

6.1.2 Proposed National Instrument 43-101 Standards of Disclosure for Mineral Projects

**PROPOSED NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS**

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**PROPOSED NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS**

PART 1 — APPLICATION, DEFINITIONS AND INTERPRETATION

~~1.1 — Application — This Instrument applies to all oral statements and written disclosure of scientific or technical information, including disclosure of a mineral resource or mineral reserve, made by or on behalf of an issuer in respect of a mineral project of the issuer.~~

1.1 1.2 — Definitions - In this Instrument

“adjacent property” means a property

- (a) in which the issuer does not have an interest;
- (b) that has a boundary reasonably proximate to the closest boundary of the property being reported on; and
- (c) that has geological characteristics similar to those of the property being reported on;

“data verification” means the process of confirming that data has been generated with proper procedures, has been accurately transcribed from the original source and is suitable to be used;

“development property” means a property that is being prepared for mineral production and for which economic viability has been demonstrated by a feasibility study;

“disclosure” means any oral statement or written disclosure made by or on behalf of an issuer and intended to be, or reasonably likely to be, made available to the public in a Canadian jurisdiction, whether or not filed under securities legislation, but does not include written disclosure that is made available to the public only by reason of having been filed with a government or agency of government pursuant to a requirement of law other than securities legislation;

~~“disclosure document” means an annual information form, prospectus, material change report or annual financial statement filed with a regulator pursuant to a requirement of securities legislation;~~ “exploration information” means geological, geophysical, geochemical, sampling, drilling, **trenching**, analytical testing, assaying, mineralogical, metallurgical and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define or delineate a mineral prospect or mineral deposit;

“feasibility study” means a comprehensive study of a **mineral** deposit in which all geological, engineering, **legal**, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production;

“IMM grassroots exploration property” means a property that has had no drilling or trenching activity and no drilling or trenching is proposed for the property in a technical report filed with a securities regulatory authority or Canadian recognized exchange, as defined under provincial and territorial securities legislation;

“**IMMM** system” means the classification system and definitions for mineral resources and mineral reserves approved from time to time by The Institution of **Materials, Minerals, and Mining and Metallurgy** in the United Kingdom **as amended or supplemented**;

“JORC Code” means the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia as amended or supplemented;

“mineral project” means any exploration, development or production activity, **including a royalty, net profits interest, or similar interest in these activities**, in respect of natural, solid, inorganic or **natural solid** fossilized organic, material including base and precious metals, coal, and industrial minerals;

“preliminary assessment” means a preliminary assessment permitted to be disclosed pursuant to subsection ~~2.3(3)~~; **an assessment that includes an economic evaluation of the potential viability of a mineral project taken at an early stage of the project prior to a preliminary feasibility study;**

“preliminary feasibility study” and “pre-feasibility study” each mean a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, ~~and which, if where~~ an effective method of mineral processing has been determined, ~~and~~ includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve;

“producing issuer” means an issuer ~~the~~whose annual audited financial statements ~~of which~~ disclose

- (a) gross revenues, derived from mining operations, of at least \$30 million for the issuer’s most recently completed financial year; and
- (b) gross revenues, derived from mining operations, of at least \$90 million in the aggregate for the issuer’s three most recently completed financial years;

“professional association” means a self-regulatory organization of engineers, geoscientists or both engineers and geoscientists that

(a) is either

(i) has been given authority or recognition by statute; in a Canadian jurisdiction, or

(ii) accepted by the securities regulatory authority or regulator in a notice published for this purpose;

- (b) admits members primarily on the basis of their academic qualifications and experience;
- (c) requires compliance with the professional standards of competence and ethics established by the organization; and
- (d) has disciplinary powers, including the power to suspend or expel a member;

~~and until February 1, 2002 includes an association of geoscientists in Ontario and until February 1, 2003 includes an association of geoscientists in a Canadian jurisdiction other than Ontario that does not have a statutorily recognized self-regulatory association;~~

“qualified person” means an individual who

- (a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;
- (b) has experience relevant to the subject matter of the mineral project and the technical report; and
- (c) is a member or licensee in good standing of a professional association;

“quantity” means either tonnage or volume, depending on which term is the standard in the mining industry for the type of mineral;

~~“technical report” means a report prepared, filed and certified in accordance with this Instrument and Form 43-101F1 Technical Report;~~

“SAMREC Code” means the South African Code for Reporting of Mineral Resources and Mineral Reserves prepared by the South African Mineral Committee (SAMREC) under the auspices of the South African Institute of Mining and Metallurgy (SAIMM) as amended or supplemented;

~~“USGS Circular 831” means the circular~~**“SEC Industry Guide 7” means the mining industry guide entitled “Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations” contained in Securities Act Industry Guides** published by the United States Bureau of Mines/United States Geological Survey entitled “Principles of a Resource/Reserve Classification for Minerals”**Securities and Exchange Commission**, as amended or supplemented; and

“written disclosure” includes any writing, picture, map or other printed representation whether produced, stored or disseminated on paper or electronically.

1.2 1.3 — **Mineral Resource** — ~~In this Instrument, the terms “mineral resource”, “inferred mineral resource”, “indicated mineral resource” and “measured mineral resource” have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000, as those definitions may be amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum.~~

1.3 1.4 — **Mineral Reserve** - ~~In this Instrument, the terms “mineral reserve”, “probable mineral reserve” and “proven mineral reserve” have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000, as those definitions may be amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum.~~

4.5 — **Interpretation**

~~(1) — In this Instrument, a person or company is considered to be an affiliated entity of another person or company if~~

- ~~(a) — one is a subsidiary of the other;~~
- ~~(b) — both are subsidiaries of the same person or company, or~~
- ~~(c) — each is controlled by the same person or company.~~

~~(2) — In this Instrument, a person or company is considered to be controlled by a second person or company if~~

- ~~(a) — in the case of a company,
 - ~~(i) — voting securities of the company carrying 50 percent or more of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the second person or company; and~~
 - ~~(ii) — the votes carried by such securities entitle the second person or company to elect a majority of the directors of the company;~~~~
- ~~(b) — in the case of a partnership, other than a limited partnership, the second person or company holds an interest of 50 percent or more in the partnership; or~~
- ~~(c) — in the case of a limited partnership, the general partner is the second person or company.~~

~~(3) — In this Instrument, a person or company is considered to be a subsidiary entity of a second person or company, if~~

- ~~(a) — the person or company is controlled by
 - ~~(i) — the second person or company, or~~
 - ~~(ii) — the second person or company and one or more other persons or companies, each of which is controlled by the second person or company, or~~
 - ~~(iii) — one or more other persons or companies, each of which is controlled by the second person or company; or~~~~
- ~~(b) — the person or company is a subsidiary entity of a person or company that is itself a subsidiary entity of the second person or company.~~

1.4 (4) — **Independence** - ~~In this Instrument, a qualified person involved in the preparation of a technical report is not considered to be independent of the issuer in respect of the technical report, if the qualified person has, or expects to have any agreement, arrangement, understanding, employment or other relationship with, or any interest in, any person or company, the mineral project, the property, or~~

any adjacent property, that a reasonable person would consider an influence on the qualified person's judgement.

- (a) ~~the qualified person, or any affiliated entity of the qualified person, is, or by reason of an agreement, arrangement or understanding expects to become, an insider, associate, affiliated entity or employee of~~
 - (i) ~~the issuer,~~
 - (ii) ~~an insider of the issuer, or~~
 - (iii) ~~an affiliated entity of the issuer;~~
- (b) ~~the qualified person, or any affiliated entity of the qualified person, is, or by reason of an agreement, arrangement or understanding expects to become, a partner of any person or company referred to in paragraph (a);~~
- (c) ~~the qualified person, or any affiliated entity of the qualified person, owns, or by reason of an agreement, arrangement or understanding expects to receive, any securities of the issuer or of an affiliated entity of the issuer or an ownership or royalty interest in the property that is the subject of the technical report;~~
- (d) ~~the qualified person, or any affiliated entity of the qualified person, has received the majority of his or her income in the three years preceding the date of the technical report from one or more of the issuer and insiders and affiliated entities of the issuer; or~~
- (e) ~~the qualified person, or any affiliated entity of the qualified person,~~
 - (i) ~~is, or by reason of an agreement, arrangement or understanding expects to become, an insider, affiliate or partner of the person or company which has an ownership or royalty interest in a property which has a boundary within two kilometres of the closest boundary of the property being reported on; or~~
 - (ii) ~~has, or by reason of an agreement, arrangement or understanding expects to obtain, an ownership or royalty interest in a property which has a boundary within two kilometres of the closest boundary of the property being reported on.~~

PART 2 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

2.1 Requirements Applicable to All Disclosure - An issuer shall ensure that all disclosure of a scientific or technical nature information made by or on behalf of an issuer, including disclosure of a mineral resource or mineral reserve, concerning mineral projects on a property material to the issuer is based upon a ~~technical report or other~~ information prepared by or under the supervision of a qualified person.

2.2 All Disclosure of Mineral Resources or Mineral Reserves - An issuer shall ensure that any disclosure of a mineral resource or mineral reserve, including disclosure in a technical report filed by an issuer

- (a) utilizes only the applicable mineral resource and mineral reserve categories set out in sections ~~4.31.2~~ and ~~4.41.3~~;
- (b) reports each category of mineral resources and mineral reserves separately, and if both mineral resources and mineral reserves are disclosed, states the extent, if any, to which mineral reserves are included in total mineral resources; ~~and~~
- (c) does not add inferred mineral resources to the other categories of mineral resources; ~~and~~
- (d) states the grade or quality and the quantity for each category of the mineral resources and mineral reserves if the quantity of contained metal or mineral is reported.**

2.3 Prohibited Disclosure

- (1) An issuer shall not make any disclosure of
- (a) quantity or grade of a deposit ~~which that~~ has not been categorized as an inferred mineral resource, an indicated mineral resource, a measured mineral resource, a probable mineral reserve or a proven mineral reserve;² or
 - (b) results of an economic evaluation ~~which uses~~ that includes inferred mineral resources.
- (2) Despite paragraph (1)(a), an issuer may disclose in writing the potential quantity and grade, expressed as ranges, of a possible mineral deposit that is to be the target of further exploration, ~~provided that~~ if the disclosure includes
- (a) a proximate statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource on the property and that it is uncertain if further exploration will result in ~~discovery~~ the determination of a mineral resource on the property;² and
 - (b) the basis on which the disclosed potential quantity and grade has been determined.
- (3) Despite paragraph (1)(b), an issuer may disclose a preliminary assessment that includes ~~an economic evaluation which uses~~ inferred mineral resources, ~~provided~~ if
- (a) the preliminary assessment is a material change ~~in the affairs of the issuer~~ or a material fact with respect to the issuer;
 - (b) the disclosure includes
 - (i) a proximate statement that the preliminary assessment is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized, and
 - (ii) the basis for the preliminary assessment and any qualifications and assumptions made by the qualified person;² and₂
 - ~~(c) in Ontario, if the issuer is a reporting issuer in Ontario, the issuer shall deliver to the regulator in Ontario the disclosure it proposes to make together with the preliminary assessment and the technical report required pursuant to section 4.2 at least five business days prior to making the disclosure and the regulator in Ontario shall not have advised the issuer that it objects to the disclosure.~~
- (4) An issuer shall not use the terms preliminary feasibility study, pre-feasibility study or feasibility study when referring to a study unless the study satisfies the criteria set out in the definitions of the applicable terms in section ~~4.2~~ 1.1.

