

13 September 2022

To:

British Columbia Securities Commission

Alberta Securities Commission

Financial and Consumer Affairs Authority of Saskatchewan

Manitoba Securities Commission

Ontario Securities Commission

Autorité des marchés financiers

Financial and Consumer Services Commission, New Brunswick

Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Nova Scotia Securities Commission

Office of the Superintendent of Securities, Service NL

Northwest Territories Office of the Superintendent of Securities

Office of the Yukon Superintendent of Securities

Nunavut Securities Office

Re: CSA Consultation Paper 43-401 - Questions and Answers

I am registered as a Professional Geoscientist with Engineers and Geoscientists British Columbia and have acted as a Qualified Person with respect to NI 43-101 Technical Reports filed by issuers reporting in jurisdictions in Canada since 2005. Below is my feedback to questions in the CSA Consultation Paper 43-401.

Regards

Greg Kulla P.Ge

Questions and Answers

A. Improvement and Modernization of NI 43-101

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.

Yes. Items 4 to 12 provide appropriate sections for reporting material information related to a pre-mineral resource property. Instruction 6 explains the QP is responsible for determining the level of detail in those section. CIM Exploration Best Practices provides guidance on important exploration information.

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?

Technical Reports prepared following the format of the Form provides appropriate structure for reporting material information for all stages of a mineral property and enforces consistency across the industry. I would prefer the "Technical Report" remain a requirement.

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?

Greater alignment with other jurisdictions would enforce reporting consistency of material information globally but there is already sufficient agreement between the major reporting jurisdictions. Canada should strive to be the leader in defining appropriate disclosure requirements.

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.

This 45-day period is an important tool and should be kept.

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?

No. A physical visit to the project provides an opportunity to observe important aspects of a project that might be overlooked or under appreciated using remote technologies. A current personal inspection should remain a requirement.

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?

Remote technologies could be used but should not replace a physical site visit.

B. Data Verification Disclosure Requirements

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

The definition is adequate. However, verification is defined and or referenced in NI 43-101, Form 43-101F1, CIM Estimation of Mineral Resources & Mineral Reserves Best Practice Guidelines, and CIM Exploration Best Practices. There is agreement regarding data verification in each of these but there are differences as well. This can lead to uncertainty on what data verification is, what data should be verified, when data should be verified, who is responsible for the verification, what data verification information should be reported, and who is responsible for reporting.

I would like CIM to consolidate/align the data verification discussed in both CIM best practices documents, and I would like CSA to add interpretation or guidance of data verification in 43-101 CP that is in alignment with CIM guidance.

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?

It would be useful to specify in Item 12 that the intent is verification of all data reported in all sections of the report and not just the data in section 5 to 11 and includes verification of legacy data. This implies multiple QP's may be required to take responsibility for section 12. It may be easier to include data verification requirement in each relevant Item after Item 12 and leave Item 12 for verification of data reported in Items 5 to 11.

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?

As a geologist, I consider the site visit an important part of data verification and prefer reporting of site visit observations and conclusions in Item 12.

C. Historical Estimate Disclosure Requirements

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

The current definition is clear and sufficient.

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

The current disclosure requirements are sufficient. I have read many disclosures of historical estimates that do not meet the disclosure requirements, specifically when describing key assumptions, parameters, and methods used to prepare the historical estimate. This may be a result of the responsible QP having limited experience in resource estimation. Given that the disclosure must state the QP has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves; and (ii) the issuer is not treating the historical estimate as current mineral resources or mineral reserves, 2.4 (a) could be removed to reduce the likelihood of noncompliant disclosure.

D. Preliminary Economic Assessments

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?

A PEA is a useful document and currently is not onerous to prepare. Additional detail requirements would be detrimental.

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?

The cautionary statement requirement is sufficient if followed appropriately.

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?

I am not aware of a situation where a significant change to a PEA did not result in an update to the PEA.

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

No. In this case the PEA would normally be an assessment of an scenario that may include mining or processing plans different to those used to define current reserves. These alternate scenarios may identify upside potential in a project not acknowledged in the current reserves. This is useful information to an issuer and the investor. The cautionary statements regarding disclosures of the results of a PEA are sufficient to inform the investor of the risk related to the PEA disclosure.

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.

Yes. The economic value of by-products can make a significant impact on the viability of a project. There should be reportable information available to support the grade and recovery assumptions of any product included in a cashflow model intended for public disclosure.

E. Qualified Person Definition

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.

The current definition is reasonably clear.

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?

I am undecided on this issue.

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

The current test is clear.

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

Undecided. Disqualifying directors and officers would reduce potential for perception by investors of interference of QPs judgement regarding preparation of a Technical Report but at the same time could result in an additional burden to an issuer that adds little value.

F. Current Personal Inspections

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

No. CIM Estimation of Mineral Resources & Mineral Reserves Best Practice Guidelines discusses personal inspections. CIM should expand on the intent and expectations of personal inspections and NI-43-101 should reference CIM regarding personal inspections.

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?

No. Good communication and involvement between a QP who visits the property and the QP who prepares the resource estimate can work well if the QP who visits the property is knowledgeable about geology and exploration methods, and has general knowledge about mineral resource estimation.

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?

Yes, if the project is in operation, or if not in operation but has existing infrastructure that is material to these sections of the report. There may be an individual whose experience would allow them to complete personal inspections of all relevant areas of these sections. If so, that QP should clearly explain in their certificate how their qualifications apply.

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

No concerns.

G. Exploration Information

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

The current requirements in section 3.3 are clear. Consider adding CSA interpretation or guidance on interpretation of the exploration information in 43-101 CP that explains what is mean by material results and interpretation.

H. Mineral Resource / Mineral Reserve Estimation

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.

Yes, this is important to ensure investors can understand the potential of the property and make comparisons with other projects. RPEEE for Mineral Resources should include numerical assumptions of metal price, mining cost, metallurgical recovery, process cost and G&A.

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?

No. Good communication and involvement between a P.Geol. who verifies the data and the QP who prepares the resource estimate can work well. A geologist with an exploration background may have more experience and better knowledge of data collection, validation, and verification than a person whose experience is focused on resource estimation. The mineral resource QP should review the findings of the data verification QP and should at least make a statement about verification of data transfer from the database into the mineral resource model.

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?

No. Good communication and involvement between a QP who verifies the legacy data and the QP who prepares the resource estimate can work well. A geologist with an exploration background may have more experience and better knowledge of data collection, validation, and verification than a person whose experience is focused on resource estimation. QPs can verify legacy data to some degree even if the sampling, analytical and QAQC information is no longer available. Limited verification implies limited confidence of the data and consequently the resource estimate QP should consider classification limits of resource estimates that have limited supporting information .

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

A risk matrix that summarizes the QP's opinion of the impact and likelihood of changes in key inputs and processes used in preparing the resource estimate might help.

I. Environmental and Social Disclosure

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?

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?

No comment.

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

Yes.

J. Rights of Indigenous Peoples

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?

No comment.

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?

No comment.

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.

Yes. As with Item 3, a QP should be able to rely on an expert for this and must explain why it is reasonable for the qualified person to rely on the other expert.

K. Capital and Operating Costs, Economic Analysis

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

No comment.

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?

Disclosure of the cost estimate classification system used would allow better comparison of other projects.

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

No comment.

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?

No comment.

L. Other

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?

No comment.