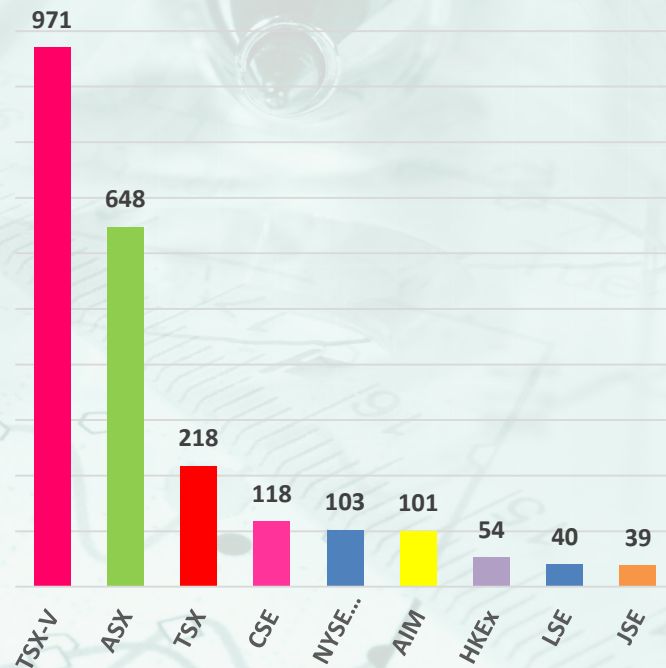
- **Mining is capital intensive and risky!**
 - Companies need access to risk capital
 - Investors rely on Company information
 - Mining has numerous intrinsic risks
 - Being misled is not an acceptable risk
- **We Regulate Disclosure to:**
 - Protect investors
 - Maintain integrity of capital markets

Canada's role in mining capital formation

\$CDN 13.5 Billion in mining equity capital raised during 2018

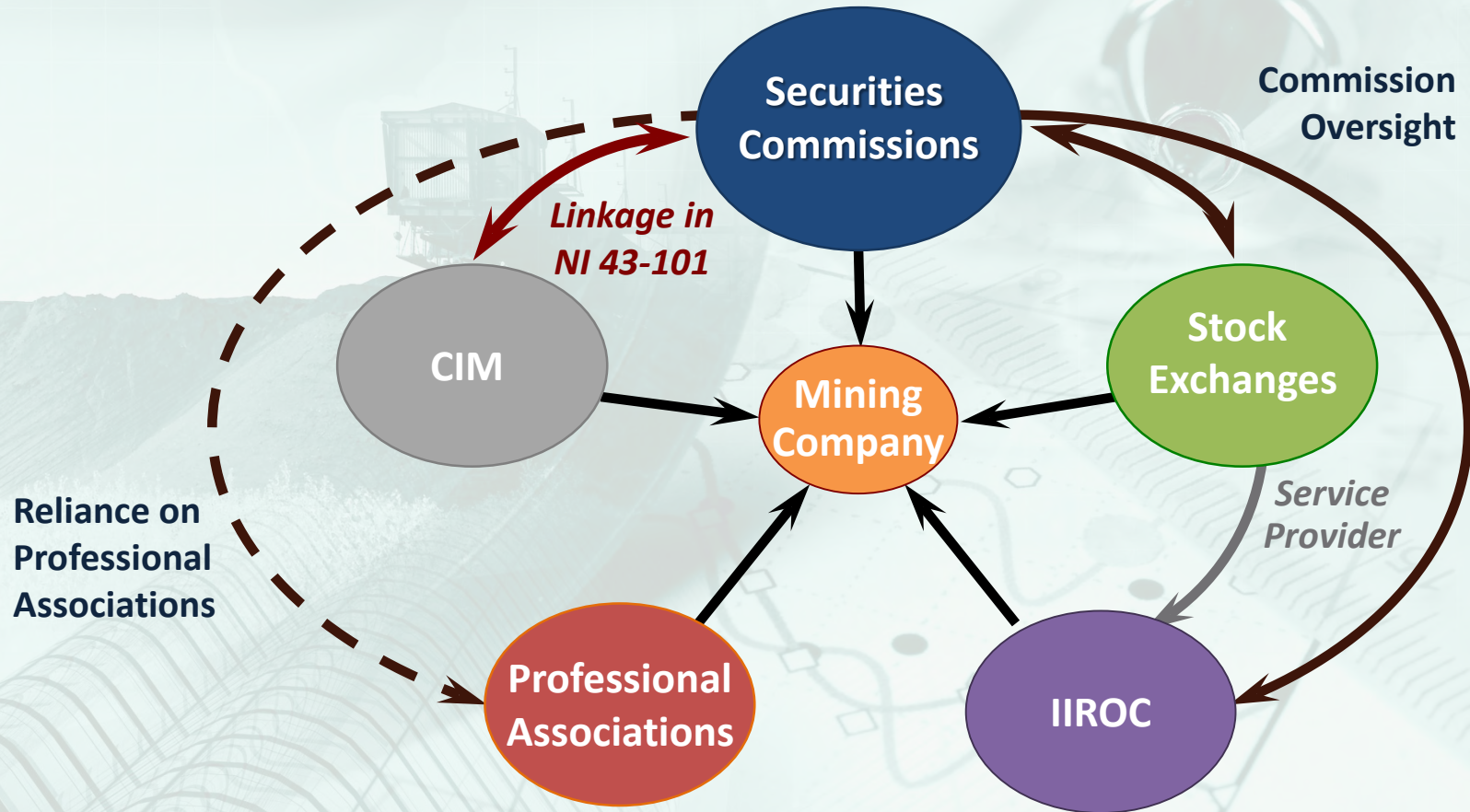


Listed Mining Issuers 2018

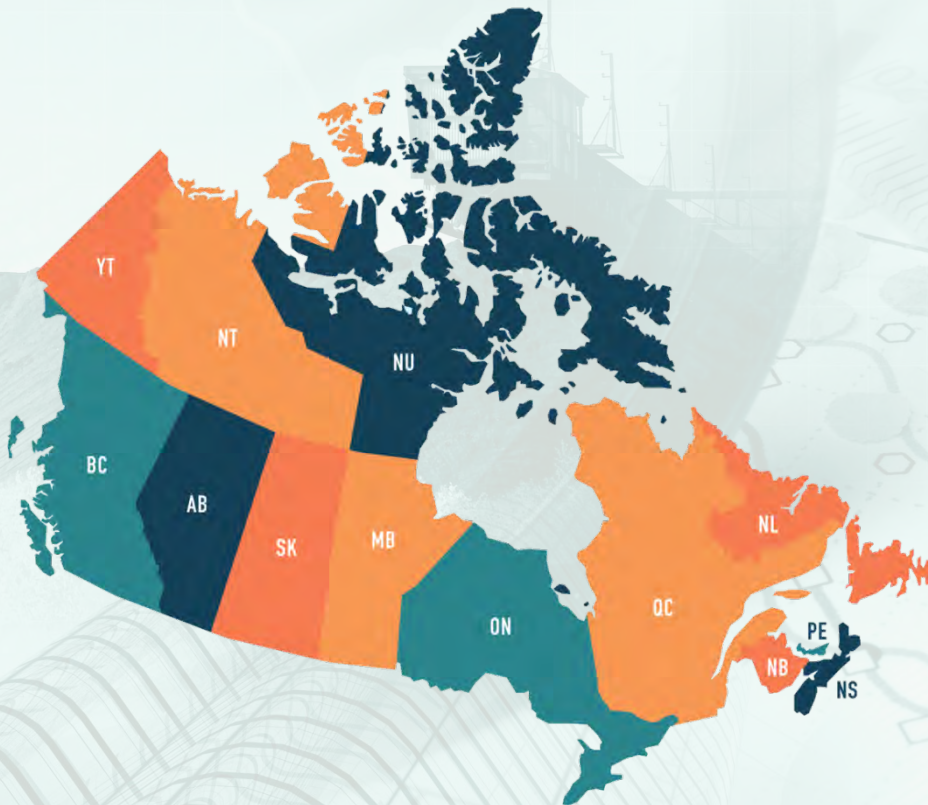


Sources: S&P Capital IQ/S&P Global Market Intelligence/TMX Market Intelligence Group /Canadian Securities Exchange

