



# AGNICO EAGLE

**To:** CSA member Commissions

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**Subject:** Agnico Eagle Mines comment on the CSA Consultation paper 43-101

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1. Do the disclosure requirements in the Form for a pre-mineral resource stage project provide information or context necessary to protect investors and fully inform investment decisions? Please explain.

AEM Answer :

The concept of pre-mineral resource stage project is not explicitly defined in the Form. The Form is unclear regarding the possibility of filing a technical report for a pre-mineral resources stage property. Investors will be better protected if a company voluntarily fills a technical report on pre-mineral resources stage property (with no section 14) since the report will contain all the scientific and technical information material to the property in a single document. The Form could be more explicit on this option and encourage pre-mineral resource stage technical reports.

2. a) Is there an alternate way to present relevant technical information that would be easier, clearer, and more accessible for investors to use than the Form? For example, would it be better to provide the necessary information in a condensed format in other continuous disclosure documents, such as a news release, annual information form or annual management's discussion and analysis, or, when required, in a prospectus? b) If so, for which stages of mineral projects could this alternative be appropriate, and why?

AEM Answer :

A JORC Table 1 style may be a valuable and compact way to present technical information for QP for all stages of a mineral project. Many P.Geos, P.Engs, and investors are already familiar with this format. In addition, it has the advantage of being prepared by a QP using the same principles of Transparency, Materiality, and Competence. Maybe use a Technical Sheet that summarizes all the key technical aspects of a project.

3. a) Should we consider greater alignment of NI 43-101 disclosure requirements with the disclosure requirements in other influential mining jurisdictions? b) If so, which jurisdictions and which aspects of the disclosure requirements in those jurisdictions should be aligned, and why?

AEM Answer :

No comments



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4. Paragraph 4.2(5)(a) of NI 43-101 permits an issuer to delay up to 45 days the filing of a technical report to support the disclosure in circumstances outlined in paragraph 4.2(1)(j) of NI 43-101. Please explain whether this length of time is still necessary, or if we should consider reducing the 45-day period.

AEM Answer :

No. The 45-day period for filing a technical report remains necessary as numerous stakeholder are required to review the document and it often takes the full period to finalize all the editing and legal requirements of the technical report. Moreover, the 45-day period usually falls after the "rush period" of year-end news releases and AIF for the technical reporting team of an issuer.

5. a) Can the investor protection function of the current personal inspection requirement still be achieved through the application of innovative technologies without requiring the qualified person to conduct a physical visit to the project? b) If remote technologies are acceptable, what parameters need to be in place in order to maintain the integrity of the current personal inspection requirement?

AEM Answer :

No. A physical personal inspection is still needed to protect the investors and to complete ITEM 12 (data verification). However, innovative technology can reduce the amount of time these individuals will spend on-site using drone technology to visit remote areas and core scanners to acquire more validation data.

6. Is the current definition of data verification adequate, and are the disclosure requirements in section 3.2 of NI 43-101 sufficiently clear?

AEM Answer :

Not entirely. The current requirement says:

3.2(a) a statement whether a qualified person has verified the data disclosed, including sampling, analytical, and test data underlying the information or opinions contained in the written disclosure;

This has been interpreted as verification of the assays and analytical techniques to be obtained. However, other types of data, such as lithology logging, may be material to the information or opinion disclosed. Also, the word "written" invalidates the requirement for other types of public disclosure.



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7. How can we improve the disclosure of data verification procedures in Item 12 of the Form to allow the investing public to better understand how the qualified person ascertained that the data was suitable for use in the technical report?

AEM Answer :

The historical data verification is often deficient, and no clear guideline are available from CIM to ensure they are suitable to be used in a 43-101 report. Having the CSA provide guidelines on historical and modern data verification would be beneficial.

8. Given that the current personal inspection is integral to the data verification, should we consider integrating disclosure about the current personal inspection into Item 12 of the Form rather than Item 2(d) of the Form?

AEM Answer :

Yes. Including the personal inspection in Item 12 of the Form makes more sense since it is more related to that verification than the general introduction covered in Item 2. It would be easier to understand what has been done by who and when.

9. Is the current definition of historical estimate sufficiently clear? If not, how could we modify the definition?

AEM Answer :

The definition is clear. However, QPs will benefit from (CIM) guidelines that outline the minimum type of work expected to upgrade or verify the historical estimate as current mineral resources or mineral reserves, as required in section 2.4 (f) of the NI 43-101 rules and policies.

10. Do the disclosure requirements in section 2.4 of NI 43-101 sufficiently protect investors from misrepresentation of historical estimates? Please explain.

AEM Answer :

Yes. If the disclosure requirements are followed, then nothing can lead to misinterpretation. Problems may arise when historical estimates are disclosed without the appropriate warnings.



