

National Instrument 43-101

What has changed

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Agenda

- Overview and Status Report
- Changes to the Instrument
- Changes to the Form
- Changes to the Companion Policy
- Consequential Amendments to Other Instruments
- Transition & Summary



Overview and Status Report



Purpose of the changes

- Eliminate or reduce the scope of certain requirements
- Add more flexibility for issuers and QPs in certain areas
- Easier to add new professional associations, QP designations and resource codes
- Reflect changes in the mining industry
- Clarify or correct areas where NI 43-101 is not having the intended effect



Status

- ✓ CSA approval – Jan. 2009
- ✓ Industry consultation – Feb.-Apr. 2009
- ✓ Analysis and amendment – May-Nov. 2009
- ✓ Approval and translation – Dec. 2009-Apr. 2010
- ✓ Publish for comment – Apr. 2010
- ✓ Analysis and revision – Aug.-Oct. 2010
- ✓ Legislative review, approval and translation – Nov 2010-Mar. 2011
- ✓ Final publication – Apr. 8, 2011
- **Ministerial approval – June 8, 2011**
- **Effective date – Jun. 30, 2011**



What we published

- Final Instrument, Companion Policy and Form
- Blackline of Instrument and Form to 2005 version
- Notice of Repeal and Replacement
 - Summary of key changes
- Our responses to 50 comment letters
 - List of commenters
 - why we accepted or didn't accept comments
- Consequential changes to NI 44-101, NI 51-102, NI 45-106, and NI 45-101



Changes to the Instrument

Certificates and consents

- Updated certificates and consents not required
 - Only filed with original technical report
- Independence test is now s.1.5
- Consent limited to parts of report QP prepared
- Consent identifies disclosure that report supports
- Consent not addressed to securities regulator
- Modified consent for first time reporting issuers
 - Where no disclosure document
 - Only consent to the filing of the report
 - Full consent required at next trigger



Professional associations

- Requires or encourages continuing professional development
- Admission also considers ethical fitness
- Applies disciplinary powers regardless of where QP practices
- Foreign associations
 - Replaced prescriptive list with objective test
 - Generally accepted in international mining community
 - Updated Appendix A now guidance



Qualified Person

- University degree or equivalent relevant to mining or mineral exploration
- Experience relevant to degree or area of practice
- Foreign qualified person has an accepted membership designation based on
 - Position of responsibility requiring independent judgment
 - Certain additional admission requirements



Changes to Appendix A

- New associations & designations
 - SME – Reg. Member
 - ECSA – Pr.Eng & Pr.Cert.Eng
 - Chilean Mining Commission – Reg. Member.
 - IMMM – CSci MIMMM, CEng MIMMM
 - AusIMM – MAusIMM (CP), FAusIMM (CP)
 - AIG – MAIG RPGeo, FAIG PRGeo
- No longer included
 - ASBOG
 - AusIMM – members designation



Restricted Disclosure

- No economic analysis of exploration targets or historical estimates
 - Clarification of current interpretation
- No gross metal or mineral value
 - Always considered misleading
- No metal or mineral equivalent grades unless also disclose individual metal or mineral grades
 - Already a requirement of Form
- Cautionary language with equal prominence



Historical estimates

- Eliminated the arbitrary February 2001 date
- Now applies to any third party estimate
 - Not yet confirmed as current
 - made before issuer acquired an interest
- Additional disclosure requirements
 - If existing technical report
 - Key assumptions, parameters and methods
 - Work needed to upgrade to current
 - Mandatory cautionary language



Preliminary Economic Assessment

- Changed name to reflect industry practise
- Expanded definition
 - Other than pre-feasibility or feasibility study
 - Allowable for advanced properties
 - Disclose impact on results of any existing pre-feasibility or feasibility study



Other changes

- Objective test for accepted foreign codes
 - Categories similar to CIM
 - CRIRSCO template generally acceptable
 - Added PERC, Chilean
 - **reconciliation to CIM of material differences**
- Feasibility and pre-feasibility studies
 - **Now defined in CIM Definitions Standards**
- Option to name QP who approved information
 - Alternative to naming QP who prepared