Mining Securities Regulatory Framework



Provincial Securities Commissions



13 Provincial/Territorial Agencies

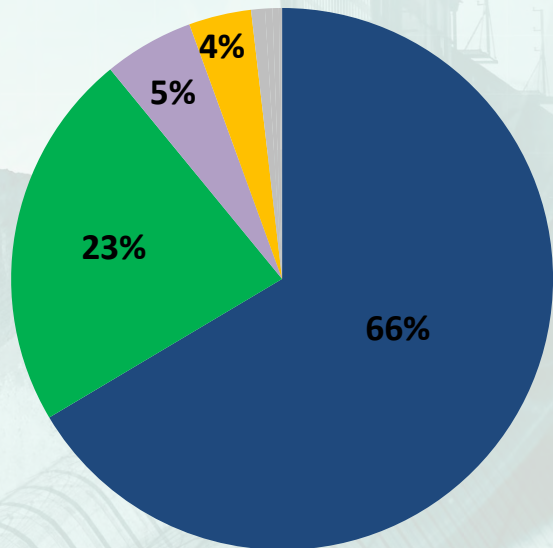
- Report to finance ministries
- Self funded
- British Columbia, Alberta, Ontario, Quebec regulate majority
- Issuers have a “principal regulator”

Canadian Securities Administrators

- Umbrella organization
- Coordinates & harmonizes
- “Passport” system

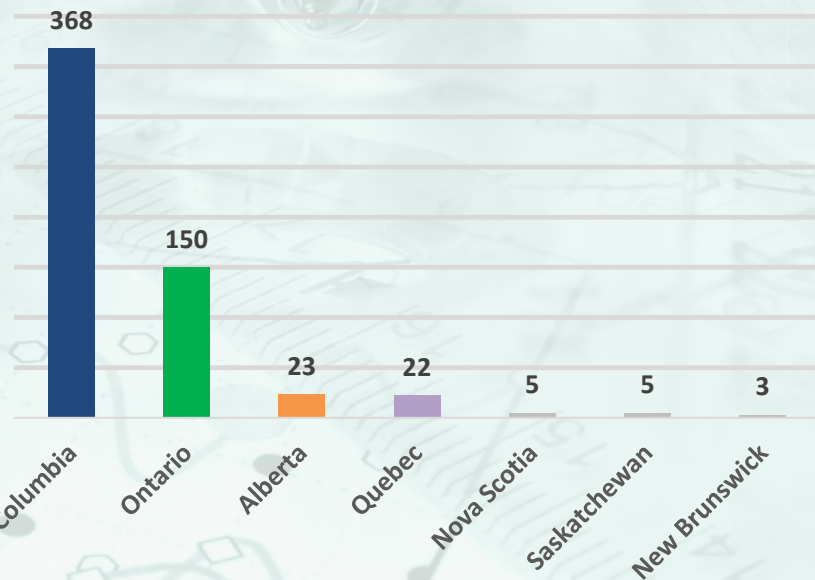
BCSC's role in mining capital formation

Mining Issuers by Principal Regulator



■ BC ■ ON ■ PQ ■ AB ■ NS
■ SK ■ MB ■ NB ■ NL

Technical Reports by Principal Regulator



Important rules

- **Distribution Rules: NI 41-101**
 - Require a prospectus to distribute securities
 - Companies become “reporting issuers”
 - Prospectus exemptions (NI 45-106)
- **Continuous Disclosure Rules: NI 51-102**
 - Required periodic disclosure;
 - quarterly financial statements
 - management discussion and analysis
 - Timely disclosure of “material changes”
 - news that may affect share price
- **Industry-Specific Rules**
 - NI 43-101, Standards of Disclosure for Mineral Projects
 - NI 51-101, Standards of Disclosure for Oil and Gas Activities

The core principles of NI 43-101

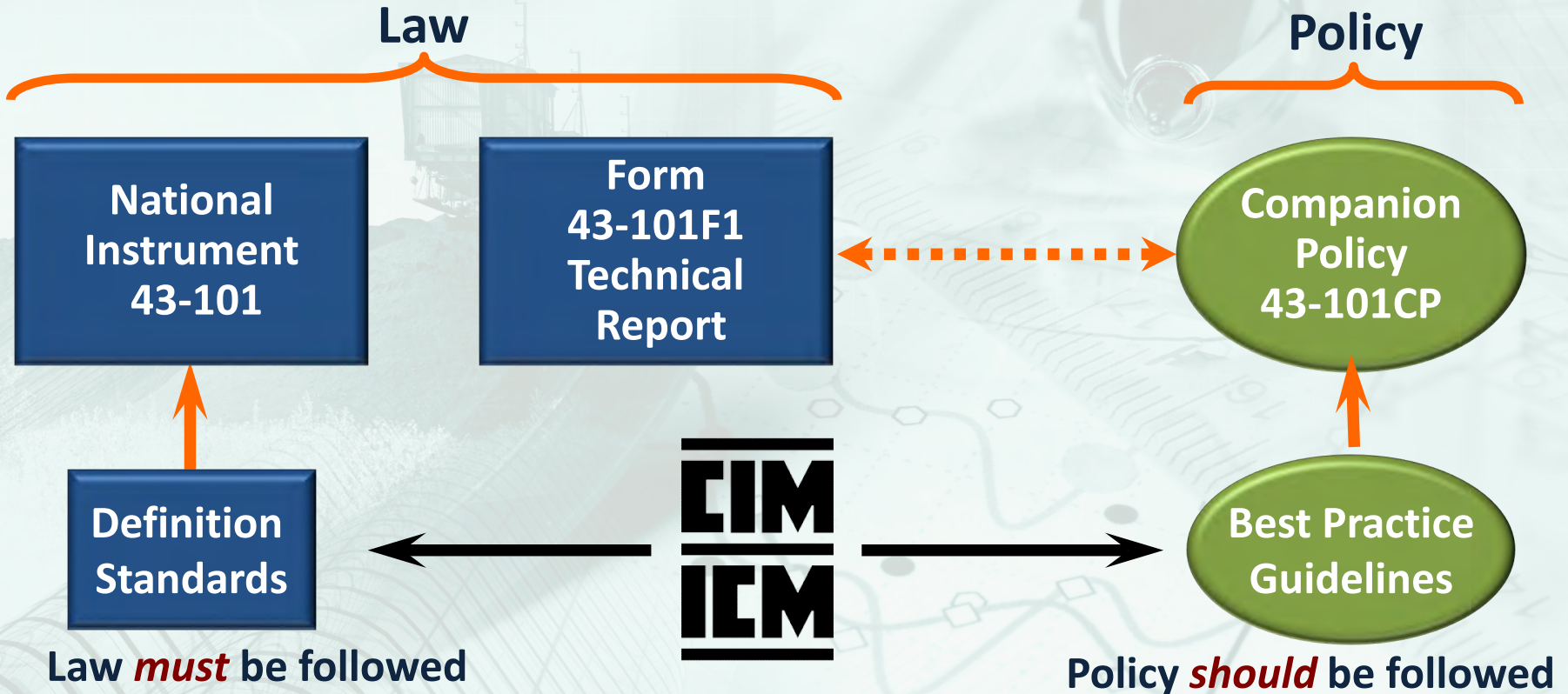
Objective:

To enhance accuracy and integrity of mining disclosure through national standards.

Achieved through four principles:

1. The Qualified Person
2. Definition Standards for mineral resources and mineral reserves
3. The Technical Report (Form 43-101F1)
4. Industry best practice guidelines

National Instrument 43-101



What Is It and What It Is Not!