2.4 Disclosure of Historical Estimates - Despite section 2.2 an issuer may disclose an estimate of mineral resources or mineral reserves made before ~~this instrument came into force~~ if February 1, 2001 using the historical terminology if the disclosure

- ~~(a) the estimate is an estimate of mineral resources or mineral reserves prepared by or on behalf of a person or company other than the issuer, or~~
- ~~(b) the estimate accompanies disclosure of an estimate of mineral resources and mineral reserves made in accordance with section 2.2~~

and provided that the disclosure:

- (a) (i) identifies the source of the historical estimate;
- (b) (ii) confirms that the historical estimate is relevant;

- (c) (iii) — comments on the reliability of the historical estimate;
- (d) (iv) — states whether the historical estimate uses categories other than the ones stipulated in sections 4.31.2 and 4.41.3 and, if so, includes an explanation of the differences; and
- (e) (v) — includes any more recent estimates or data available to the issuer.

PART 3 ADDITIONAL REQUIREMENTS FOR WRITTEN DISCLOSURE

3.1 Written Disclosure to Include Name of Qualified Person - An issuer shall ensure that all written disclosure of a scientific or technical nature, other than a news release, concerning information made by or on behalf of the issuer, about a mineral project on a property material to the issuer identifies and discloses the relationship to the issuer of the qualified person who prepared or supervised the preparation of the technical report or other information that forms the basis for the written disclosure.

3.2 Written Disclosure to Include Data Verification - An Except as provided in section 3.5, an issuer shall ensure that all written disclosure of a scientific or technical nature concerning information made by or on behalf of the issuer about a mineral project project on a property material to the issuer:

- (a) states 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;
- (b) describes how the nature of data was verified and any limitations on, the verification of process performed on the data disclosed; and
- (c) explains any failure to verify the data disclosed.

3.3 Requirements Applicable to Written Disclosure of Exploration Information

(1) — An Except as provided in section 3.5, an issuer shall ensure that all written disclosure containing of scientific or technical exploration information concerning made by or on behalf of the issuer about a mineral project on a property material to the issuer includes:

- (a) ~~to the extent not previously disclosed in writing and filed by the issuer,~~ the results, or a summary of the material results, of surveys and investigations regarding the property;
- (b) a summary of the interpretation of the exploration information ~~to the extent that such interpretation has not been previously disclosed in writing and filed by the issuer;~~ and
- (c) a description of the quality assurance program and quality control measures applied during the execution of the work being reported on.

(2) — An Except as provided in section 3.5, an issuer shall ensure that all written disclosure containing sample or analytical or testing results on a property material to the issuer includes

- (a) ~~to the extent not previously disclosed in writing and filed by the issuer,~~ a summary description of the geology, mineral occurrences and nature of mineralization found;
- (b) ~~to the extent not previously disclosed in writing and filed by the issuer,~~ a summary description of rock types, geological controls and widths of mineralized zones, and the identification of any significantly higher grade intervals within a lower grade intersection;
- (c) (c) the location, number, type, nature and spacing or density of the samples collected and the location and dimensions of the area sampled;
- (d) ~~identification of any drilling, sampling, recovery or other factors that could materially affect the accuracy or reliability of the data referred to in this subsection;~~
- (e) a summary description of the type of analytical or testing procedures utilized, sample size, the name and location of each analytical or testing laboratory used, the certification of each laboratory, if known to the issuer, and any relationship of the laboratory to the issuer; and

- (f) a listing of the lengths of individual samples or sample composites with analytical values, widths and, to the extent known to the issuer, the true widths of the mineralized zone.

3.4 Requirements Applicable to Written Disclosure of Mineral Resources and Mineral Reserves - An issuer shall ensure that all written disclosure of mineral resources or mineral reserves on a property material to the issuer includes:

- (a) the effective date of each estimate of mineral resources and mineral reserves;
- (b) details of quantity and grade or quality of each category of mineral resources and mineral reserves;
- (c) details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;
- (d) a general discussion of the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues; and
- (e) in the circumstance where the results of an economic analysis of mineral resources are reported, a proximate statement that mineral resources ~~which~~that are not mineral reserves do not have demonstrated economic viability.

3.5 Exception for Written Disclosure Already Filed - The requirements of sections 3.2, 3.3 and 3.4 (a), (c) and (d) are satisfied by reference, in written disclosure, to a previously filed ~~disclosure~~ document that complies with those requirements.

PART 4 OBLIGATION TO FILE A TECHNICAL REPORT

4.1 Obligation to File a Technical Report Upon Becoming a Reporting Issuer

- (1) Upon ~~first~~ becoming a reporting issuer in a Canadian jurisdiction an issuer shall file ~~with the regulator in that Canadian jurisdiction~~ a current technical report for each property material to the issuer.
- (2) An issuer may satisfy the requirement of subsection (1) by filing a notice stating that the issuer's current technical report has previously been filed in another Canadian jurisdiction in which it is a reporting issuer, provided there is no material change in the information contained in that technical report. The notice must also provide the name and date of the technical report, the name of the qualified person who prepared it, the jurisdiction in which it was previously filed, and a statement by the issuer certifying that there have been no material changes in the information contained in the technical report since the date of filing in the other Canadian jurisdiction.
- ~~(3) (2) An issuer may satisfy the requirement of subsection (1) by filing a technical report or a report prepared and filed in accordance with National Policy Statement No. 2-A before February 1, 2001 that it has An issuer may also satisfy the requirement of subsection (1) by filing a technical report that it previously filed in another Canadian jurisdiction in which it is a reporting issuer, ~~amended or supplemented, if necessary,~~ revised to reflect material changes in the information contained in the technical report since the date of filing in the other Canadian jurisdiction.~~

4.2 Obligation to File a Technical Report in Connection with Certain Written Disclosure Concerning About Mineral Projects on Material Properties

- (1) An issuer shall file a current technical report to support information in the following documents filed or made available to the public in a Canadian jurisdiction describing a mineral project~~project~~ on a property material to the issuer, or in the case of paragraph 3 below, the resulting issuer:
 - 1. A preliminary prospectus, other than a preliminary short form prospectus filed in accordance with National Instrument 44-101.
 - 2. A preliminary short form prospectus filed in accordance with National Instrument 44-101 that includes material information concerning mining projects about a mineral project on a property material ~~properties~~ to the issuer not contained in

- ~~(a) a disclosure document an annual information form, prospectus, or material change report filed before February 1, 2001; or~~
 - ~~(b) a previously filed technical report; or~~
 - ~~(c) a report prepared in accordance with National Policy Statement No. 2-A and filed with a regulator before February 1, 2001.~~
 3. An information or proxy circular concerning a direct or indirect acquisition of a mineral property, including an acquisition of control of a person or company with an interest in the property, that upon completion of the acquisition would be material to the issuer if the consideration includes securities of the issuer or the person or company which continues to hold an interest in the property upon completion of the acquisition. where the issuer or resulting issuer issues securities as consideration.
 4. An offering memorandum: other than an offering memorandum delivered to an accredited investor as defined under provincial and territorial securities legislation.
 5. A rights offering circular: of a reporting issuer.
 6. An annual information form, annual management's discussion and analysis, or annual report that includes material information concerning mining projects on material properties about a mineral project on a property material to the issuer not contained in
 - ~~(a) a disclosure document an annual information form, prospectus, or material change report filed before February 1, 2001; or~~
 - ~~(b) a previously filed technical report; or~~
 - ~~(c) a report prepared in accordance with National Policy Statement No. 2-A and filed with a regulator before February 1, 2001.~~
 7. A valuation required to be prepared and filed under provincial and territorial securities legislation.
 8. A directors' circular that discloses for the first time a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer, or discloses any change in a preliminary assessment or in mineral resources or mineral reserves, from the most recently filed technical report of the issuer, that constitutes a material change in respect of the affairs of the issuer. TSX Venture Exchange Short Form Offering Document required to be filed.
 9. A take-over bid circular that discloses a preliminary assessment or mineral resources or mineral reserves on a property material to the offeror if securities of the offeror are being offered in exchange on the take-over bid.
 - ~~10. Any written disclosure, made other than in a document referred to in paragraphs 1 to 9 above, which is either A news release or directors' circular that contains either~~
 - ~~(a) (i) first time disclosure of a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer; or~~
 - ~~(b) (ii) disclosure of any change in a preliminary assessment or in mineral resources and/or mineral reserves from the most recently filed technical report, that constitutes a material change in respect of the affairs of the issuer.~~
- (2) If there has been a material change to the information in the technical report filed under paragraph 1 or 2 of subsection (1) before the filing of the final version of a prospectus or short form prospectus, the issuer shall file an updated technical report or an addendum to the technical report with the final version of the prospectus or short form prospectus.

- (3) Subject to subsections (4), (5), and (6), the technical report ~~required to be filed under subsection (1)~~ shall be filed not later than the time of ~~the filing of the document listed in subsection (1)~~ that it supports is filed or made available to the public.
- (4) Despite subsection (3), a technical report ~~concerning mineral reserves and about~~ mineral resources or mineral reserves that supports ~~disclosure described in paragraph 10 of subsection (1)~~ a news release shall
- (a) be filed not later than 30 days after the ~~disclosure~~ news release; and
- (b) if filed ~~subsequent to the disclosure, be accompanied by a contemporaneous disclosure that reconciles~~ there are any material differences in the mineral resources or mineral reserves between the technical report filed and the ~~previous disclosure in connection with which the technical report was prepared.~~ news release, be accompanied by a news release that reconciles those differences.
- (5) Despite subsection (3), if a property referred to in a document described in paragraph 6 of subsection (1) an annual information form or annual management's discussion and analysis first becomes material to the issuer less than 30 days before the filing deadline for the document annual information form or annual management's discussion and analysis, the issuer shall file the technical report ~~required by subsection (1)~~ within 30 days of the date that the property first became material to the issuer.
- (6) Despite subsection (3), a technical report that supports a directors' circular shall be filed not less than 3 business days prior to the expiry of the take-over bid.
- (7) If the issuer triggers the requirement to file a technical report under subsection (1), it does not have to re-file a technical report that it has already filed if
- (a) there is no material change to the information contained in the technical report; and
- (b) the issuer files a qualified person's updated certificate and consent for use of the technical report in connection with the document.

4.3 **Required Form of Technical Report** - A technical report that is required to be filed under this Part shall be current in accordance with Form 43-101F1.

PART 5 AUTHOR OF TECHNICAL REPORT

5.1 **Prepared by a Qualified Person** - A technical report shall be prepared by or under the supervision of one or more qualified persons.

5.2 **Execution of Technical Report** - A technical report shall be dated, signed and, if the qualified person has a seal, sealed, ~~by the qualified person who prepared it or supervised its preparation, or if such an individual is an employee, officer, director or associate of a person or company the principal business of which is the provision of engineering or geoscientific services, by that person or company.~~ by

(a) each qualified person who is primarily responsible for preparing it or supervising its preparation; or

(b) by a person or company whose principal business is providing engineering or geoscientific services if each qualified person primarily responsible for preparing it or supervising its preparation is an employee, officer, or director of that person or company.

5.3 Independent Technical Report

(1) Subject to subsection (2), any disclosure made and a technical report required under any of the following provisions of this Instrument shall be prepared by a qualified person that is, at the date of the technical report disclosure, independent of the issuer:

1. First-time Time Reporting Issuer — Subsection 4.1(1) only for the first time the issuer becomes a reporting issuer in any one Canadian jurisdiction;

2. Long Form Prospectus and Valuation or TSX Venture Exchange Short Form Offering Document - Paragraphs 4.2(1) and 7 and 8; or
 3. Other - Paragraphs 4.2(1) 2, 3, 4, 5, 6, ~~8~~, 9 and 10 if the document discloses for the first time a preliminary assessment, or mineral resources or mineral reserves on a property material to the issuer ~~for the first time~~, or discloses a 100 percent or greater change, from the most recently filed technical report prepared by a qualified person who is independent of the issuer, in mineral resources or mineral reserves on a property material to the issuer.
 4. ~~Reporting Issuer in an Additional Canadian Jurisdiction - Subsection 4.1(2)~~
- (2) A technical report required to be filed by a producing issuer under ~~paragraphs~~ paragraph 3 and 4 of subsection (1) is not required to be prepared by an independent qualified person.
 - (3) A technical report required to be filed by an issuer that is or has contracted to become a joint venture participant, concerning a property which is or will be the subject of the joint venture's activities, is not required to be prepared by an independent qualified person if the qualified person preparing the report relies on scientific and technical information provided by a qualified person that is an employee of, or retained by, another a producing issuer that is a participant in the joint venture ~~that is a producing issuer.~~

PART 6 PREPARATION OF TECHNICAL REPORT

~~6.1 Nature of the~~ The Technical Report - A technical report shall be prepared on the basis of all available ~~factual~~ data that is relevant to the disclosure ~~which~~ that it supports.