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11. Should we consider modifying the definition of preliminary economic assessment to enhance the study's precision? If so, how? For example, should we introduce disclosure requirements related to cost estimation parameters or the amount of engineering completed?

AEM Answer :

Yes. The definition needs to be updated and main guidance needs to be added from staff notice 43-307 and others. This should include which modifying factors are taken in account.

12. Does the current cautionary statement disclosure required by subsection 2.3(3) of NI 43-101 adequately inform investors of the full extent of the risks associated with the disclosure of a preliminary economic assessment? Why or why not?

AEM Answer :

Yes

13. Subparagraph 5.3(1)(c)(ii) of NI 43-101 triggers an independence requirement that may not apply to significant changes to preliminary economic assessments. Should we introduce a specific independence requirement for significant changes to preliminary economic assessments that is unrelated to changes to the mineral resource estimate? If so, what would be a suitable significance threshold?

AEM Answer :

Yes. The section 5.3 (1)(c)(ii) should include NPV in addition of Mineral Resources and Mineral Reserves. For example: a 100 percent or greater change in the total mineral resources, or total mineral reserves, or NPV on a property material to the issuer, since the issuer's most recently filed independent technical report in respect of the property.

14. Should we preclude the disclosure of preliminary economic assessments on a mineral project if current mineral reserves have been established?

AEM Answer :

No. But needs comments on viability of the current mineral reserve. The PEA may help assess new technical assumptions, such as different mining and processing techniques in part of the project. The PEA in this case can be included in ITEM 24.



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15. Should NI 43-101 prohibit including by-products in cash flow models used for the economic analysis component of a preliminary economic assessment that have not been categorized as measured, indicated, or inferred mineral resources? Please explain.

AEM Answer :

Yes. By-products mineral resources and reserves need to be evaluated before using it for cash flow models.

16. Is there anything missing or unclear in the current qualified person definition? If so, please explain what changes could be made to enhance the definition.

AEM Answer :

The definition is clear. The problem is that some Professional Organizations (e.g., the OGQ) restrict the role of QPs from other Canadian and foreign professional organizations, contradicting the NI 43-101 definition. We believe the CSA should lobby for QPs to be recognized nationwide and for an international right to practice in the context of public reporting.

17. Should paragraph (a) of the qualified person definition be broadened beyond engineers and geoscientists to include other professional disciplines? If so, what disciplines should be included and why?

AEM Answer :

No, because there is not always a professional organization for the other disciplines. Thus other QPs will still need to validate their work.

18. Should the test for independence in section 1.5 of NI 43-101 be clarified? If so, what clarification would be helpful?

AEM Answer :

No.



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19. Should directors and officers be disqualified from authoring any technical reports, even in circumstances where independence is not required?

AEM Answer :

No. Technical directors and officers play a key technical role and, in many cases, are the best trained and most familiar with the technical aspects of the mining projects. In such cases, technical directors and officers may author technical reports if independence is not required.

20. Should we consider adopting a definition for a “current personal inspection”?  
If so, what elements are necessary or important to incorporate?

AEM Answer :

Yes. Currently, this concept is too vague. As well, a trigger should be defined for when a new inspection is required.

21. Should the qualified person accepting responsibility for the mineral resource estimate in a technical report be required to conduct a current personal inspection, regardless of whether another report author conducts a personal inspection? Why or why not?

AEM Answer :

Yes. The Mineral Resource Estimate (MRE) is the most important part of a technical report, and so the QP of the MRE should accept the validity of all data and geological interpretation.

22. In a technical report for an advanced property, should each qualified person accepting responsibility for Items 15-18 (inclusive) of the Form be required to conduct a current personal inspection? Why or why not?

AEM Answer :

Yes. Personal inspection by the QP-authors of these items should be triggered by the first mineral reserve declaration (for an advanced project).



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23. Do you have any concerns if we remove subsection 6.2(2) of NI 43-101? If so, please explain.

AEM Answer :

Yes. That section allows for a reasonable delay of the inspection, which happens often. Early-stage projects may also be difficult to access, and the inspection can be delayed due to logistical problems, bad weather and political issues. Section 6.2(2)(b) prescribes only weather conditions. This clause should be updated to include other reasonable reasons for delaying the inspection such as logistical and political issues.

24. Are the current requirements in section 3.3 of NI 43-101 sufficiently clear? If not, how could we improve them?

AEM Answer :

Yes.

25. Should Item 14: Mineral Resource Estimates of the Form require specific disclosure of reasonable prospects for eventual economic extraction? Why or why not? If so, please explain the critical elements that are necessary to be disclosed.

AEM Answer :

Yes. The prospect for eventual economic extraction should refer to sections 6.12.1 and 6.12.2 of the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines of 2019. This guideline includes the technical aspects and considerations for constraining Mineral Resources from open pit and underground operations to mineable shapes.