A Disclosure Rule !

- **Public Reporting of Technical information:**
 - Balanced and not misleading
 - Objective and Unbiased
 - Uses standard definitions
 - Reasonable assumptions clearly explained
 - Signed off by a qualified person (QP)
- **Not a guarantee of work quality**
 - Issuer selects the right QP – QP does it correctly
- **Not a ‘recipe’ for resource estimation**
 - Sets disclosure requirements – not methodology
- **Not a regulatory vetting process**



TSX Venture
Exchange

Exchange Policies & Listing Requirements

Luc Arsenault, P. Geo.

Flexible Paths to Listing



Two-Tiered Market Structure: Unique in the World

TSX Venture Exchange

1,682 Companies

- Average financing - \$2.8 million
- Total market cap of \$44 billion and average market cap of \$26 million
- Going public activity between 100 and 300 companies per year
- Exchange mandate to mentor management of newly public companies
- Value of shares traded in 2018 - \$30 billion
- Volume of shares traded in 2018 - 49 billion

Toronto Stock Exchange

674
graduates
+207 M&A
with TSX issuers

TSX Venture Exchange

Toronto Stock Exchange

1,574 Companies

- Average financing - \$55 million
- Total market cap of \$3.1 trillion and average market cap of \$2.0 billion
- 29% of TSX issuers >\$500 million are interlisted on an international exchange
- Value of shares traded in 2018 - \$1.7 trillion
- Volume of shares traded in 2018 - 88 billion

- **Since 2000, over 850 companies used TSX Venture as a growth platform to get to TSX**
 - **674** graduates to TSX
 - **207** companies have been merged/acquired by TSX companies
- **43** TSXV Grads currently in S&P/TSX Composite Index (18% of companies in index)

Canada's Growth Market

The TSXV Ecosystem Successfully Incubates Early-Stage Companies

674

TSX VENTURE
COMPANIES HAVE
GRADUATED TO TSX
SINCE 2000

18%

OF S&P/TSX COMPOSITE INDEX
CONSTITUENTS ARE GRADUATES
FROM TSXV

32%

OF ALL CURRENT CORPORATE
TSX COMPANIES ARE TSXV
GRADS

67

TSXV GRADS HAVE A MARKET
CAP OVER \$500M

*43 GRADS OVER \$1B IN
MARKET CAP*

35%

OF TSX **TECHNOLOGY** ISSUERS
GRADUATED FROM TSXV

52%

OF TSX **MINING** ISSUERS
GRADUATED FROM TSXV

New Mining Listings in 2019

	NAME	SYMBOL	QMV(C\$) AT 30-NOV-2019	TYPE OF LISTING	HQ LOCATION
TSX	Newmont Goldcorp Corporation	NGT	41,844.1M\$	Other	BC
	Equinox Gold Corp.	EQX	879.1 M\$	TSXV Grad	BC
	SilverCrest Metals Inc.	SIL	717.0 M\$	TSXV Grad	BC
	Maverix Metals Inc.	MMX	586.2 M\$	TSXV Grad	BC
	Calibre Mining Corp.	CXB	273.1 M\$	TSXV Grad	BC
	Ascot Resources Ltd.	AOT	127.9 M\$	TSXV Grad	BC
	Global Atomic Corporation	GLO	75.6 M\$	TSXV Grad	ON
TSX Venture	Jervois Mining Ltd.	JRV	102.2 M\$	Other	Australia
	Artemis Gold Inc.	ARTG	58.8 M\$	Other	BC
	HighGold Mining Inc.	HIGH	38.8 M\$	Other	BC
	Conic Metals Corp	NKL	37.6 M\$	Other	BC
	NGEx Minerals Ltd.	NGEX	36.2 M\$	Other	BC
	GK Resources Ltd.	NIKL	16.7 M\$	IPO	BC
	Tectonic Metals Inc.	TECT	13.2 M\$	Other	BC
	Barrian Mining Corp.	BARI	5.8 M\$	IPO	BC
	Evergold Corp.	EVER	5.6 M\$	IPO	ON
	Northway Resource Corp	NTW	3.3 M\$	IPO	BC
	Kanadario Gold Inc.	KANA	2.4 M\$	IPO	BC
	Beauce Gold Fields Inc.	BGF	2.3 M\$	Other	QC
	Century Metals Inc.	CMET	2.1 M\$	IPO	ON
	Stuhini Exploration Ltd.	STU	2.0 M\$	IPO	BC

Initial Listing Requirements – TSXV

Policy 2.1 of TSXV Corporate Finance Manual and:

- IPO: Policy 2.3, NI 41-101
- CPC: Policy 2.4, Form 3A
- QT: Policy 2.4, Form 3B1 and 3B2
- RTO: Policy 5.2, Form 3D1 and 3D1
- Direct Listings: Policy 2.3, Form 2B

Original Listing Requirements - TSX

Part III of the TSX Company Manual

- TSXV Graduations
- IPOs
- Inter-listing applications
- Backdoor Listings (aka: RTOs)
- Spin-offs

Listing Requirements

General List for Mining Companies

- **NI 43-101 Technical Report**
- **Minimum Property Ownership**
- **Exploration & Development or Producing Requirements**
- **Management Track Record and Experience**
- **Sufficient Working Capital and/or Mine Life**
- **Distribution, Market Capital and Public Float**

Property requirements

TSXV – Tier 2

Minimum 50% interest in a qualifying property (\$100,000 of exploration expenditures on the qualifying property in the past 3 years)

Work program: \$200,000

TSXV – Tier 1

Minimum 50% interest in a Tier 1 property (property with substantial geological merit)

Work program: \$500,000

TSX – Exploration

Minimum 50% interest in an advanced property (mineralization three dimensions and at economically interesting grades)

Work program: \$750,000

TSX – Producer

Three years of proven and probable reserves

Commercial production decision made or in commercial production

Financial requirements

TSXV – Tier 2

Adequate working capital for 12 months +
\$100,000 in allocated funds

TSXV – Tier 1

Adequate working capital for 18 months +
\$200,000 in allocated funds
\$2 million in net tangible assets

TSX – Exploration

\$2 million in working capital
Sufficient funds for 18 months
\$3 million in net tangible assets
Appropriate capital structure

TSX – Producer

Adequate working capital
Appropriate capital structure
Non exempt: \$4 million in net tangible assets +
likelihood of future profitability
Exempt: \$7.5 million in net tangible assets + pre-
tax profits and cash flow

Management

- **Management, including board of directors, should have adequate experience and technical expertise relevant to the company's business and industry as well as adequate public company experience**
- **Management team includes qualified Chairman, CEO, CFO and Corporate Secretary**
- **Management and members of the board of directors must complete Personal Information Forms (PIFs) to assess suitability**

Distribution & Sponsorship

TSX VENTURE EXCHANGE

- Public float of 500,000 shares (Tier 2) or 1,000,000 shares (Tier 1)
- 200 (Tier 1) or 250 (Tier 2) public board lot holders
- 20% of the issued and outstanding in the hands of public shareholders
- Sponsorship may be required

TORONTO STOCK EXCHANGE

- \$4,000,000 publicly held
- 1,000,000 free trading shares
- 300 public board lot holders
- Sponsorship may be required

TSX & TSXV Disclosure Policies

TSX Company Manual Timely Disclosure Policy (Sections 406 – 423.4)

- Appendix B: Disclosure Standards for Companies Engaged in Mineral Exploration, Development and Production

TSXV Corporate Finance Manual

- Policy 1.1 Interpretation (Geological Report, Approved Expenditures, Tier 1 or 2 Property)
- Policy 3.3 Timely Disclosure
- Appendix 3E News Release Guidelines
- Appendix 3F Mining Standard Guidelines
- Appendix 3G Valuation Standards and Guidelines for Mineral Properties

TSX/TSXV Compliance & Disclosure

- **Timely Disclosure Policy**
- **Director and Officer Suitability**
- **Continued Listing Requirements (CLRs)**
- **Corporate Governance**

Continued Listing Requirements

CLR	TSXV (Policy 2.5)	TSX (Part VII)
Insolvency	✓	✓
Ongoing concern issue/shell or significantly reduced business	✓	✓
Minimum expenditure/revenue levels	\$50k 1 yr. or 100k 2 yrs. exploration expenditures	\$350k exploration expenditures and \$3M revenue
Market capitalization and public distribution	\$100k value of public float or less than 150 shareholders or less than 500,000 shares in the public float	\$3M mkt cap. or \$2M value of public float or less than 150 shareholders or less than 500,000 shares in the public float
Breach of TSXV/TSX listing agreement	✓	✓
Failure to pay fees	✓	✓

If in Default with CLRs

- Remedial vs. Expedited Review
- Hearings
- Suspension
- Delisting
- Appeals



Material Information & Timely Disclosure

Rod Young, P. Geo.