~~6.2 Current Personal Inspection - At-~~ Unless exempted under section 9.2, at least one qualified person who is primarily responsible for preparing or supervising the preparation of the technical report shall ~~inspect~~ have made a current inspection on the property that is the subject of the technical report.

6.3 Maintenance of Records - The issuer shall keep for 7 years copies of assay and other analytical certificates, drill logs and other information referenced in the technical report or used as a basis for the technical report ~~for 7 years~~.

PART 7 USE OF FOREIGN CODE

7.1 Use of Foreign Code

- (1) ~~An~~ Despite section 2.2, an issuer that is incorporated or organized in a foreign jurisdiction may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, ~~USGS Circular 831 or the IMM system provided that~~ the SEC Industry Guide 7, the IMMM system, or the SAMREC Code if a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.3 and 1.4 is filed with ~~1.2 and 1.3 is disclosed in the technical report and certified by a qualified person. The reconciliation shall address the confidence levels required for the categorization of mineral resources and mineral reserves.~~
- (2) ~~An~~ Despite section 2.2, an issuer that is incorporated or organized under the laws of Canada or a province or territory of Canada may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, ~~USGS Circular 831 or the IMM system~~ the SEC Industry Guide 7, the IMMM system, or the SAMREC Code for properties located in a foreign jurisdiction, ~~provided that~~ if a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.3 and 1.4, which reconciliation addresses the confidence levels required for the categorization of mineral resources and mineral reserves, is certified by a qualified person and is filed ~~with~~ 1.2 and 1.3 is disclosed in the technical report.

PART 8 CERTIFICATES AND CONSENTS OF QUALIFIED PERSONS FOR TECHNICAL REPORTS

8.1 Certificates of Qualified Persons

- (1) An issuer shall, when filing a technical report, also file a certificate of each ~~of the individuals who are qualified persons and~~ person who ~~have~~ has been primarily responsible for the technical report, ~~all~~ or a portion of the technical report, dated, signed and, if the signatory has a seal, sealed, by the signatory.
- (2) The certificate ~~of each qualified person~~ shall state

- (a) the name, address and occupation of the qualified person;
- (b) the title and date of the technical report to which the certificate applies;**
- ~~(c)~~ (b) the qualified person's qualifications, including **a brief summary of** relevant experience, the name of all professional associations to which the qualified person belongs, and that the qualified person is a "qualified person" for purposes of this Instrument;
- ~~(d)~~ (c) the date and duration of the qualified person's most recent visits to **personal inspection of** each applicable site; **or, if applicable, the reason why the issuer was exempted from the personal inspection requirement;**
- ~~(e)~~ (d) the section or sections of the technical report for which the qualified person is responsible;
- ~~(e)~~ that the qualified person is not aware of any material fact or material change with respect to the subject matter of the technical report which is not reflected in the technical report, the omission to disclose which makes the technical report misleading;
- (f) **if whether** the qualified person is independent of the issuer applying the tests set out as **described** in section 4.5; **1.4, and if not, the reasons why;**
- (g) what prior involvement, if any, the qualified person has had with the property that is the subject of the technical report; and
- (h) that the qualified person has read this Instrument and Form 43-101F1, and the technical report has been prepared in compliance with this Instrument and Form 43-101F1; **and**
- (i) that, as of the date of the certificate, the technical report contains all of the information required under Form 43-101F1 in respect of the property that is the subject of the technical report.**

8.2 **Addressed to Issuer** - All technical reports shall be addressed to the issuer.

~~8.3~~ **Consents of Qualified Persons** - All technical reports and addenda to technical reports that are required by this Instrument to be filed shall **Consents of Qualified Persons - An issuer shall, when filing a technical report, also file a statement of each qualified person who has been responsible for all or a portion of the technical report, addressed to the relevant securities regulatory authorities, dated, and signed by the qualified person**

- ~~(a)~~ be accompanied by the written consent of the qualified person, addressed to the securities regulatory authorities, consenting to the filing of the technical report and to the written disclosure of, **which makes** the technical report **publicly available**, and ~~eff~~ extracts from or a summary of the technical report in the written disclosure being filed; and
- ~~(b)~~ be accompanied by a certificate confirming that the qualified person has read the written disclosure being filed and ~~does not have any reason to believe that there are any misrepresentations in the information derived from the technical report or that the written disclosure contains any misrepresentation of the information contained~~ **that it fairly and accurately represents the information** in the technical report.

PART 9 EXEMPTION-EXEMPTIONS

9.1 Exemption-Authority to Grant Exemptions

- (1) The regulator or the securities regulatory authority may, on application, grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption in response to an application.
- (2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.
- (3) Despite subsection (1), in Alberta, only the regulator may grant such an exemption.

9.2 Exemption from Personal Inspection

- (1) Section 6.2 does not apply to an issuer provided that
- (a) the property that is the subject of the technical report is a grassroots exploration property;
 - (b) extreme seasonal weather conditions prevent a qualified person from accessing any part of the property or obtaining beneficial information from it; and
 - (c) the issuer discloses in the technical report, and in the disclosure that the technical report supports, the reasons why a personal inspection by a qualified person was not conducted.
- (2) Despite subsection (1), the issuer must file a current updated technical report and a qualified person's certificate and consent required under Part 8 as soon as practical after the qualified person can make a personal inspection of the property.

9.3 Exemption for Certain Foreign Issuers

- (1) This Instrument does not apply to an issuer
- (a) that is incorporated or organized under the laws of a foreign jurisdiction;
 - (b) whose securities trade primarily or has applied for its securities to trade primarily on the New York Stock Exchange, Nasdaq National Market, London Stock Exchange, Australian Stock Exchange, or Johannesburg Stock Exchange and is in compliance with reporting requirements of each applicable exchange;
 - (c) that is subject to securities laws of the United States of America, United Kingdom, Australia, or South Africa and is in compliance with the continuous disclosure requirements of each applicable jurisdiction;
 - (d) that has less than 10 percent of its total number of equity securities, including underlying securities that are equity securities, owned directly or indirectly by residents of Canada, as calculated, on a fully diluted basis, reasonably proximate to the time the issuer discloses scientific and technical information about a mineral project on property material to the issuer; and
 - (e) that includes in any disclosure made in a Canadian jurisdiction under this exemption a statement that its disclosure does not comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects and that no Form 43-101F1 technical report will be filed to support the disclosure based upon an exemption provided to certain foreign issuers under that Instrument.

9.4 Exemption for Certain Type of Filing - This Instrument does not apply if the only reason an issuer files written disclosure of scientific or technical information is to comply with the requirement under provincial or territorial securities legislation to file a copy of a record or disclosure material that was filed with a securities commission, exchange or regulatory authority in another jurisdiction.

PART 10 EFFECTIVE DATE

10. Effective Date - This Instrument shall come into force on February 1, 2004-~~XXXXX~~, **200X**.

**PROPOSED NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS**

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**PROPOSED NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS**

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Instrument

“adjacent property” means a property

- (a) in which the issuer does not have an interest;
- (b) that has a boundary reasonably proximate to the closest boundary of the property being reported on; and
- (c) that has geological characteristics similar to those of the property being reported on;

“data verification” means the process of confirming that data has been generated with proper procedures, has been accurately transcribed from the original source and is suitable to be used;

“development property” means a property that is being prepared for mineral production and for which economic viability has been demonstrated by a feasibility study;

“disclosure” means any oral statement or written disclosure made by or on behalf of an issuer and intended to be, or reasonably likely to be, made available to the public in a Canadian jurisdiction, whether or not filed under securities legislation, but does not include written disclosure that is made available to the public only by reason of having been filed with a government or agency of government pursuant to a requirement of law other than securities legislation;

“exploration information” means geological, geophysical, geochemical, sampling, drilling, trenching, analytical testing, assaying, mineralogical, metallurgical and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define or delineate a mineral prospect or mineral deposit;

“feasibility study” means a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production;

“grassroots exploration property” means a property that has had no drilling or trenching activity and no drilling or trenching is proposed for the property in a technical report filed with a securities regulatory authority or Canadian recognized exchange, as defined under provincial and territorial securities legislation;

“IMMM system” means the classification system and definitions for mineral resources and mineral reserves approved from time to time by The Institution of Materials, Minerals, and Mining in the United Kingdom as amended or supplemented;

“JORC Code” means the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia as amended or supplemented;

“mineral project” means any exploration, development or production activity, including a royalty, net profits interest, or similar interest in these activities, in respect of natural solid inorganic or natural solid fossilized organic, material including base and precious metals, coal, and industrial minerals;

“preliminary assessment” means an assessment that includes an economic evaluation of the potential viability of a mineral project taken at an early stage of the project prior to a preliminary feasibility study;

“preliminary feasibility study” and “pre-feasibility study” each mean a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established where an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve;

“producing issuer” means an issuer whose annual audited financial statements disclose

- (a) gross revenues, derived from mining operations, of at least \$30 million for the issuer’s most recently completed financial year; and
- (b) gross revenues, derived from mining operations, of at least \$90 million in the aggregate for the issuer’s three most recently completed financial years;

“professional association” means a self-regulatory organization of engineers, geoscientists or both engineers and geoscientists that

- (a) is either
 - (i) given authority or recognition by statute in a Canadian jurisdiction, or
 - (ii) accepted by the securities regulatory authority or regulator in a notice published for this purpose;
- (b) admits members primarily on the basis of their academic qualifications and experience;
- (c) requires compliance with the professional standards of competence and ethics established by the organization; and
- (d) has disciplinary powers, including the power to suspend or expel a member.

“qualified person” means an individual who

- (a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;
- (b) has experience relevant to the subject matter of the mineral project and the technical report; and
- (c) is a member or licensee in good standing of a professional association;

“quantity” means either tonnage or volume, depending on which term is the standard in the mining industry for the type of mineral;

“SAMREC Code” means the South African Code for Reporting of Mineral Resources and Mineral Reserves prepared by the South African Mineral Committee (SAMREC) under the auspices of the South African Institute of Mining and Metallurgy (SAIMM) as amended or supplemented;

“SEC Industry Guide 7” means the mining industry guide entitled “Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations” contained in Securities Act Industry Guides published by the United States Securities and Exchange Commission, as amended or supplemented; and

“written disclosure” includes any writing, picture, map or other printed representation whether produced, stored or disseminated on paper or electronically.

1.2 Mineral Resource - In this Instrument, the terms “mineral resource”, “inferred mineral resource”, “indicated mineral resource” and “measured mineral resource” have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000, as those definitions may be amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum.

1.3 Mineral Reserve - In this Instrument, the terms “mineral reserve”, “probable mineral reserve” and “proven mineral reserve” have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000, as those definitions may be amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum.

1.4 Independence - In this Instrument, a qualified person involved in the preparation of a technical report is not independent of the issuer if the qualified person has, or expects to have any agreement, arrangement, understanding, employment or other relationship with, or any interest in, any person or company, the mineral

project, the property, or any adjacent property, that a reasonable person would consider an influence on the qualified person's judgement.

PART 2 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

2.1 Requirements Applicable to All Disclosure - An issuer shall ensure that all disclosure of scientific or technical information made by or on behalf of an issuer, including disclosure of a mineral resource or mineral reserve, concerning mineral projects on a property material to the issuer is based upon information prepared by or under the supervision of a qualified person.