Short form prospectus technical report trigger

- Eliminated in most but not all situations
 - Kept for published scenario 3
- Still required to support a material MR/MR/PEA
 - Not in an existing technical report
 - Essentially early filing of s.4.2(1)(j) trigger
 - Lesser of 45 days or the filing of the short form prospectus



Delayed filing of technical report

- **180-day** filing delay for existing MR/MR/PEA if:
 - Prepared and disclosed by another issuer
 - Supported by an existing technical report
 - Discloses details of technical report
 - Names QP who review report for issuer
 - States no new information that would make estimates misleading
- **File technical report the earlier of 180 days or the filing of a short form prospectus**



Other changes to technical report triggers

- All written disclosure of MR/MR/PEA
 - Not just news releases and directors circulars
 - Websites, presentations and IR material
- Expanded filing exemption to include all situations where existing report is still current
 - Must meet any independence requirement
- Grandfathering to 2001 eliminated
- Disclose filing of delayed technical report
 - Applies to 45 and 180-day filings



Independent technical report triggers

- Expanded independence exemption for producing issuers
 - Include most situations
 - Except first time reporting (s.4.1) where not listed on specified exchange
- Clarified requirement that all QPs must be independent
 - As of both the filing and effective dates



Royalty holder exemption

- Applies to royalty or similar interests
 - Includes metal streaming interests
- Not required to file technical report if:
 - Only has a royalty or similar interest
 - Owner/operator is reporting in Canada or a producing issuer on a specified exchange and reports under an acceptable foreign code
 - Owner/operator has disclosed material information
 - Issuer discloses source of material information
- Kept previous limited exemption



Changes to the Form



More suitable for advanced projects

- Replaced Item 25 with 8 new items
 - Reflect major components of advanced studies
 - Only required for advanced properties
- Separate item for mineral reserves
- Differing illustration requirements
- Allow more summarization of earlier stage data
- Exempt producing issuers from requirement to disclose economic analyses for producing properties



Reliance and disclaimers

- Expanded disclaimer provisions includes
 - Legal, political, environmental and tax information from issuer
 - Non-QP report or opinion on price and valuation information with conditions
- May refer to any current information in previous reports
 - Summarize or quote in current report
 - Can't disclaim responsibility



Other changes

- Consolidated several sections
 - Geological Setting and Mineralization
 - Sampling Method and Approach
- Signature page at beginning or end
- Simplified, summarized and understandable
 - QP determines level of detail required
 - Appendices not generally required



Changes to the Companion Policy

General changes to CP

- Restructured and renumbered to track the sections and headings of the Instrument
- Amended wording to be more guidance oriented
 - Removed musts and shoulds
- Removed or updated existing guidance
- Added lots of new guidance



Consequential Amendments to Other Instruments

Prospectus consent (NI 44-101)

- Required for all experts named in short form prospectuses, including QPs

S.4.2.1 Alternative Consent

- Allow firm that employed QP to sign consent if
 - Principal business is engineering or geoscience
 - Signatory is a engineer or geoscientist
 - 5 years experience
 - registered with professional association



Form 51-102F1 MD&A

- For issuers with developing or producing mines
 - Identify any milestones including mine expansion, new development, expansion, production decision
 - Disclose if decision is based on technical report
- Purpose is to identify potential risk of proceeding with material developments without supporting technical disclosure.



Other Consequential Amendments

- Form 51-102F2 AIF
 - Repeal Instruction (i) to Item 16
 - Inaccurate reference to expert consent
- NI 45-106 Prospectus & Registration Exemption
 - Repeal subsection (18) to section 2.9
 - Reliance on previous technical report for OM



Transition & Summary

Transition to the new rules

- No formal transition provisions
 - Talk to us if you anticipate a problem
 - Common sense approach where possible
- Deal with QP changes now
 - ASBOG and MAusIMM need to upgrade before June 30
- Can start using new rules now
 - Make sure comply with all new requirements
- Can file technical reports using the new Form



Summary

- We think the changes will
 - Help reduce costs and regulatory burden
 - Increase flexibility for disclosure
 - Increase flexibility for technical reports
 - Facilitate addition of new professional associations, designations and foreign codes
 - Clarify current interpretations
 - Provide better guidance on current issues



For further information

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