Senior Manager, Geologist

Compliance & Disclosure, TSX Venture Exchange

Material Information

ALL Material Information MUST be disclosed

No Disclosure = Not Material

Don't Think: I don't want to disclose » Therefore Not Material

Material Information - Definitions

TSX-V Exchange Policy:

“Material Information” is any information relating to the business and affairs of an Issuer that results in or would reasonably be expected to result in a significant change in the market price or value of any of the Issuer’s Listed Shares, and includes Material Facts and Material Changes.

(TSX-V Exchange Policy 3.3, Sec. 2.1 – emphasis added)

(TSX Company Manual Part IV, Sec. 407 - effectively same definition)

Material Information - Definitions

- **BC Securities Act:**
 - **Material Fact** - “...a fact that would reasonably be expected to have a significant effect on the market price or value of the securities...”
 - **Material Change** - “...a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of a security of the issuer...” (or a decision to implement a change)
- Definitions of “material fact” and “material change” under securities legislation are based on a market impact test.

(see NP 51-201, Part 4 for more guidance on ‘Materiality’)

What Information is Material?

- It is the responsibility of the issuer to make the initial determination on if the information is material
- Reviewing with Exchange/IIROC/Commission does not remove this responsibility
- What information is material varies based on issuer
- Final determination on if the information is material is an objective test

- Rule of Thumb -

“If in doubt, put it out”

TSX-V: Events Deemed Material in Nature

- TSX-V Exchange Policy lists specific events* deemed to be material in nature and require immediate disclosure
 - Exploration results & developments (**Positive or Negative**)
 - Significant property acquisition or disposition, JV agreements
 - Significant litigation
 - Significant labour/major contractor dispute
 - Significant change in capital investment plans or corporate objectives

(*Mining Related - see TSX-V Exchange Policy 3.3, Sec. 3.8 (a)-(y) for **FULL** List)

TSX has list of examples of developments likely to require disclosure
(TSX Company Manual Sec. 410 (a)-(q))

Confidential Material Information

When can Material Information be kept confidential?

- When **immediate** disclosure would be unduly detrimental to the interests of the company
 - Provide competitors with significant benefit (e.g. loss of corporate opportunity)
 - Impair the ability of the company to complete a transaction (e.g. raise the acquisition price, invite competitive bids)
- **NOT** because stock likely to drop with the announcement!
- **RARE** - Only allowed in isolated and restricted circumstances, and in accordance with Securities Laws

Timing and Dissemination

- Disclosure of Material Information should be:
 - Prompt (Subject to pre-filing with IIROC) ← Responsibility of Company
 - Simultaneous
 - Thorough ← Responsibility of commercial news disseminator
- Material Information must be disclosed “immediately” (however, ‘reasonable’ time allowed to prepare disclosure)
- News release must be distributed via full text commercial news release dissemination service
(*TSX has list of acceptable providers, TSX-V does NOT)
- Follow-up news release must receive the same or greater dissemination
- Request Halt when disclosing significant Material Information during trading hours (contact IIROC)

TSX-V: Pre-Filing with IIROC

- **TSX-V pre-filing required (*Mining/Exploration Related):**
 - First time disclosure of new resource/reserve estimates
 - First time disclosure of economic analysis
(Any operating projections – feasibility studies, PEA, etc.)
 - Major property acquisitions/dispositions
(Qualifying Transactions, Reviewable Transactions)
 - (TSX-V Exchange Policy 3.2, Sec. 4.2 – full list)
- **TSX-V material news releases, esp. where halt required**
- **TSX-V ALWAYS wait for IIROC response prior to dissemination**
- **If in doubt contact IIROC**
- **IIROC issues comments for revision or ‘no objection’ - but may be subject to further comment by Exchange or Commissions**

News Release Guidelines

- 1. State specific facts**
 - Convey specific and accurate facts
 - Avoid subjective terms and overly promotional language
- 2. State all the facts**
 - State all relevant information about the matter being disclosed
 - Failure to state information necessary to make a statement not misleading is just as serious as making a false statement
- 3. Make balanced presentation of the facts**
 - Report positive and negative results
- 4. QP MUST be involved**
 - Name QP who reviewed & approved, and relationship to Company

Overly Promotional

**WORLD CLASS
DISCOVERY!**

World Class Deposit!

BONANZA GRADES!

Abundant Visible Gold!

**Exceptionally High Grade
Results!**

- **Avoid superlatives**
- **Lots of warnings issued (don't rely on other news releases)**
- **CEO/President "quotes" common offender**

Exploration Results

- **Source of information**
- **Geophysical and geochemical anomalies**
(an anomaly does not mean you have found a mineral deposit)
- **Sampling (provide details: type, number, location)**
- **Drilling (Report results for all holes, not just the best, true width, hole locations)**
- **Report good and bad results**
- **Clearly distinguish between new and previously disclosed results**

Analytical Results

- Analytical method (ICP, AA, fire assay, etc.)
- Name and location of Laboratory
- Lab certification/accreditation or lack thereof
- Comment on QA/QC
- Note any non-standard sampling, preparation or procedures
- Provide relevant statistical details (range & distribution)
- Selective disclosure prohibited (NO “values up to...”)
- Gross metal value NOT acceptable

Visual Observations

- **Prohibited:**
 - Visual estimates of grade (e.g. 1% copper)
 - Visual estimates of mineralization (e.g. 5% chalcopyrite)
- **Not Prohibited:**
 - Factual observations (e.g. visible gold)
 - Photos
- **NOT RECOMMENDED** (recommend waiting for assay results)
- **Strongly recommend pre-filing with IIROC**

DO NOT use these Phrases:

- ***“The following information is not compliant with NI 43-101...”***

ALL disclosure **MUST** be compliant with NI 43-101

- ***“NI 43-101 compliant... [drilling, sampling, etc.]”***

NI 43-101 only regulates disclosure **NOT** how to conduct the work

- ***“This information should not be relied upon”***

If information cannot be relied upon, it is not suitable for disclosure



BRITISH COLUMBIA
SECURITIES COMMISSION

Restricted & Voluntary Disclosure

Darin Wayslik, P. Geo
Senior Geologist, BCSC

Applicable Rules

- PART 1 **DEFINITIONS** AND INTERPRETATION
- PART 2 REQUIREMENTS APPLICABLE TO **ALL DISCLOSURE**
- PART 3 ADDITIONAL REQUIREMENTS FOR **WRITTEN DISCLOSURE**
- PART 4 OBLIGATION TO FILE A **TECHNICAL REPORT**

Definitions

Section 1.1

- **Disclosure**
- **Written Disclosure**
- **Data Verification**
- **Preliminary Economic Assessment**
- **Historical Estimate**
- **Exploration Information**
- **Technical Report**