2.2 All Disclosure of Mineral Resources or Mineral Reserves - An issuer shall ensure that any disclosure of a mineral resource or mineral reserve, including disclosure in a technical report filed by an issuer

- (a) utilizes only the applicable mineral resource and mineral reserve categories set out in sections 1.2 and 1.3;
- (b) reports each category of mineral resources and mineral reserves separately, and if both mineral resources and mineral reserves are disclosed, states the extent, if any, to which mineral reserves are included in total mineral resources;
- (c) does not add inferred mineral resources to the other categories of mineral resources; and
- (d) states the grade or quality and the quantity for each category of the mineral resources and mineral reserves if the quantity of contained metal or mineral is reported.

2.3 Prohibited Disclosure

- (1) An issuer shall not make any disclosure of
 - (a) quantity or grade of a deposit that has not been categorized as an inferred mineral resource, an indicated mineral resource, a measured mineral resource, a probable mineral reserve or a proven mineral reserve; or
 - (b) results of an economic evaluation that includes inferred mineral resources.
- (2) Despite paragraph (1)(a), an issuer may disclose in writing the potential quantity and grade, expressed as ranges, of a possible mineral deposit that is to be the target of further exploration if the disclosure includes
 - (a) a proximate statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource on the property and that it is uncertain if further exploration will result in the determination of a mineral resource on the property; and
 - (b) the basis on which the disclosed potential quantity and grade has been determined.
- (3) Despite paragraph (1)(b), an issuer may disclose a preliminary assessment that includes inferred mineral resources, if
 - (a) the preliminary assessment is a material change or a material fact with respect to the issuer;
 - (b) the disclosure includes
 - (i) a proximate statement that the preliminary assessment is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized, and
 - (ii) the basis for the preliminary assessment and any qualifications and assumptions made by the qualified person.
- (4) An issuer shall not use the terms preliminary feasibility study, pre-feasibility study or feasibility study when referring to a study unless the study satisfies the criteria set out in the definitions of the applicable terms in section 1.1.

- 2.4 Disclosure of Historical Estimates** - Despite section 2.2 an issuer may disclose an estimate of mineral resources or mineral reserves made before February 1, 2001 using the historical terminology if the disclosure
- (a) identifies the source of the historical estimate;
 - (b) confirms that the historical estimate is relevant;
 - (c) comments on the reliability of the historical estimate;
 - (d) states whether the historical estimate uses categories other than the ones stipulated in sections 1.2 and 1.3 and, if so, includes an explanation of the differences; and
 - (e) includes any more recent estimates or data available to the issuer.

PART 3 ADDITIONAL REQUIREMENTS FOR WRITTEN DISCLOSURE

3.1 Written Disclosure to Include Name of Qualified Person - An issuer shall ensure that all written disclosure of scientific or technical information made by or on behalf of the issuer, about a mineral project on a property material to the issuer identifies and discloses the relationship to the issuer of the qualified person who prepared or supervised the preparation of the technical report or other information that forms the basis for the written disclosure.

3.2 Written Disclosure to Include Data Verification - Except as provided in section 3.5, an issuer shall ensure that all written disclosure of scientific or technical information made by or on behalf of the issuer about a mineral project on a property material to the issuer

- (a) states 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;
- (b) describes how the data was verified and any limitations on the verification process performed on the data disclosed; and
- (c) explains any failure to verify the data disclosed.

3.3 Requirements Applicable to Written Disclosure of Exploration Information

- (1) Except as provided in section 3.5, an issuer shall ensure that all written disclosure of scientific or technical exploration information made by or on behalf of the issuer about a mineral project on a property material to the issuer includes
 - (a) the results, or a summary of the material results, of surveys and investigations regarding the property;
 - (b) a summary of the interpretation of the exploration information; and
 - (c) a description of the quality assurance program and quality control measures applied during the execution of the work being reported on.
- (2) Except as provided in section 3.5, an issuer shall ensure that all written disclosure containing sample or analytical or testing results on a property material to the issuer includes
 - (a) a summary description of the geology, mineral occurrences and nature of mineralization found;
 - (b) a summary description of rock types, geological controls and widths of mineralized zones, and the identification of any significantly higher grade intervals within a lower grade intersection;
 - (c) (c) the location, number, type, nature and spacing or density of the samples collected and the location and dimensions of the area sampled;
 - (d) any drilling, sampling, recovery or other factors that could materially affect the accuracy or reliability of the data referred to in this subsection;

- (e) a summary description of the type of analytical or testing procedures utilized, sample size, the name and location of each analytical or testing laboratory used, the certification of each laboratory, if known to the issuer, and any relationship of the laboratory to the issuer; and
- (f) a listing of the lengths of individual samples or sample composites with analytical values, widths and, to the extent known to the issuer, the true widths of the mineralized zone.

3.4 Requirements Applicable to Written Disclosure of Mineral Resources and Mineral Reserves - An issuer shall ensure that all written disclosure of mineral resources or mineral reserves on a property material to the issuer includes

- (a) the effective date of each estimate of mineral resources and mineral reserves;
- (b) details of quantity and grade or quality of each category of mineral resources and mineral reserves;
- (c) details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;
- (d) a general discussion of the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues; and
- (e) in the circumstance where the results of an economic analysis of mineral resources are reported, a proximate statement that mineral resources that are not mineral reserves do not have demonstrated economic viability.

3.5 Exception for Written Disclosure Already Filed - The requirements of sections 3.2, 3.3 and 3.4 (a), (c) and (d) are satisfied by reference, in written disclosure, to a previously filed document that complies with those requirements.

PART 4 OBLIGATION TO FILE A TECHNICAL REPORT

4.1 Obligation to File a Technical Report Upon Becoming a Reporting Issuer

- (1) Upon becoming a reporting issuer in a Canadian jurisdiction an issuer shall file in that Canadian jurisdiction a current technical report for each property material to the issuer.
- (2) An issuer may satisfy the requirement of subsection (1) by filing a notice stating that the issuer's current technical report has previously been filed in another Canadian jurisdiction in which it is a reporting issuer, provided there is no material change in the information contained in that technical report. The notice must also provide the name and date of the technical report, the name of the qualified person who prepared it, the jurisdiction in which it was previously filed, and a statement by the issuer certifying that there have been no material changes in the information contained in the technical report since the date of filing in the other Canadian jurisdiction.
- (3) An issuer may also satisfy the requirement of subsection (1) by filing a technical report that it previously filed in another Canadian jurisdiction in which it is a reporting issuer, revised to reflect material changes in the information contained in the technical report since the date of filing in the other Canadian jurisdiction.

4.2 Obligation to File a Technical Report in Connection with Certain Written Disclosure About Mineral Projects on Material Properties

- (1) An issuer shall file a current technical report to support information in the following documents filed or made available to the public in a Canadian jurisdiction describing a mineral project on a property material to the issuer, or in the case of paragraph 3 below, the resulting issuer:
 - 1. A preliminary prospectus, other than a preliminary short form prospectus filed in accordance with National Instrument 44-101.
 - 2. A preliminary short form prospectus filed in accordance with National Instrument 44-101 that includes material information about a mineral project on a property material to the issuer not contained in

- (a) an annual information form, prospectus, or material change report filed before February 1, 2001; or
 - (b) a previously filed technical report.
 3. An information or proxy circular concerning a direct or indirect acquisition of a mineral property where the issuer or resulting issuer issues securities as consideration.
 4. An offering memorandum other than an offering memorandum delivered to an accredited investor as defined under provincial and territorial securities legislation.
 5. A rights offering circular of a reporting issuer.
 6. An annual information form, annual management's discussion and analysis, or annual report that includes material information about a mineral project on a property material to the issuer not contained in
 - (a) an annual information form, prospectus, or material change report filed before February 1, 2001; or
 - (b) a previously filed technical report.
 7. A valuation required to be prepared and filed under provincial and territorial securities legislation.
 8. A TSX Venture Exchange Short Form Offering Document required to be filed.
 9. A take-over bid circular that discloses a preliminary assessment or mineral resources or mineral reserves on a property material to the offeror if securities of the offeror are being offered in exchange on the take-over bid.
 10. A news release or directors' circular that contains either
 - (a) first time disclosure of a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer; or
 - (b) any change in a preliminary assessment or in mineral resources or mineral reserves from the most recently filed technical report that constitutes a material change in respect of the affairs of the issuer.
- (2) If there has been a material change to the information in the technical report filed under paragraph 1 or 2 of subsection (1) before the filing of the final version of a prospectus or short form prospectus, the issuer shall file an updated technical report or an addendum to the technical report with the final version of the prospectus or short form prospectus.
 - (3) Subject to subsections (4), (5), and (6), the technical report shall be filed not later than the time the document listed in subsection (1) that it supports is filed or made available to the public.
 - (4) Despite subsection (3), a technical report about mineral resources or mineral reserves that supports a news release shall
 - (a) be filed not later than 30 days after the news release; and
 - (b) if there are any material differences in the mineral resources or mineral reserves between the technical report filed and the news release, be accompanied by a news release that reconciles those differences.
 - (5) Despite subsection (3), if a property referred to in an annual information form or annual management's discussion and analysis first becomes material to the issuer less than 30 days before the filing deadline for the annual information form or annual management's discussion and analysis, the issuer shall file the technical report within 30 days of the date that the property first became material to the issuer.

- (6) Despite subsection (3), a technical report that supports a directors' circular shall be filed not less than 3 business days prior to the expiry of the take-over bid.
- (7) If the issuer triggers the requirement to file a technical report under subsection (1), it does not have to re-file a technical report that it has already filed if
 - (a) there is no material change to the information contained in the technical report; and
 - (b) the issuer files a qualified person's updated certificate and consent for use of the technical report in connection with the document.

4.3 Required Form of Technical Report - A technical report that is required to be filed under this Part shall be current in accordance with Form 43-101F1.

PART 5 AUTHOR OF TECHNICAL REPORT

5.1 Prepared by a Qualified Person - A technical report shall be prepared by or under the supervision of one or more qualified persons.

5.2 Execution of Technical Report - A technical report shall be dated, signed and, if the qualified person has a seal, sealed by

- (a) each qualified person who is primarily responsible for preparing it or supervising its preparation; or
- (b) by a person or company whose principal business is providing engineering or geoscientific services if each qualified person primarily responsible for preparing it or supervising its preparation is an employee, officer, or director of that person or company.

5.3 Independent Technical Report

- (1) Subject to subsection (2), any disclosure made and a technical report required under any of the following provisions of this Instrument shall be prepared by a qualified person that is, at the date of the disclosure, independent of the issuer:
 - 1. First Time Reporting Issuer – Subsection 4.1(1) only for the first time the issuer becomes a reporting issuer in any one Canadian jurisdiction;
 - 2. Long Form Prospectus, Valuation or TSX Venture Exchange Short Form Offering Document - Paragraphs 4.2(1), 7 and 8; or
 - 3. Other - Paragraphs 4.2(1) 2, 3, 4, 5, 6, 9 and 10 if the document discloses for the first time a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer, or discloses a 100 percent or greater change, from the most recently filed technical report prepared by a qualified person who is independent of the issuer, in mineral resources or mineral reserves on a property material to the issuer.
- (2) A technical report required to be filed by a producing issuer under paragraph 3 of subsection (1) is not required to be prepared by an independent qualified person.
- (3) A technical report required to be filed by an issuer that is or has contracted to become a joint venture participant, concerning a property which is or will be the subject of the joint venture's activities, is not required to be prepared by an independent qualified person if the qualified person preparing the report relies on scientific and technical information provided by a qualified person that is an employee of a producing issuer that is a participant in the joint venture.

PART 6 PREPARATION OF TECHNICAL REPORT

6.1 The Technical Report - A technical report shall be prepared on the basis of all available data relevant to the disclosure that it supports.