26. a) Should the qualified person responsible for the mineral resource estimate be required to conduct data verification and accept responsibility for the information used to support the mineral resource estimate? Why or why not?  
10 b) Should the qualified person responsible for the mineral resource estimate be required to conduct data verification and accept responsibility for legacy data used to support the mineral resource estimate? Specifically, should this be required if the sampling, analytical, and QA/QC information is no longer available to the current operator. Why or why not?

AEM Answer :





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- a) Yes, minimum data verification is mandatory, even if the QP for ITEM 14 is not the same as ITEM 12.
- b) Legacy data should be at the same validation level as current data. If not, the legacy data should be taken in account during classification. Clear reporting of the steps taken to validate the legacy data should be done (e.g., twinned holes, re-sampling, etc.)

27. How can we enhance project specific risk disclosure for mining projects and estimation of mineral resources and mineral reserves?

AEM Answer :

Add a Specific Risk ITEM in 43-101 format and provide guidance.

28. Do you think the current environmental disclosure requirements under Items 4 and 20 of the Form are adequate to allow investors to make informed investment decisions? Why or why not?

AEM Answer :

No comment.

29. Do you think the current social disclosure requirements under Items 4 and 20 of the Form are adequate to allow investors to make informed investment decisions? Why or why not?

AEM Answer :

Environmental and social requirements are higher and more complex than ever, but they still vary from country to country. Therefore, yes, ITEM 4 and ITEM 20 requirements are important in the first place to inform project land access.

30. Should disclosure of community consultations be required in all stages of technical reports, including reports for early stage exploration properties?

AEM Answer :

Point 4 is limited to "to the extent known", so asking whether community consultations took place during the last technical study period and the potential impact on the project learned from these consultations would be good additional information for investors.



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31. What specific disclosures should be mandatory in a technical report in order for investors to fully understand and appreciate the risks and uncertainties that arise as a result of the rights of Indigenous Peoples with respect to a mineral project?

AEM Answer :

A mapping of Indigenous rights for the jurisdiction in question and expectations. Unfortunately, the most salient information (e.g., financial compensation) is mostly confidential.

32. What specific disclosures should be mandatory in a technical report in order for investors to fully understand and appreciate all significant risks and uncertainties related to the relationship of the issuer with any Indigenous Peoples on whose traditional territory the mineral project lies?

AEM Answer :

How Indigenous relations and traditional communities can positively or negatively affect the project, and how the land is managed in the jurisdiction (land claims, treaties, etc.)

33. Should we require the qualified person or other expert to validate the issuer's disclosure of significant risks and uncertainties related to its existing relationship with Indigenous Peoples with respect to a project? If so, how can a qualified person or other expert independently verify this information? Please explain.

AEM Answer :

Undecided. This is a grey area that can change rapidly depending on the relationships an operator has with the communities. It's hard to voice a definitive fact-based objective opinion. Can an independent survey can be made ?



## **AGNICO EAGLE**

34. Are the current disclosure requirements for capital and operating costs estimates in Item 21 of the Form adequate? Why or why not?

AEM Answer :

This is far too ambiguous and is the reason for the such large discrepancies in interpreting PEA's and also feasibility studies. AACE classification also leaves room for large gaps between similar projects. A PDRI type analysis (a few tables with specific questions related to engineering with scoring) would clarify the readiness of the project and between projects. The PDRI-type score would normalize projects and make engineering groups more accountable, as well as investors more informed to level of analysis. PDRI-type analysis summary would need to be published.

35. Should the Form be more prescriptive with respect to the disclosure of the cost estimates, for example to require disclosure of the cost estimate classification system used, such as the classification system of the Association for the Advancement of Cost Engineering (AACE International)? Why or why not?

AEM Answer :

Engineering companies each have internal methodologies, making informed decisions for market participants unclear. PDRI scoring would help to normalize (or similar to PDRI) since these are set questions to determined readiness

36. Is the disclosure requirement for risks specific to the capital and operating cost assumptions adequate? If not, how could it be improved?

AEM Answer :

Outside of market conditions (inflation, cost escalation, workforce) The risk associated to CAPEX is related to detail of project definition (resource quality, throughput analysis, test work completed, grades, etc.) This should be a table of major disciplines with some description of where future work is required. Again, the PDRI type scoring does account for this also since it is 'readiness' (CAPEX and OPEX).



## **AGNICO EAGLE**

37. Are there better ways for Item 22 of the Form to require presentation of an economic analysis to facilitate this key requirement for the investing public? For example, should the Form require the disclosure of a range of standardized discount rates?

AEM Answer :

FCF (free cashflow) as well as set discount rates (3,5,8,10%) should be presented in addition to what is indicated. Perhaps for advanced projects, an indication to project financing and potential impact on economics.

38. Are there other disclosure requirements in NI 43-101 or the Form that we should consider removing or modifying because they do not assist investors in making decisions or serve to protect the integrity of the mining capital markets in Canada?

AEM Answer :

No comment.