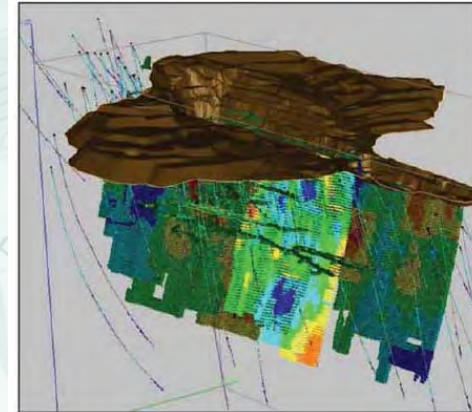
Disclosure Definitions

Disclosure



Disclosure Definitions

Written Disclosure



Voluntary Disclosure

Investor relations materials

– Provides a powerful tool for companies to communicate with investors

- Investor presentations
- Fact sheets
- Brochures
- Media articles
- Corporate Videos
- Interviews
- Links to third party content
- Social Media –Twitter, Facebook, LinkedIn, SlideShare, Giphy etc...
- President's Messages
- Blogs

Tip: Make use of section 3.5

- **Exception for written disclosure already filed**
- **Note – only applies to the following disclosure:**
 - s. 3.2 – *Data verification*
 - s. 3.3 – *Exploration information*
 - parts of s. 3.4 – *Mineral resources and reserves*
 - (a) *Effective date*
 - (c) Key assumptions
 - (d) Known risks

Restricted Disclosure – s. 2.3

The following restrictions apply :

(1) An issuer must not disclose:

- (a) the *quantity*, grade or metal/mineral content of a deposit not categorized as meas./ind./inf. resources or proven/prob. reserves**
- (b) results of an economic analysis that includes or is based on inferred resources, exploration target or historical estimate**

Restricted Disclosure – s. 2.3

The following restrictions apply :

(1) An issuer must not disclose:

- (c) the gross \$ value of metal or mineral in a deposit or a sampled interval or drill intersection;**
- (d) a metal or mineral equivalent grade for a multiple commodity deposit, sampled interval, or drill intersections, unless it also discloses the grade of each metal or mineral used to establish the metal or mineral equivalent grade**

Exploration Targets - s. 2.3(2)

- A carve out of 2.3(1)(a) restriction – a target for further exploration
- Is a **conceptual estimate** and needs to be *ranges of both tonnages & grades*
- States with ***equal prominence*** the following:
 - Potential quantity and grade is *conceptual* in nature
 - Insufficient exploration to define a mineral resource
 - Uncertain if a mineral resource estimate will be delineated
- Provide the basis on which exploration target has been determined

Exploration Target – Common Pitfalls

- **Lack of required cautionary language**
- Not disclosing as a range or the range disclosed is not reasonable
- Not stating the basis for determining the potential

Preliminary Economic Assessment – s. 2.3(3)

- A carve out of 2.3(1)(b) restriction
- Is a *study other than a pre-feasibility or feasibility study*
- States with ***equal prominence*** the following:
 - The assessment is preliminary in nature
 - If it includes inferred mineral resources, that they are too speculative geologically to have economic considerations applied that would enable them to be mineral reserves
 - There is no certainty the assessment will be realized
- Provide the basis for the assessment and any qualifications and assumptions made

PEA – Common Pitfalls

- Using terms such as “**Robust**”
- **Lack of required cautionary language**
- Stating or *implying* economic viability
- Adding to PFS/FS mine plan

Guidance for disclosing PEA's is in *Part 2.3 of Companion Policy 43-101CP and CSA Staff Notice 43-307*

Historical Estimates - s. 2.4 NI 43-101

Prepared by or on behalf of a previous issuer/operator and not verified by the current issuer – carve out of 2.2

- 1) Provides the ORIGINAL Source & Date of the estimate s. 2.4(a)
- 2) States the Relevance & Reliability s. 2.4(b)
- 3) Provide Key Assumptions etc. (if known) s. 2.4(c)
- 4) Gives Classification/Categories and/or compares to s. 2.4(d)
- 5) Includes any more recent estimates s. 2.4(e)
- 6) Work to be done s. 2.4(f)
- 7) No QP work & 'not current' resource statements s. 2.4(g)

Guidance for disclosing historical estimates is in *Part 2.4 of Companion Policy 43-101CP*

Historical Estimates – Common Pitfalls

- Using terms such as “**not NI 43-101 compliant**”
- No **source, date & original classification** (inc. grade & tonnage)
- **Lack of required cautionary language**
- **Adding** historical estimate to current estimates
- Disclosing an **economic analysis based on historical** (previous) **estimate** (restricted disclosure under s. 2.3)

Report Trigger

- **PART 4 OBLIGATION TO FILE A TECHNICAL REPORT**
 - See 4.2 (1)(j)
- **Part 2.4(5) of Companion Policy**
 - Treating a Historical Resource as Current

The background is a light blue and white collage. On the left, there is a large cargo ship sailing on the water. In the upper right, there is a dark-colored coffee pot. The bottom right portion of the image features a map with a winding path marked by small squares and circles, overlaid on a grid of latitude and longitude lines.

COFFEE BREAK



Technical Reports: Triggers, General Requirements & Common Mistakes

Stefan Lopatka, P. Geo.

Senior Manager/ Geologist

TSX Venture Exchange

Disclosure of Scientific and Technical Information for Mineral Projects

- **Disclosure, in any form, of Scientific and Technical information on a Mineral Project is governed by National Instrument 43-101: Standards of Disclosure for Mineral Projects**
- **Regardless of the purpose, trigger, or nature of the information; it must always comply with NI 43-101**

Why are some Technical Reports reviewed by the Securities Commission...?



Some by a Stock Exchange...??

And most of the time, I don't get any comments at all...?

WHAT IS THE REPORT FOR (TRIGGER)

Technical Report Triggers NI 43-101

- **NI 43-101 section 4:**
 - On becoming a reporting issuer
 - **Disclosure about Material Mineral Projects**
 - IPO
 - First time resource and economic analysis
 - Material change in Resource or economic analysis
 - Information circular for share acquisition of property.
 - Annual Information Form
 - Valuation
- **Common feature, technical disclosure thru life cycle of project and company (advancement)**

TSXV “Geological Report” Triggers

- **TSXV Corporate Policy Manual:**
 - Initial Listing: to demonstrate property meets Listing Requirements (ILR).
 - Reverse Takeover /Change of Business/ Qualifying Transaction: Support new property acquisition (ILR)
 - Reviewable /Fundamental Acquisitions: Disclosure on new property
- **Common feature, technical disclosure for new project (acquisition)**

TSX Report Triggers

- **TSX Company Manual: Subsection 314. Requirements for Eligibility for Listing:**
 - a) Listing as producing Mining Company
 - b) Listing under the mineral exploration and development-stage category:
 - In each case a Technical Report by Independent Qualified Person

CSA vs. Exchanges

- This variation in report triggers dictates the slightly differing needs of each Organization (the CSA and Exchanges) for technical reporting
- Requirements of CSA is compliance with NI 43-101, consistent with Form 43-101F1, with Guidance provided in Companion Policy 43-101CP
- so let us quickly look at the Exchanges requirements.