6.2 Current Personal Inspection – Unless exempted under section 9.2, at least one qualified person who is primarily responsible for preparing or supervising the preparation of the technical report shall have made a current inspection on the property that is the subject of the technical report.

6.3 Maintenance of Records - The issuer shall keep for 7 years copies of assay and other analytical certificates, drill logs and other information referenced in the technical report or used as a basis for the technical report.

PART 7 USE OF FOREIGN CODE

7.1 Use of Foreign Code

(1) Despite section 2.2, an issuer that is incorporated or organized in a foreign jurisdiction may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, the SEC Industry Guide 7, the IMMM system, or the SAMREC Code if a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.2 and 1.3 is disclosed in the technical report.

(2) Despite section 2.2, an issuer that is incorporated or organized under the laws of Canada or a province or territory of Canada may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, the SEC Industry Guide 7, the IMMM system, or the SAMREC Code for properties located in a foreign jurisdiction, if a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.2 and 1.3 is disclosed in the technical report.

PART 8 CERTIFICATES AND CONSENTS OF QUALIFIED PERSONS FOR TECHNICAL REPORTS

8.1 Certificates of Qualified Persons

(1) An issuer shall, when filing a technical report, also file a certificate of each qualified person who has been responsible for all or a portion of the technical report dated, signed and, if the signatory has a seal, sealed by the signatory.

(2) The certificate shall state

(a) the name, address and occupation of the qualified person;

(b) the title and date of the technical report to which the certificate applies;

(c) the qualified person's qualifications, including a brief summary of relevant experience, the name of all professional associations to which the qualified person belongs, and that the qualified person is a "qualified person" for purposes of this Instrument;

(d) the date and duration of the qualified person's most recent personal inspection of each applicable site or, if applicable, the reason why the issuer was exempted from the personal inspection requirement;

(e) the section or sections of the technical report for which the qualified person is responsible;

(f) whether the qualified person is independent of the issuer as described in section 1.4, and if not, the reasons why;

(g) what prior involvement, if any, the qualified person has had with the property that is the subject of the technical report; and

(h) that the qualified person has read this Instrument and the technical report has been prepared in compliance with this Instrument; and

(i) that, as of the date of the certificate, the technical report contains all of the information required under Form 43-101F1 in respect of the property that is the subject of the technical report.

8.2 Addressed to Issuer - All technical reports shall be addressed to the issuer.

8.3 Consents of Qualified Persons - An issuer shall, when filing a technical report, also file a statement of each qualified person who has been responsible for all or a portion of the technical report, addressed to the relevant securities regulatory authorities, dated, and signed by the qualified person

- (a) consenting to the filing of the technical report, which makes the technical report publicly available, and to extracts from or a summary of the technical report in the written disclosure being filed; and
- (b) confirming that the qualified person has read the written disclosure being filed and that it fairly and accurately represents the information in the technical report.

PART 9 EXEMPTIONS

9.1 Authority to Grant Exemptions

- (1) The regulator or the securities regulatory authority may, on application, grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption in response to an application.
- (2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.
- (3) Despite subsection (1), in Alberta, only the regulator may grant such an exemption.

9.2 Exemption from Personal Inspection

- (1) Section 6.2 does not apply to an issuer provided that
 - (a) the property that is the subject of the technical report is a grassroots exploration property;
 - (b) extreme seasonal weather conditions prevent a qualified person from accessing any part of the property or obtaining beneficial information from it; and
 - (c) the issuer discloses in the technical report, and in the disclosure that the technical report supports, the reasons why a personal inspection by a qualified person was not conducted.
- (2) Despite subsection (1), the issuer must file a current updated technical report and a qualified person's certificate and consent required under Part 8 as soon as practical after the qualified person can make a personal inspection of the property.

9.3 Exemption for Certain Foreign Issuers

- (1) This Instrument does not apply to an issuer
 - (a) that is incorporated or organized under the laws of a foreign jurisdiction;
 - (b) whose securities trade primarily or has applied for its securities to trade primarily on the New York Stock Exchange, Nasdaq National Market, London Stock Exchange, Australian Stock Exchange, or Johannesburg Stock Exchange and is in compliance with reporting requirements of each applicable exchange;
 - (c) that is subject to securities laws of the United States of America, United Kingdom, Australia, or South Africa and is in compliance with the continuous disclosure requirements of each applicable jurisdiction;
 - (d) that has less than 10 percent of its total number of equity securities, including underlying securities that are equity securities, owned directly or indirectly by residents of Canada, as calculated, on a fully diluted basis, reasonably proximate to the time the issuer discloses scientific and technical information about a mineral project on property material to the issuer; and
 - (e) that includes in any disclosure made in a Canadian jurisdiction under this exemption a statement that its disclosure does not comply with National Instrument 43-101 *Standards of Disclosure for*

Mineral Projects and that no Form 43-101F1 technical report will be filed to support the disclosure based upon an exemption provided to certain foreign issuers under that Instrument.

- 9.4 Exemption for Certain Type of Filing** - This Instrument does not apply if the only reason an issuer files written disclosure of scientific or technical information is to comply with the requirement under provincial or territorial securities legislation to file a copy of a record or disclosure material that was filed with a securities commission, exchange or regulatory authority in another jurisdiction.

PART 10 EFFECTIVE DATE

- 10.1 Effective Date** - This Instrument shall come into force on XXXXX, 200X.

PROPOSED FORM 43-101F1
TECHNICAL REPORT

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PROPOSED FORM 43-101F1
TECHNICAL REPORT

INSTRUCTIONS

- (1) *The objective of the technical report is to provide scientific and technical information concerning mineral exploration, development and production activities on a mineral property that is material to an issuer. This Form sets out specific requirements for the preparation and contents of a technical report. ~~Item 25 of this Form includes additional requirements for technical reports on development and production properties.~~*
- (2) *Terms used ~~and not defined~~ in this Form that are defined or interpreted in National Instrument 43-101 Standards of Disclosure for Mineral Projects (the "Instrument") shall bear that definition or interpretation. ~~In particular, the terms "mineral resource" and "mineral reserve" and the categories of each are defined in the Instrument. In addition, a general definition instrument has been adopted as National Instrument 14-101 Definitions which~~that contains definitions of certain terms used in more than one national instrument. Readers of this Form ~~shall~~should review both these national instruments for defined terms.*
- (3) *The ~~author~~qualified person preparing the technical report shall use the headings of the Items in this Form and may create sub-headings. If unique or infrequently used technical terms are required, clear and concise explanations shall be included.*
- (4) *No disclosure need be given in respect of inapplicable items and, unless otherwise required by this Form, negative answers to items may be omitted. Disclosure included under one heading is not required to be repeated under another heading.*
- (5) *The technical report is not required to include the information required in Items 6 through 11 of this Form to the extent that the required information has been previously filed in a report for the property being reported on, the previous report is referred to in the technical report and there has not been any material change in the information.*
- (6) *The technical report for development properties and production properties may summarize the information required in the Items of this Form, except for Item 25, provided that the summary includes the material information necessary to understand the project at its current stage of development or production.*
- (7) *Except for a disclaimer that meets the limited purpose in Item 5 of this Form, a technical report must not contain any other disclaimers. For example, the types of disclaimers prohibited would include any disclaimer of responsibility for or reliability on all, or a portion of, the report that the qualified person prepared or any limitations on the use or publication of the report that would interfere with an issuer's obligation to reproduce the report by filing it on SEDAR.*

CONTENTS OF THE TECHNICAL REPORT

- Item 1:** **Title Page** - Include a title page setting out the title of the technical report, the general location of the mineral project, the name(s) and the professional designation(s) of ~~the authors~~ each qualified person and the effective date of the technical report.
- Item 2:** **Table of Contents** - Provide a table of contents listing the contents of the technical report, including figures and tables.
- Item 3:** **Summary** - Provide a summary ~~which that~~ briefly describes the property, its location, ownership, geology and mineralization, the exploration concept, the status of exploration, development and operations and the author's conclusions and recommendations.
- Item 4:** **Introduction and Terms of Reference** - Include a description of
- (a) ~~the terms of reference;~~ who the report is prepared for;
 - (b) the purpose for which the technical report was prepared;
 - (c) the sources of information and data contained in the technical report or used in its preparation, with citations if applicable; and
- the extent of field involvement of ~~the qualified person;~~ each author.
- Item 5:** **~~Disclaimer~~ Reliance on Other Experts** - If the author of all or a portion of the technical report has relied on a report, opinion or statement of legal or other experts who are not qualified persons for information concerning legal, environmental, political or other issues and factors relevant to the technical report, the author may include a disclaimer of responsibility in which the author identifies the report, opinion or statement relied upon, the maker of that report, opinion or statement, the extent of reliance and the portions of the technical report to which the disclaimer applies.
- Item 6:** **Property Description and Location** - To the extent applicable, with respect to each property reported on, describe
- (a) the area of the property in hectares or other appropriate units;
 - (b) the location, reported by ~~section, township, range mining division or district, municipality, province, state, country and National Topographic System designation or Universal Transverse Mercator (UTM) system, as applicable, or by latitude and longitude;~~ an easily recognizable geographic and grid location system;
 - (c) the claim numbers or equivalent, ~~whether they are patented or unpatented, or the applicable characterization in the jurisdiction in which they are situated~~ the claim type, and whether the claims are contiguous;
 - (d) the nature and extent of the issuer's title to, or interest in, the property including surface rights, the obligations that must be met to retain the property, and the expiration date of claims, licences or other property tenure rights;
 - (e) ~~whether or not~~ the survey system used to locate the property ~~has been legally surveyed~~ boundaries;
 - (f) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements, relative to the outside property boundaries by showing the same on a map;
 - (g) to the extent known, the terms of any royalties, back-in rights, payments or other agreements and encumbrances to which the property is subject;
 - (h) to the extent known, all environmental liabilities to which the property is subject; and
 - (i) to the extent known, the permits that must be acquired to conduct the work proposed for the property, and if the permits have been obtained.

- Item 7: Accessibility, Climate, Local Resources, Infrastructure and Physiography**— With respect to each property reported on, describe
- (a) topography, elevation and vegetation;
 - (b) the means of access to the property;
 - (c) the proximity of the property to a population centre, and the nature of transport;
 - (d) to the extent relevant to the mineral project, the climate and the length of the operating season; and
 - (e) to the extent relevant, 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 8: History** - To the extent known, with respect to each property reported on, describe
- (a) the prior ownership of the property and ownership changes;
 - (b) the type, amount, quantity and results of exploration and/or development work undertaken by the owners and any previous owners;
 - (c) historical mineral resource and mineral reserve estimates in accordance with 2.4 of the Instrument, including the reliability of the historical estimates and whether the estimates are in accordance with the categories set out in sections 4.31.2 and 4.41.3 of the Instrument; and
 - (d) any production from the property.

INSTRUCTION: *If a reporting system other than the one stipulated by the Instrument has been used, the ~~author~~ qualified person shall include an explanation of the differences and reliability.*

- Item 9: Geological Setting** - Include a concise description of the regional, local and property geology.
- Item 10: Deposit Types** - Describe the mineral deposit type(s) being investigated or being explored for and the geological model or concepts being applied in the investigation and on the basis of which the exploration program is planned.
- Item 11: Mineralization** - Describe the mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity, together with a description of the type, character and distribution of the mineralization.
- Item 12: Exploration** - Describe the nature and extent of all relevant exploration work conducted by, or on behalf of, the issuer on each property being reported on, including
- (a) results of surveys and investigations, and the procedures ~~and parameters~~ relating to the surveys and investigations;
 - (b) an interpretation of the exploration information; and
 - (c) a statement as to whether the surveys and investigations have been carried out by the issuer or by a contractor and, if the latter, identifying the contractor; ~~and,~~
 - ~~(d) a discussion of the reliability or uncertainty of the data obtained in the program.~~
- Item 13: Drilling** - Describe the type and extent of drilling including the procedures followed and a summary and interpretation of all results. The relationship between the sample length and the true thickness of the mineralization must be stated, if known, and if the orientation of the mineralization is unknown, state this.
- Item 14: Sampling Method and Approach** - Include
- (a) a description of sampling methods and relevant details of location, number, type, nature and spacing or density of samples collected, and the size of the area covered;

- (b) ~~Identification~~ **identification** of any drilling, sampling or recovery factors that could materially impact the accuracy and reliability of the results;
- (c) a discussion of the sample quality and of whether the samples are representative and of any factors that may have resulted in sample biases;
- (d) a description of rock types, geological controls, widths of mineralized zones and other parameters used to establish the sampling interval and identification of any significantly higher grade intervals within a lower grade intersection; and
- (e) a list of ~~individual~~ **relevant** samples or sample composites with values and estimated true widths.