Geological Report

- **Within the context of the TSX Venture Exchange, a Geological Report is one of several disclosure documents required to be publicly filed in support of the Issuer's transaction under Exchange Policy.**
- **Definition*: a report prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects or any successor instrument**
- *** TSXV Corporate Policy Manual (TSXV-CPM) Policy 1.1**

Geological Report Guidelines

- **TSXV-Corporate Policy Manual: Appendix 3F:**
- **MINING STANDARDS GUIDELINES**
- **Incorporates and expands upon the standards prescribed by Securities Laws (NI 43-101)**
- **NI 43-101 Section 4.3 Required Form of Technical Report:**
- **A technical report that is required to be filed must be prepared in accordance with Form 43-101F1**
- **As such,**
 - **NI 43-101 dictates that a technical report must follow Form 43-101F1, and**
 - **TSXV Appendix 3F provides Exchange specific guidance on the disclosure for the Exchange**

Technical Report - TSX Guidelines

- Reports prepared by independent qualified persons, and the acceptability of the authors, shall conform to National Instrument 43-101 and be acceptable to the Exchange. Reports prepared in conformity with other reporting systems deemed to be the equivalent of NI 43-101 will normally be acceptable also.
- TSX Company Manual section 314

Qualified Person & Independence

- **Under CSA: independent of Issuer**
- **Under TSXV, relationship to Vendor in transaction becomes more important**
- **QP interest in Vendor and property become paramount in considering independence of report**
- **Under TSX: QP must be independent**

Use of Geological Report – Listing Transaction

- **Determination of Initial Listing Requirements (ILR) (Policy 2.1)**
 - Ownership & Obligations
 - Approved Expenditure (Prior Exploration)
 - Recommended program and Budgets
- **Requirements defined in TSXV-CPM Policy 2.1;**
- **Based on Tier Level**
- **Supports technical/ scientific disclosure in listing document (Prospectus, Information Circular, Filing Statement)**
- **Additional Support for:**
 - Mineral title documentation requirements
 - Evidence of Value requirements
 - Relation between parties (Non-Arm's Length)

TSXV Initial Listing Requirements (ILR)

Requirement	Tier 2	Tier 1
Ownership	Significant Interest (50%)	Material interest
	Have or right to earn	Operatorship
Previous Exploration	>\$100,000* over last 3 years	Minimum current resource
	By Issuer (or vendor**)	
Recommended program	>\$200,000 Phase 1 non contingent	>\$500,000 Drilling
		Economic Study

* Must meet approved expenditure definition

** By Vendor for RTO, COB, QT

TSX Listing Requirements (ILR)

Requirement	Exploration & Development Stage	TSX Producer	TSX Exempt
Property Requirements	Advanced Exploration property* minimum 50% ownership**	3 years proven & probable reserves; production decision	3 years proven & probable reserves;
Recommended program	\$750,000 on Advanced Exploration property	Bring mine into production	Profitable mining operation
*TSX will consider a property to be sufficiently advanced if continuity of mineralization is demonstrated in three dimensions at economically interesting grades			
**A company must hold or have the right to earn and maintain at least a 50% interest in the property.			

Ownership

- **Ownership & Obligations: Form 43-101F1 Items 4(c), (d) & (h)**
 - **Disclosure of present mineral tenure**
 - **Disclosure of agreement for Issuers acquisition**
 - **Obligations:**
 - **Agreement obligation**
 - **Nature of mineral tenure and ability to transfer tenure.**
 - **Legal Title Opinion**
 - **Prior agreements**
 - **Government**
 - **Description of significant factors and risks that may affect access, title, or right or ability to perform work on the property**

TSX-V ILR: Tier 2 – Approved Expenditures

- Detail breakdown of exploration work on property
- By years
- Magnitude of work
- Presented in manner so costs can be estimated
- Clear indication of who carried out work (Issuer vs Vendor vs Others)
 - **Definition of Approved Expenditures (Policy 1.1)**
 - any exploration expenditures resulting or arising from, or relating to, geological and scientific surveys conducted on a mineral property where such surveys advanced a mineral project or enhanced the Issuer's geoscientific database.
 - but does not include any of the following costs or expenses: general and administrative, land maintenance, public affairs, required property payments, staking, property or project acquisition, flight expenditures of personnel where the project or property is non-domestic, tax and HST
 - **Form 43-101F1 Items 9 & 10**

ILR: Tier 2 – Approved Expenditures (continued)

Approved Expenditures

- Listing Application (initial listing on Exchange, IPO)**
 - Exploration work carried out by Issuer prior to Listing
- Listing of Spin-out (seasoned asset)**
 - Exploration work carried out by Parent prior to Listing
- Reverse Take-Over, Change of Business, or Qualifying Transaction (CPC),**
 - Exploration work carried out by Vendor/ Target prior to transaction

ILR: Recommended Work Program

– Recommended Program and Budgets

- **Minimum Requirements Based on Tier Level of Listing**
 - Tier 1: a minimum \$500,000 Phase 1 drilling program for the property based on the merits of previous exploration results (or an economic study)
 - Tier 2: a work program with an initial phase of no less than \$200,000, as recommended in a Geological Report

*** Basis of unallocated working capital calculation**

- **Form 43-101F1 Item 26**

Use of Geological Report – Non Listing Transaction

- Primary purpose to ensure disclosure document for new property for Issuer on public record (SEDAR)
- Supporting document for determination of:
 - Form 43-101F1 reference in red**
 - Mineral title (Legal Title Opinion) **Item 3**
 - Underlying agreements and obligations **Item 4**
 - Evidence of Value (deferred Exploration Expenditures) **Items 9 & 10**
 - Financial Plan (Recommended Program) **Item 26**
 - Relation between parties (Non-Arm's Length) **Items 2 & 4**

Top Mistakes when filing a Geological Report with the Exchange (in support of an Acquisition)

- **The report is not made out to the issuer (Vendor's report)**
- **The issuer's rights to the property lacks details (agreement details and consideration, legal title opinion, relationship among parties)**
- **QP not independent**
- **QP independence of Vendor, property not disclosed**



Technical Reports & Exploration Information Common Pitfalls & Problems

Sally Gillies, P. Geo.

Senior Manager/Geologist

TSX Venture Exchange

Why create a Technical Report?

Qualified Person



“Because I’m going to get paid!”

Company



To promote my property?!

**No! Because it was triggered under NI 43-101 or Exchange Policies...
There are some rules!**

Format for a Technical Report (and Exploration Information)

Technical Report:

Required form of Technical Report: s. 4.3 of NI 43-101

A required report *must be prepared* in accordance with **Form 43-101F1**

- | | |
|--|--------------------------------------|
| 1) Early Stage | Use all headings: Items 1-14 & 23-27 |
| 2) Advanced Property
has reserves
or resources where potential economic viability is supported by a mining study | Use all headings: Items 1-27 |

Exploration Information:

Geological, geophysical, geochemical, sampling, drilling, assays etc.

These requirements apply **anywhere & anytime** you disclose this information

Elements of a Title Page

NI 43-101 Technical Report
on the
New Exploration Gold-Silver-Zinc-Lithium Property
in
Province of Country
sometimes
Mapsheet or Coordinates

For
The Issuing Company

By Josephine Smithsonite, P. Geo.
and
Geoffrey Eiffel, P. Eng.
Best Ever Global Geologic Services Ltd.