Item 15: Sample Preparation, Analyses and Security - Describe sample preparation methods and quality control measures employed prior to dispatch of samples to an analytical or testing laboratory, the method or process of sample splitting and reduction, and the security measures taken to ensure the validity and integrity of samples taken, including

- (a) if any aspect of the sample preparation was conducted by an employee, officer, director or associate of the issuer;
- (b) details regarding sample preparation, assaying and analytical procedures used, ~~including the sub-sample size,~~ the name and location of the analytical or testing laboratories and whether the laboratories are certified by any standards association and the particulars of any certification;
- (c) a summary of the nature and extent of all quality control measures employed and check assay and other check analytical and testing procedures utilized, including the results and corrective actions taken; and
- (d) a statement of the author's opinion on the adequacy of sampling, sample preparation, security and analytical procedures.

Item 16: Data Verification - Include a discussion of

- (a) quality control measures and data verification procedures applied;
- (b) whether the author has verified the data referred to or relied upon, referring to sampling and analytical data;
- (c) the nature of and any limitations on such verification; and
- (d) the reasons for any failure to verify the data.

Item 17: Adjacent Properties - A technical report may include information concerning an adjacent property if

- (a) such information was publicly disclosed by the owner or operator of the adjacent property;
- (b) ~~the source of the information and any relationship of the author of the information on the adjacent property to the issuer is identified;~~
- (c) the technical report states that its author has been unable to verify the information and, in bold face type, that the information is not necessarily indicative of the mineralization on the property that is the subject of the technical report;
- (d) the technical report clearly distinguishes between mineralization on the adjacent property and mineralization on the property being reported on; and
- (e) if any historical estimates of mineral resources and mineral reserves are included in the technical report, they are disclosed in accordance with section 2.4 of the Instrument.

Item 18: Mineral Processing and Metallurgical Testing - Where mineral processing and/or metallurgical testing analyses have been carried out, include the results of the testing and, details of ~~sample selection representativity and~~ the testing and analytical procedures, and discuss whether the samples are representative.

Item 19: Mineral Resource and Mineral Reserve Estimates - Each technical report on mineral resources and mineral reserves shall

- (a) use only the applicable mineral resource and mineral reserve categories set out in sections ~~4.3~~1.2 and ~~4.4~~1.3 of the Instrument;
- (b) report each category of mineral resources and mineral reserves separately and if both mineral resources and mineral reserves are disclosed, state the extent, if any, to which mineral reserves are included in total mineral resources;
- (c) not add inferred mineral resources to the other categories of mineral resources;
- (d) disclose the name, qualifications and relationship, if any, to the issuer of the qualified person who estimated mineral resources and mineral reserves;
- (e) include appropriate details of quantity and grade or quality for each category of mineral resources and mineral reserves;
- (f) include details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;
- (g) include a general discussion on the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues;
- (h) identify the extent to which the estimates of mineral resources and mineral reserves may be materially affected by mining, metallurgical, infrastructure and other relevant factors;
- (i) use only indicated mineral resources, measured mineral resources, probable mineral reserves and proven mineral reserves when referring to mineral resources or mineral reserves in an economic evaluation that is used in a preliminary feasibility study or a feasibility study of a mineral project;
- (j) **if inferred mineral resources are used in an economic analysis, state the required disclosure set out in subsection 2.3(3) of the Instrument;**
- (k) **when the results of an economic analysis of mineral resources is reported, state "mineral resources that are not mineral reserves do not have demonstrated economic viability";**
- ~~(l)~~ (j)—state the grade or quality, quantity and category of the mineral resources and mineral reserves if the quantity of contained metal or mineral is reported; and
- (m) ~~(k)~~—when the grade for a polymetallic mineral resource or mineral reserve is reported as metal equivalent, report the individual grade of each metal, and consider and report the recoveries, refinery costs and all other relevant conversion factors in addition to metal prices and the date and sources of such prices.

INSTRUCTIONS

- (1) *The methods and procedures to be used in estimating mineral resources and mineral reserves are the responsibility of the ~~authors~~qualified persons preparing the estimate.*
- (2) *A statement of quantity and grade or quality is an estimate and shall be rounded to reflect the fact that it is an approximation.*
- (3) *An issuer that is incorporated or organized in a foreign jurisdiction may file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, ~~USGS Circular 831 or IMM system~~SEC Industry Guide 7, IMMM System, or SAMREC Code provided that a reconciliation to the mineral resource and mineral reserve categories referred to in sections ~~4.3~~1.2 and ~~4.4~~1.3 of the Instrument is filed with the technical report and certified by the ~~author~~. ~~The reconciliation shall also address the confidence levels required for the categorizations of mineral resources and mineral reserves.~~qualified person.*

Item 20: Other Relevant Data and Information - Include any additional information or explanation necessary to make the technical report understandable and not misleading.

Item 21: Interpretation and Conclusions - ~~Include~~ Summarize the results and ~~reasonable~~ interpretations of all field surveys, analytical and testing data and other relevant information. Discuss the adequacy of data density and the data reliability as well as any areas of uncertainty. A technical report concerning exploration information shall include the conclusions of the author. The author must discuss whether the completed project met its original objectives.

Item 22: Recommendations - Provide particulars of the recommended work programs and a breakdown of costs for each phase. If successive phases of work are recommended, each phase must culminate in a decision point. The recommendations shall not apply to more than two phases of work. The recommendations shall state whether advancing to a subsequent phase is contingent on positive results in the previous phase. ~~Provide particulars of the recommended programs and a breakdown of costs for each phase.~~ A technical report that contains recommendations for expenditures on exploration or development work on a property shall include a statement by a qualified person that, in the qualified person's opinion, the character of the property is of sufficient merit to justify the program recommended.

Item 23: References - Include a detailed list of all references cited in the technical report.

Item 24: Date ~~Include the~~ and Signature Page - The technical report must have a title page at the beginning and a signature page at the end, signed in accordance with section 5.2 of the Instrument. The effective date of the technical report must be on both the title page and the ~~page of the technical report that is signed.~~ signature page. The date of signing must also be included ~~on~~ in the signature page.

Item 25: Additional Requirements for Technical Reports on Development Properties and Production Properties - Technical reports on development properties and production properties shall also include

- (a) Mining Operations - information and assumptions concerning the mining method, metallurgical processes and production forecast;
- (b) Recoverability - information concerning results of all test and operating results relating to the recoverability of the valuable component or commodity and amenability of the mineralization to the proposed processing methods;
- (c) Markets - information concerning the markets for the issuer's production and the nature and material terms of any agency relationships;
- (d) Contracts - a discussion of whether the terms of mining, concentrating, smelting, refining, transportation, handling, sales and hedging and forward sales contracts or arrangements, rates or charges are within ~~market parameters;~~ industry norms;
- (e) Environmental Considerations - a discussion of bond posting, remediation and reclamation;
- (f) Taxes - a description of the nature and rates of taxes, royalties and other government levies or interests applicable to the mineral project or to production, and to revenues or income from the mineral project;
- (g) Capital and Operating Cost Estimates - capital and operating cost estimates, with the major components being set out in tabular form;
- (h) Economic Analysis - an economic analysis with cash flow forecasts on an annual basis using proven mineral reserves and probable mineral reserves only, and sensitivity analyses with variants in metal prices, grade, capital and operating costs;
- (i) Payback - a discussion of the payback period of capital with imputed or actual interest;
- (j) Mine Life - a discussion of the expected mine life and exploration potential.

Item 26: Illustrations—

- (a) Technical reports shall be illustrated by legible maps, plans and sections. All technical reports shall be accompanied by a location or index map and more detailed maps showing all important features described in the text. In addition, technical reports shall include a compilation map outlining the general geology of the property and areas of historical exploration. The location of all known mineralization, anomalies, deposits, pit limits, plant sites, tailings storage areas, waste disposal areas and all other significant features shall be shown relative to property boundaries. Maps, drawings and diagrams that

have been created by the author, in whole or in part, and that are based on the work that the author has done or supervised, shall be signed and dated by the author. Where information from other sources, either government or private, is used in preparing these maps or diagrams, the source of the information shall be named.

- (b) If adjacent or nearby properties have an important bearing on the potential of the property under consideration, their location and any mineralized structures common to two or more such properties shall be shown on the maps.
- (c) If the potential merit of a property is predicated on geophysical or geochemical results, maps showing the results of surveys and their interpretations shall be included in the technical report.
- (d) Maps shall include a scale in bar form and an arrow indicating North. Information taken from government maps or from drawings of other engineers or geoscientists shall be acknowledged on the map.

INSTRUCTION: **Illustrations should be sufficiently summarized and simplified so that they are not oversized and are suitable for electronic filing.**

**PROPOSED FORM 43-101F1
TECHNICAL REPORT**

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**PROPOSED FORM 43-101F1
TECHNICAL REPORT**

INSTRUCTIONS

- (1) *The objective of the technical report is to provide scientific and technical information concerning mineral exploration, development and production activities on a mineral property that is material to an issuer. This Form sets out specific requirements for the preparation and contents of a technical report.*
- (2) *Terms used in this Form that are defined or interpreted in National Instrument 43-101 Standards of Disclosure for Mineral Projects (the "Instrument") shall bear that definition or interpretation. In addition, a general definition instrument has been adopted as National Instrument 14-101 Definitions that contains definitions of certain terms used in more than one national instrument. Readers of this Form should review both these national instruments for defined terms.*
- (3) *The qualified person preparing the technical report shall use the headings of the Items in this Form and may create sub-headings. If unique or infrequently used technical terms are required, clear and concise explanations shall be included.*
- (4) *No disclosure need be given in respect of inapplicable items and, unless otherwise required by this Form, negative answers to items may be omitted. Disclosure included under one heading is not required to be repeated under another heading.*
- (5) *The technical report is not required to include the information required in Items 6 through 11 of this Form to the extent that the required information has been previously filed in a report for the property being reported on, the previous report is referred to in the technical report and there has not been any material change in the information.*
- (6) *The technical report for development properties and production properties may summarize the information required in the Items of this Form, except for Item 25, provided that the summary includes the material information necessary to understand the project at its current stage of development or production.*
- (7) *Except for a disclaimer that meets the limited purpose in Item 5 of this Form, a technical report must not contain any other disclaimers. For example, the types of disclaimers prohibited would include any disclaimer of responsibility for or reliability on all, or a portion of, the report that the qualified person prepared or any limitations on the use or publication of the report that would interfere with an issuer's obligation to reproduce the report by filing it on SEDAR.*