Effective Date: December 31, 2017

1. Title

2. Location

3. Issuer

4. Name & Prof.
Designation of
QP

5. Effective Date

Item 3: Reliance on Other Experts

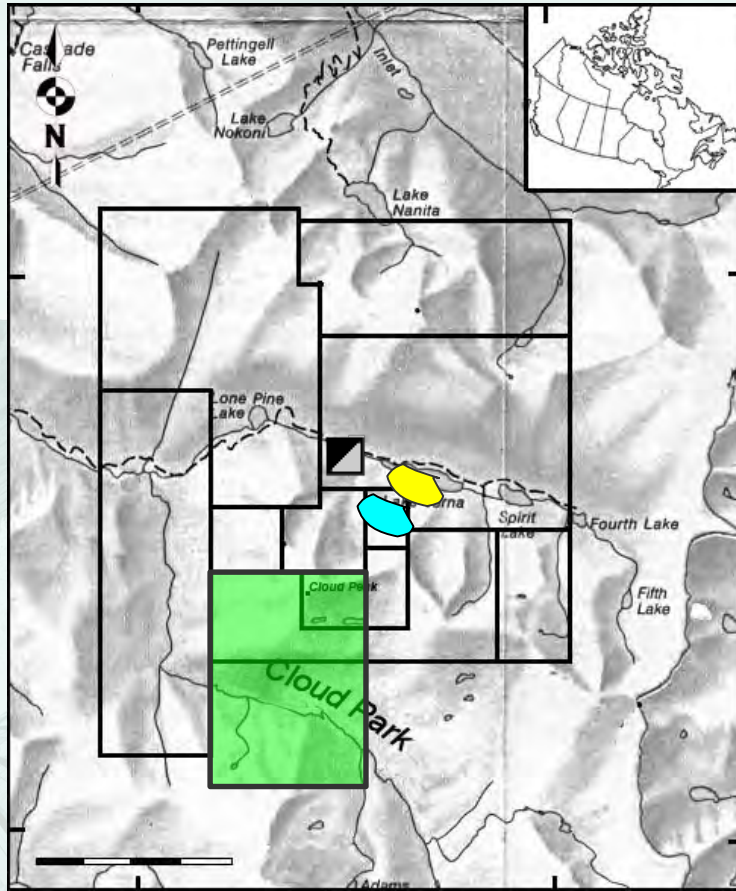


- May disclaim Title (Legal), Political, Tax, & Environmental, Pricing information
- The QP must state the following about the reliance:
 - Source of information – including date, title and author
 - Extent of reliance
 - What portion(s) of the report is this used



- Cannot disclaim responsibility for part of report that QP prepared or supervised
- Cannot disclaim responsibility for data and opinions within area of expertise (expected to verify relied on geological data)
- Additional limits on disclaimers found in s. 6.4 of NI 43-101 (cannot limit filing on SEDAR etc.)

Item 4: Property Description & Location



LEGEND

---	Roads	▣	Shaft
=	Power lines	■	Tailings
⛏	Prospect	■	Waste
■	Protected Bird haven		

Often omitted:

- Issuer's rights to the property
- Legal access, surface rights
- Environmental liabilities
- Significant issues that may affect title, access or ability to do work
e.g. Indigenous rights, bird sanctuary etc.

Item 6: History

- Include prior ownership, ownership changes, past production
- Be clear about what historical information is on the issuer's property and what is not
- **This is where Historical Estimates (s. 2.4) belong**
- If doing an *Exchange required* report it may be better to disclose the property vendor's work under Item 9: Exploration



Item 8: Deposit Types

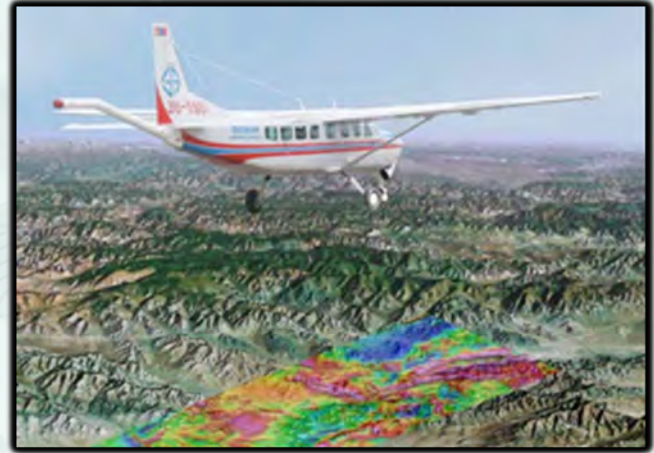
Describe the mineral deposit type(s) being investigated or explored for

- Just stating what deposit type is being explored for is not enough
- A technical report is intended for the investing public and their advisors, who in most cases are not geological experts
 - Please provide a written description of deposit type as well!

Item 9: Exploration

(Including NI43-101 s. 3.3)

- If the report is **required under NI 43-101**, then the ***Issuer's*** exploration work is disclosed here; or may include previous issuer's work if you believe it is relevant to the project
- If the report is **required by the Exchange** (a transaction), then the ***Vendor's*** work may be disclosed here



Exploration Information: Common Pitfalls

- Procedures and parameters relating to surveys and investigations
 - e.g. number of samples collected in rock/soil surveys, number of line kilometres in geophysical surveys
 - maps
- Significant results and interpretation

Item 10: Drilling

(Includes NI 43-101 s. 3.3)

- If the report is required by NI 43-101, then the Issuer's work is disclosed here – or – include relevant drilling (related to a resource estimate)
- If the report is required by the Exchange only for a transaction such as Qualifying Transaction, Reverse Takeover or Change of Business, then a Vendor's work may be disclosed here



Drilling Results: Common Pitfalls

- **Neglected to mention the type of drilling** (diamond, RC, backpack – winkie, etc.)
- **Didn't provide collar location, azimuth, and dip of drill holes**
- **Didn't disclose any relevant assays and depth of samples**
- **Didn't mention higher grade intervals within lower grade intersection**
- **Provided no comment on True widths/thicknesses of drill intervals (as known)**

Item 11: Sample Preparation, Analyses & Security (Including NI43-101 s. 3.3)



For all sampling discussed in Item (9) Exploration or Item (10) Drilling, the QA/QC belongs here

- Disclosing Field sampling procedures
 - Provide Sampling process – for each type of sample program
 - Discuss the security measures to ensure the validity and integrity of samples
- Disclosing Lab analyses
 - Post sampling handling and analysis
 - Identify Lab and certification of lab.
 - Is the Lab independent of the issuer?
 - Discuss the QA/QC measures applied (Lab & Company)
 - QP must provide an opinion on sample preparation, security and analytical procedures

Sampling Results: Common Pitfalls

- Providing QA/QC for historical data
- Visual estimates
- Giving/relying on field instrument analysis alone
- Omitting QA/QC
- Failing to name the lab **& relationship**
- Overly promotional
- QP not providing opinion on adequacy of sample preparation, security and analytical procedures

Item 12: Data Verification

Data Verification *is what the QP did* to confirm the information

- As the QP is relying on various geological data, that data must be verified by the QP
e.g. Check news releases, field checking, independent assaying, assessment reports...
- Any limitations or failure to conduct such verification and the reasons why (maybe you cannot access the sites/samples)
- QP's opinion on the adequacy of the data for the purposes used in the report – can you rely on it? If not, say so (and what can be done going forward)

Item 13: Mineral Processing & Metallurgical Testing

- *This should only include metallurgical work done by the Issuer on the property*
- *If the report is required by the Exchange only for a transaction such as Qualifying Transaction, Reverse Take-over or Change of Business, then the Vendor's work should be disclosed here*



Common Pitfalls:

“The data verification procedures applied by the QP”

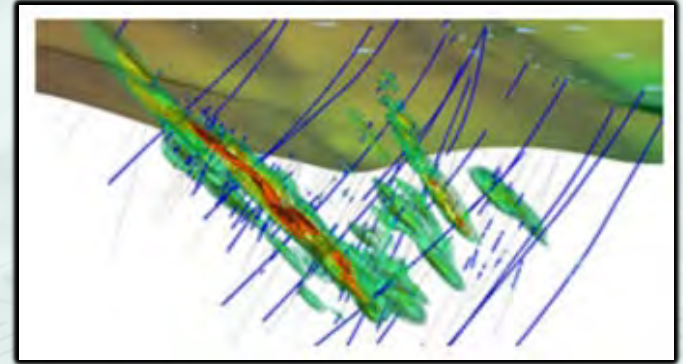
- Were the samples representative?
- Any processing factors or deleterious elements that could have a serious effect on potential economic extractions
- If a resource is included in the report, the recovery rates from the metallurgical work should be included in the calculation – and if not, explain why not



Item 14: Mineral Resource Estimates

A **current resource** is defined in s. 1.2 of the Instrument

1. inferred mineral resource
2. indicated mineral resource
3. measured mineral resource ; having the meanings ascribed by CIM; the CIM Definition Standards, as amended.



A mineral resource or mineral reserve can only be current for the Issuer who has commissioned the Technical Report!