CONTENTS OF THE TECHNICAL REPORT

- Item 1: Title Page** - Include a title page setting out the title of the technical report, the general location of the mineral project, the name and professional designation of each qualified person and the effective date of the technical report.
- Item 2: Table of Contents** - Provide a table of contents listing the contents of the technical report, including figures and tables.
- Item 3: Summary** - Provide a summary that briefly describes the property, its location, ownership, geology and mineralization, the exploration concept, the status of exploration, development and operations and the author's conclusions and recommendations.
- Item 4: Introduction** - Include a description of
- (a) who the report is prepared for;
 - (b) the purpose for which the technical report was prepared;
 - (c) the sources of information and data contained in the technical report or used in its preparation, with citations if applicable; and
 - (d) the extent of field involvement of each author.
- Item 5: Reliance on Other Experts** - If the author of all or a portion of the technical report has relied on a report, opinion or statement of legal or other experts who are not qualified persons for information concerning legal, environmental, political or other issues and factors relevant to the technical report, the author may include a disclaimer of responsibility in which the author identifies the report, opinion or statement relied upon, the maker of that report, opinion or statement, the extent of reliance and the portions of the technical report to which the disclaimer applies.
- Item 6: Property Description and Location** - To the extent applicable, with respect to each property reported on, describe
- (a) the area of the property in hectares or other appropriate units;
 - (b) the location, reported by an easily recognizable geographic and grid location system;
 - (c) the claim numbers or equivalent, the claim type, and whether the claims are contiguous;
 - (d) the nature and extent of the issuer's title to, or interest in, the property including surface rights, the obligations that must be met to retain the property, and the expiration date of claims, licences or other property tenure rights;
 - (e) the survey system used to locate the property boundaries;
 - (f) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements, relative to the outside property boundaries by showing the same on a map;
 - (g) to the extent known, the terms of any royalties, back-in rights, payments or other agreements and encumbrances to which the property is subject;
 - (h) to the extent known, all environmental liabilities to which the property is subject; and
 - (i) to the extent known, the permits that must be acquired to conduct the work proposed for the property, and if the permits have been obtained.
- Item 7: Accessibility, Climate, Local Resources, Infrastructure and Physiography** - With respect to each property reported on, describe
- (a) topography, elevation and vegetation;

- (b) the means of access to the property;
- (c) the proximity of the property to a population centre, and the nature of transport;
- (d) to the extent relevant to the mineral project, the climate and the length of the operating season; and
- (e) to the extent relevant, 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 8: History - To the extent known, with respect to each property reported on, describe

- (a) the prior ownership of the property and ownership changes;
- (b) the type, amount, quantity and results of exploration and/or development work undertaken by the owners and any previous owners;
- (c) historical mineral resource and mineral reserve estimates in accordance with 2.4 of the Instrument, including the reliability of the historical estimates and whether the estimates are in accordance with the categories set out in sections 1.2 and 1.3 of the Instrument; and
- (d) any production from the property.

INSTRUCTION: *If a reporting system other than the one stipulated by the Instrument has been used, the qualified person shall include an explanation of the differences and reliability.*

Item 9: Geological Setting - Include a concise description of the regional, local and property geology.

Item 10: Deposit Types - Describe the mineral deposit type(s) being investigated or being explored for and the geological model or concepts being applied in the investigation and on the basis of which the exploration program is planned.

Item 11: Mineralization - Describe the mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity, together with a description of the type, character and distribution of the mineralization.

Item 12: Exploration - Describe the nature and extent of all relevant exploration work conducted by, or on behalf of, the issuer on each property being reported on, including

- (a) results of surveys and investigations, and the procedures relating to the surveys and investigations;
- (b) an interpretation of the exploration information; and
- (c) a statement as to whether the surveys and investigations have been carried out by the issuer or by a contractor and, if the latter, identifying the contractor.

Item 13: Drilling - Describe the type and extent of drilling including the procedures followed and a summary and interpretation of all results. The relationship between the sample length and the true thickness of the mineralization must be stated, if known, and if the orientation of the mineralization is unknown, state this.

Item 14: Sampling Method and Approach - Include

- (a) a description of sampling methods and relevant details of location, number, type, nature and spacing or density of samples collected, and the size of the area covered;
- (b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy and reliability of the results;
- (c) a discussion of the sample quality and of whether the samples are representative and of any factors that may have resulted in sample biases;
- (d) a description of rock types, geological controls, widths of mineralized zones and other parameters used to establish the sampling interval and identification of any significantly higher grade intervals within a lower grade intersection; and

- (e) a list of relevant samples or sample composites with values and estimated true widths.

Item 15: Sample Preparation, Analyses and Security - Describe sample preparation methods and quality control measures employed prior to dispatch of samples to an analytical or testing laboratory, the method or process of sample splitting and reduction, and the security measures taken to ensure the validity and integrity of samples taken, including

- (a) if any aspect of the sample preparation was conducted by an employee, officer, director or associate of the issuer;
- (b) details regarding sample preparation, assaying and analytical procedures used, the name and location of the analytical or testing laboratories and whether the laboratories are certified by any standards association and the particulars of any certification;
- (c) a summary of the nature and extent of all quality control measures employed and check assay and other check analytical and testing procedures utilized, including the results and corrective actions taken; and
- (d) a statement of the author's opinion on the adequacy of sampling, sample preparation, security and analytical procedures.

Item 16: Data Verification - Include a discussion of

- (a) quality control measures and data verification procedures applied;
- (b) whether the author has verified the data referred to or relied upon, referring to sampling and analytical data;
- (c) the nature of and any limitations on such verification; and
- (d) the reasons for any failure to verify the data.

Item 17: Adjacent Properties - A technical report may include information concerning an adjacent property if

- (a) such information was publicly disclosed by the owner or operator of the adjacent property;
- (b) the source of the information;
- (c) the technical report states that its author has been unable to verify the information and, in bold face type, that the information is not necessarily indicative of the mineralization on the property that is the subject of the technical report;
- (d) the technical report clearly distinguishes between mineralization on the adjacent property and mineralization on the property being reported on; and
- (e) if any historical estimates of mineral resources and mineral reserves are included in the technical report, they are disclosed in accordance with section 2.4 of the Instrument.

Item 18: Mineral Processing and Metallurgical Testing - Where mineral processing and/or metallurgical testing analyses have been carried out, include the results of the testing, details of the testing and analytical procedures, and discuss whether the samples are representative.

Item 19: Mineral Resource and Mineral Reserve Estimates - Each technical report on mineral resources and mineral reserves shall

- (a) use only the applicable mineral resource and mineral reserve categories set out in sections 1.2 and 1.3 of the Instrument;
- (b) report each category of mineral resources and mineral reserves separately and if both mineral resources and mineral reserves are disclosed, state the extent, if any, to which mineral reserves are included in total mineral resources;
- (c) not add inferred mineral resources to the other categories of mineral resources;

- (d) disclose the name, qualifications and relationship, if any, to the issuer of the qualified person who estimated mineral resources and mineral reserves;
- (e) include appropriate details of quantity and grade or quality for each category of mineral resources and mineral reserves;
- (f) include details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;
- (g) include a general discussion on the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues;
- (h) identify the extent to which the estimates of mineral resources and mineral reserves may be materially affected by mining, metallurgical, infrastructure and other relevant factors;
- (i) use only indicated mineral resources, measured mineral resources, probable mineral reserves and proven mineral reserves when referring to mineral resources or mineral reserves in an economic evaluation that is used in a preliminary feasibility study or a feasibility study of a mineral project;
- (j) if inferred mineral resources are used in an economic analysis, state the required disclosure set out in subsection 2.3(3) of the Instrument;
- (k) when the results of an economic analysis of mineral resources is reported, state "mineral resources that are not mineral reserves do not have demonstrated economic viability";
- (l) state the grade or quality, quantity and category of the mineral resources and mineral reserves if the quantity of contained metal or mineral is reported; and
- (m) when the grade for a polymetallic mineral resource or mineral reserve is reported as metal equivalent, report the individual grade of each metal, and consider and report the recoveries, refinery costs and all other relevant conversion factors in addition to metal prices and the date and sources of such prices.

INSTRUCTIONS

- (1) *The methods and procedures to be used in estimating mineral resources and mineral reserves are the responsibility of the qualified persons preparing the estimate.*
- (2) *A statement of quantity and grade or quality is an estimate and shall be rounded to reflect the fact that it is an approximation.*
- (3) *An issuer that is incorporated or organized in a foreign jurisdiction may file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, SEC Industry Guide 7, IMMM System, or SAMREC Code provided that a reconciliation to the mineral resource and mineral reserve categories referred to in sections 1.2 and 1.3 of the Instrument is filed with the technical report and certified by the qualified person.*

Item 20: Other Relevant Data and Information - Include any additional information or explanation necessary to make the technical report understandable and not misleading.

Item 21: Interpretation and Conclusions - Summarize the results and interpretations of all field surveys, analytical and testing data and other relevant information. Discuss the adequacy of data density and the data reliability as well as any areas of uncertainty. A technical report concerning exploration information shall include the conclusions of the author. The author must discuss whether the completed project met its original objectives.

Item 22: Recommendations - Provide particulars of the recommended work programs and a breakdown of costs for each phase. If successive phases of work are recommended, each phase must culminate in a decision point. The recommendations shall not apply to more than two phases of work. The recommendations shall state whether advancing to a subsequent phase is contingent on positive results in the previous phase. A technical report that contains recommendations for expenditures on exploration or development work on a property shall include a statement by a qualified person that, in the qualified person's opinion, the character of the property is of sufficient merit to justify the program recommended.

- Item 23: References** - Include a detailed list of all references cited in the technical report.
- Item 24: Date and Signature Page** - The technical report must have a title page at the beginning and a signature page at the end, signed in accordance with section 5.2 of the Instrument. The effective date of the technical report must be on both the title page and the signature page. The date of signing must also be included in the signature page.
- Item 25: Additional Requirements for Technical Reports on Development Properties and Production Properties** - Technical reports on development properties and production properties shall also include
- (a) Mining Operations - information and assumptions concerning the mining method, metallurgical processes and production forecast;
 - (b) Recoverability - information concerning results of all test and operating results relating to the recoverability of the valuable component or commodity and amenability of the mineralization to the proposed processing methods;
 - (c) Markets - information concerning the markets for the issuer's production and the nature and material terms of any agency relationships;
 - (d) Contracts - a discussion of whether the terms of mining, concentrating, smelting, refining, transportation, handling, sales and hedging and forward sales contracts or arrangements, rates or charges are within industry norms;
 - (e) Environmental Considerations - a discussion of bond posting, remediation and reclamation;
 - (f) Taxes - a description of the nature and rates of taxes, royalties and other government levies or interests applicable to the mineral project or to production, and to revenues or income from the mineral project;
 - (g) Capital and Operating Cost Estimates - capital and operating cost estimates, with the major components being set out in tabular form;
 - (h) Economic Analysis - an economic analysis with cash flow forecasts on an annual basis using proven mineral reserves and probable mineral reserves only, and sensitivity analyses with variants in metal prices, grade, capital and operating costs;
 - (i) Payback - a discussion of the payback period of capital with imputed or actual interest;
 - (j) Mine Life - a discussion of the expected mine life and exploration potential.
- Item 26: Illustrations**
- (a) Technical reports shall be illustrated by legible maps, plans and sections. All technical reports shall be accompanied by a location or index map and more detailed maps showing all important features described in the text. In addition, technical reports shall include a compilation map outlining the general geology of the property and areas of historical exploration. The location of all known mineralization, anomalies, deposits, pit limits, plant sites, tailings storage areas, waste disposal areas and all other significant features shall be shown relative to property boundaries. Maps, drawings and diagrams that have been created by the author, in whole or in part, and that are based on the work that the author has done or supervised, shall be signed and dated by the author. Where information from other sources, either government or private, is used in preparing these maps or diagrams the source of the information shall be named.
 - (b) If adjacent or nearby properties have an important bearing on the potential of the property under consideration, their location and any mineralized structures common to two or more such properties shall be shown on the maps.
 - (c) If the potential merit of a property is predicated on geophysical or geochemical results, maps showing the results of surveys and their interpretations shall be included in the technical report.
 - (d) Maps shall include a scale in bar form and an arrow indicating North. Information taken from government maps or from drawings of other engineers or geoscientists shall be acknowledged on the map.