As per CIM Definition Standards (May 10, 2014) for the definition of Mineral Resources, the phrase 'reasonable prospects for eventual economic extraction' implies a judgment by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction.

The Qualified Person should consider and **clearly state the basis** for determining that **the material has reasonable prospects for eventual economic extraction**.

Item 14: Mineral Resource Estimates

Must comply with all disclosure requirements for mineral resources set out in the Instrument, including NI43-101, sections 2.2, 2.3, and 3.4 AND Form 43-101F1, Item 14

- Item 14(a): Key assumptions, parameters methods used to estimate the mineral resource
 - ❖ CIMM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (November 29, 2019)
- Section 3.4(a):
 - ❖ the effective date of each estimate of mineral resources and mineral reserves
- Section 3.4(d):
 - ❖ the identification of any known legal, political, environmental, or other risks that could materially affect the potential development of the mineral resources or mineral reserves
 - ❖ For example – land access disputes, infrastructure problems, NGO funded campaigns...



Items 15-22: Advanced Property Reports

Must have discussion of potential economic viability included in the report (i.e. PEA, Pre-Feasibility or Feasibility study)

Form 43-101F1 **Instruction 4** states for Advanced Properties:

“the qualified person must also use the headings of Items 15 to 22”

This means these sections are only required if there *is* an economic analysis in the report

Common Pitfall

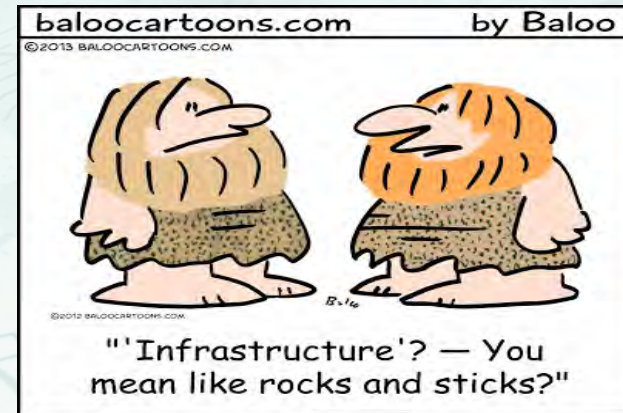
- If ***not*** an Advanced Property report, QP's frequently feel the need to place information these items;
 - ***this is not necessary*** and ***may be misleading***

Item 18: Infrastructure

“Provide a summary of infrastructure and logistic requirements for the project, which could include roads, rail, port facilities, dams, dumps, stockpiles, leach pads, tailings disposal, power, and pipelines, as applicable”

If **not** an Advanced Property this information should be under Item 5(e):

to the extent relevant to the mineral project, the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pad areas, and potential processing plant sites



Item 20: Environmental Studies, Permitting, Social or Community Impact

“Discuss reasonably available information on environmental, permitting, and social or community factors related to the project”

If **not** an Advanced Property:

this information should under Item 4(h):

to the extent known, any other significant factors and risks that may affect access, title, or the right or ability to perform work on the property

- OR -

there is a mineral resource, under Item 14(d):

include a general discussion on the extent to which the mineral resource estimates could be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors

Item 23: Adjacent Properties

- **Adjacent property:**
 - the issuer does not have an interest;
 - has a boundary *reasonably near* to the property subject of the report;
 - has geological characteristics similar to those of the property being discussed

Source of information

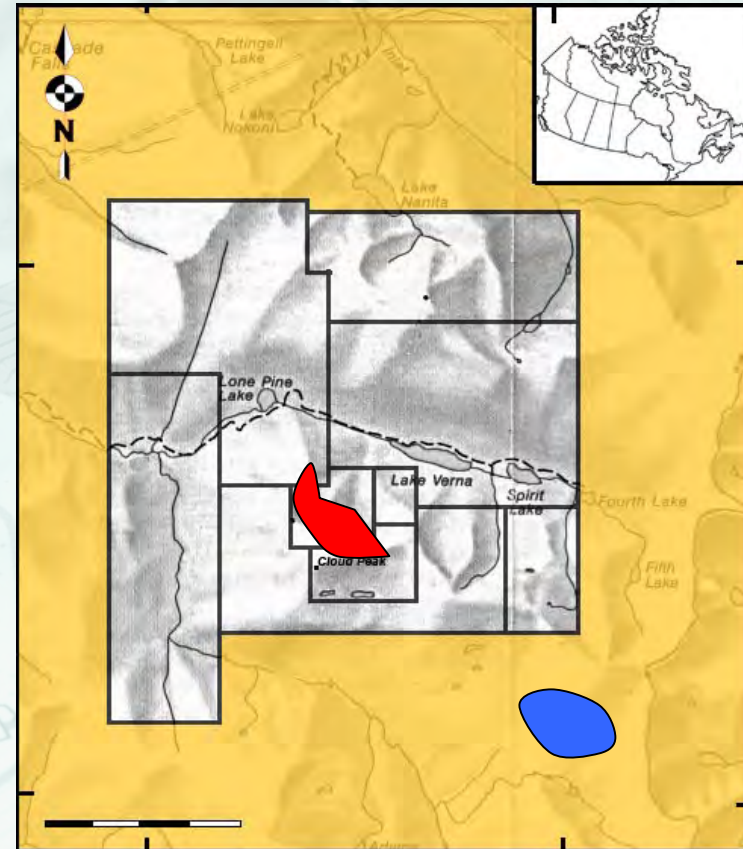
- Item 23(b)

Cautionary language is often forgotten

- Item 23(c):

“The QP has been unable to verify the information and that the information is not necessarily indicative to the mineralization on the property that is the subject of the technical report”

Include this everywhere where information is provided that is not on the property



Item 25: Interpretations & Conclusions

- Summarize the results & interpretations of all data and relevant information
- Provide conclusions of the QP (suitability/gaps/etc.)
- Discuss any significant risks or uncertainties & foreseeable impacts that could change results &/or the project's ongoing potential viability

Item 26: Recommendations

- Recommendations may only apply to two phases of work
- Provide detail of the recommended work programs and a breakdown of costs for each phase
- Recommendations must state whether phase two is contingent on phase one results

Common Technical Report Mistakes

- **Omitting sections**

Items 1-14 & 23-27 are all necessary in an early stage report

- **Illegible figures**

- **Forgetting cautionary language **each time** for:**

- Historical Estimates
- Exploration Targets
- Adjacent Properties

- **Restricted disclosure (see s. 2.3 of NI 43-101)**



BRITISH COLUMBIA
SECURITIES COMMISSION

BCSC

Updates – Keeping Current

Victoria Yehl, P. Geo.

Recent Changes

- **SEC's S-K 1300**
 - Mandatory as of Jan 1st 2021 (fiscal year)
- **CIM Updates**
 - MRMR BPG: November 29, 2019
 - Exploration BPG: November 23, 2018
 - Mineral Processing BPG...Coming soon
- **CRIRSCO**
 - International Reporting Template: Oct 2019

SEC

- **S-K 1300 replaces Industry Guide 7 effective Feb 25, 2019, mandatory Jan 1, 2021**
- **EDGAR is being reprogrammed to accept “Technical Summary Reports”**
- **An S-K 1300 Technical Report Summary is not the same as a Form 43-101F1 Technical Report**
- **Significant differences between NI 43-101 & S-K 1300**

CIM

- New “Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines”
- Adopted November 29, 2019 – replaces the 2003 version
- Guidelines set industry practice and *should* be followed; may be asked to clarify when not conforming to industry practice

CRIRSCO

Committee for Mineral Reserves International Reporting Standards

- **CIM is a member organization of CRIRSCO**
- **The “International Reporting Template” is designed to help countries develop national reporting standard**
- **Good reference with guidance for public reporting of exploration results, mineral resources – but NI 43-101 & CIM Definitions Standards vary slightly from CRIRSCO definitions**