INSTRUCTION: *Illustrations **should** be sufficiently summarized and simplified so that they are not oversized and are suitable for electronic filing.*

**PROPOSED COMPANION POLICY 43-101CP
TO NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS**

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**PROPOSED COMPANION POLICY 43-101CP
TO NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS**

PART 1 — PURPOSE AND DEFINITIONS

- 1.1 ~~Purpose~~ — This companion policy sets out the views of the Canadian Securities Administrators (the "CSA") as to the manner in which the CSA interprets and applies certain provisions of National Instrument 43-101 (the "Instrument") are to be interpreted and applied and Form 43-101F1 (the "Instrument"), and how the securities regulatory authorities or regulators may exercise their discretion in respect of certain applications for exemption from provisions of the Instrument.

PART 1 APPLICATION AND TERMINOLOGY

- 1.1 Supplements Other Requirements – The Instrument supplements other continuous disclosure requirements of securities legislation that apply to reporting issuers in all business sectors.

- 1.2 **Evolving Industry Standards and Modifications to the Instrument** - Mining industry practice and professional standards are evolving in Canada and internationally. The Canadian securities regulatory authorities will monitor developments in these fields and will solicit and consider recommendations from their staff and external advisers, from time to time, as to whether modifications to the Instrument are appropriate.

- 1.3 **Application of the Instrument** - ~~The Instrument does not apply to disclosure concerning petroleum, natural gas, bituminous sands or shales, groundwater or other substances that do not fall within the meaning of the term "mineral resource" in section 1.3 of~~ definition of "disclosure" under the Instrument includes oral and written disclosure. The Instrument establishes standards for ~~all oral statements and written disclosure of scientific and technical information regarding mineral projects, including disclosure in news releases, prospectuses and annual reports, and requires that the disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. In the circumstances set out in section 5.3 of the Instrument, the technical report that is required to be filed must be prepared by a qualified person who is independent of the issuer, the property and any adjacent property.~~ The Instrument does not apply to disclosure concerning petroleum, natural gas, bituminous sands or shales, groundwater or other substances that do not fall within the meaning of the term "mineral resource" in section 1.2 of the Instrument.

- 1.4 **Mineral Resources and Mineral Reserves Definitions** - The Instrument incorporates by reference the definitions and categories of mineral resources and mineral reserves as set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves Definitions and Guidelines (the "CIM Standards") adopted by the CIM Council on August 20, ~~2000~~ 2000 as amended, supplemented, or replaced. These definitions, together with guidance on their interpretation and application prepared by the CIM, are reproduced in the Appendix to this Companion Policy. Issuers, qualified persons and other market participants are encouraged to consult the CIM Standards for guidance.

Any changes made by the CIM to these definitions in the future will automatically be incorporated by reference into the Instrument.

- 1.5 **Non-Metallic Mineral Deposits** — ~~Issuers making disclosure regarding the following commodities are encouraged to follow these additional guidelines:~~ Best Practices Guidelines for Mineral Resources and Mineral Reserves - A qualified person classifying a mineral deposit as a mineral resource or mineral reserves should follow the CIM Estimation of Mineral Resource and Mineral Reserve Best Practices Guidelines (the CIM Resource and Reserve Guidelines) adopted by CIM on November 23, 2003, as amended, supplemented, or replaced. These guidelines are posted on www.cim.org.

- (a) ~~Industrial Minerals~~ — ~~For an industrial mineral deposit to be classified as a mineral resource, there should be recognition by the qualified person preparing the quantity and quality estimate that there is a viable market for the product or that a market can be reasonably developed. For an industrial mineral deposit to be classified as a mineral reserve, the qualified person preparing the estimate should be satisfied, following a thorough review of specific and identifiable markets for the product, that there is, at the date of the technical report, a viable market for the product and that the product can be mined and sold at a profit.~~

- (b) ~~Coal~~ — ~~Technical reports on~~ For coal, a qualified person classifying coal resources and reserves should conform to the definitions ~~and~~ may follow the guidelines of Paper 88-21 of the Geological Survey of Canada: A Standardized Coal Resource/Reserve Reporting System for Canada, as amended,

supplemented or replaced; and (Paper 88-21). The CSA remind issuers that Paper 88-21 only contemplates a Canadian scheme for reporting and therefore, the CSA believes it is not reasonable to extrapolate this to foreign schemes. For consistency, for all coal reporting, the securities regulatory authority urges all issuers to use the mineral resource and mineral reserve categories set out in the CIM Standards and not the categories set out in Paper 88-21.

1.6 Best Practices Guidelines for Mineral Exploration - Issuers and qualified persons should follow the Mineral Exploration "Best Practices" Guidelines adopted by CIM, published in June 2000, as amended, supplemented, or replaced.

- (c) — ~~Diamonds — Technical reports on the resources and reserves~~**Disclosure regarding the reporting of diamond deposits exploration sampling results** should conform to the CIM Guidelines for Reporting of Diamond Exploration Results, Identified Mineral Resources and Ore Reserves, published by the Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories, adopted by CIM in March 2003, as amended, supplemented, or replaced.

These guidelines are posted on www.cim.org.

4.6 Objective Standard of Reasonableness

1.7 Preliminary Assessments - The term "preliminary assessment", commonly referred to as a scoping study, is defined in the Instrument. It is a type of study that includes an economic evaluation taken at an early stage of the project prior to a preliminary feasibility study. The CSA consider an economic evaluation to include disclosure of forecast mine production rates that may contain capital costs to develop and sustain the mining operation, operating costs, and projected cash flows. A preliminary assessment must be either in the form of a technical report, or be supported by a technical report.

Although preliminary assessments can provide important information to the market, because of the early stage of the project, the information has a high degree of uncertainty and can be used as the basis for abusive market tactics. An issuer must disclose a preliminary assessment that is a material change in its affairs. In so doing, an issuer may trigger a technical report under subsection 4.2(1) 10. of the Instrument. Also, if the preliminary assessment includes inferred minerals resources an issuer must provide the proximate statement required by subsection 2.3(3)(b) of the Instrument. The purpose of the proximate statement is to alert an investor to the limitations of the information.

- 1.8** (a) — ~~The Instrument requires the application of~~**Objective Standard of Reasonableness - Issuers should apply** an objective standard of reasonableness in determining such things as whether a statement constitutes "disclosure" and is thereby subject to the requirements of the Instrument **making a determination about the definitions or application of a requirement in the Instrument** Where a determination turns on reasonableness, the test is an objective, rather than subjective one in that it turns on what a person acting reasonably would conclude. It is not sufficient for an officer of an issuer or a qualified person to determine that he or she personally believes the matter under consideration. The person must form an opinion as to what a reasonable person would believe in the circumstances. Formulating the definitions using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to a person's application of the definition in particular circumstances.
- (b) — ~~The definition of "preliminary feasibility study" and "pre feasibility study" requires the application of an objective test. For a study to fall within the definition, the considerations or assumptions underlying the study must be reasonable and sufficient for a qualified person, acting reasonably, to determine if the mineral resource may be classified as a mineral reserve.~~

1.9 Improper Use of Terms in French Language - An issuer that prepares its disclosure using the French language must ensure that it uses the proper terms when referring to a mineral deposit. In the French language, an issuer must not use the words "gisement" and "gîte" interchangeably. The word "gisement" means a mineral deposit that is a continuous, well-defined mass of material containing a sufficient volume of mineralized material that can be or has been mined legally and economically. The word "gîte" means a mineral deposit that is a continuous, well-defined mass of material containing a sufficient volume of mineralized material that has had no demonstration of economic viability. Therefore, an issuer must use these terms properly so that an investor understands whether the deposit has demonstrated economic viability or not.

PART 2 DISCLOSURE

2.1 Disclosure is the Responsibility of the Issuer - Primary responsibility for public disclosure remains with the issuer and its directors and officers. The qualified person is responsible for preparing the technical report and providing scientific and technical advice in accordance with applicable professional standards. The proper use, by or on behalf of the issuer, of the technical report and other scientific and technical information provided by the qualified person is the responsibility of the issuer and its directors and officers. The onus is on the issuer and its directors and officers and, in the case of a document filed with a regulator, each signatory of the document, to ensure that disclosure in the document is consistent with the related technical report or advice. Issuers are strongly urged to have the qualified person review disclosure that summarizes or restates the technical report or the technical advice or opinion to ensure that the disclosure accurately reflects the qualified person's work.

2.2 Use of Plain Language - Disclosure made by or on behalf of an issuer regarding mineral projects on properties material to the issuer should be understandable. ~~Written~~ **issuers should present written** disclosure ~~should be presented~~ in an easy to read format using clear and unambiguous language. Wherever possible, ~~data~~ **issuers should be presented** **present data** in table format. The CSA recognize that the technical report ~~required by the Instrument is a document that~~ does not lend itself well to a "plain language" format and therefore urge issuers to consult the responsible qualified person when restating the data and conclusions from a technical report in plain language ~~for use in other~~ **its** public disclosure.

2.3 Prohibited Disclosure

- (1) Paragraph 2.2(c) of the Instrument prohibits the addition of inferred mineral resources to the other categories of mineral resources. Issuers are cautioned not to show a sum of mineral resources, or to refer to an aggregate number of mineral resources that includes inferred mineral resources.
- (2) ~~Issuers are reminded that any~~ **Paragraph 2.3(1) of the Instrument prohibits the** disclosure of a target of further exploration **that has not been categorized as required. It also prohibits the disclosure of an economic evaluation, including a preliminary assessment, preliminary feasibility study, and a feasibility study, that includes inferred resources. However,** pursuant to subsection 2.3(2) ~~of a~~ ~~or a~~ ~~preliminary assessment pursuant to subsection 2.3(3) must be~~ **and 2.3(3), these prohibitions are excepted if the disclosure is accompanied by the required proximate statements in those sections and is** based on information prepared by or under the supervision of a qualified person.

2.4 Materiality

- (1) Materiality should be determined in the context of the particular issuer's overall business and financial condition taking into account quantitative and qualitative factors. Materiality is a matter of judgment ~~into~~ **be made in light of** the particular circumstances ~~and should be determined in relation to the significance of the information to investors, analysts and other users of the disclosure,~~ **taking into account both qualitative and quantitative factors, assessed in respect of the issuer as a whole.**
- (2) In assessing materiality, issuers should refer to the definition of "material fact" in securities legislation, which in most jurisdictions means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the securities of the issuer. **In making materiality judgements, issuers should take into account a number of factors that cannot be captured in a simple bright-line standard or test. An issuer must consider the effect on both the market price and value of the issuer's securities in light of the current market activity. Therefore, an assessment of materiality depends on the context. Information that is immaterial today may be material for tomorrow. An item of information that is immaterial alone may be material if it part of an aggregate of items.**
- (3) ~~Materiality~~ **For example, materiality** of a property should be assessed in light of the extent of the interest in the property held, or to be acquired, by the issuer. A small interest in a sizeable property may, in the circumstances, not be material to the issuer. **Property to be acquired by the issuer may, in certain circumstances, be material to the issuer.**
- (4) ~~For another example, in~~ assessing whether interests represented by multiple claims or other documents of title constitute a single property for the purpose of the Instrument, issuers should ~~be guided by the reasonable understanding and expectations of investors~~ **consider that several non-material properties in a contiguous cluster may be material to the issuer, as a whole.**

- (5) Subject to developments not reflected in the issuer's financial statements, for purposes of the Instrument, a property will generally not be considered material to an issuer if the book value of the property, as reflected in the issuer's most recently filed financial statements or the value of the consideration paid or required to be paid for the property, including exploration expenditures required to be made during the next 12 months, is less than 10 percent of the book value of the total of the issuer's mineral properties and related property, plant and equipment. For another example, when disclosing results of a drilling program the results from a single hole may not be material in itself. However, the results of several holes, in aggregate, could be material to the issuer.

2.5 Material Information not yet Confirmed by a Qualified Person - Issuers are reminded that they have an obligation under provincial and territorial securities legislation to disclose material facts and to make timely disclosure of material changes. The ~~Canadian~~ securities regulatory authorities recognize that there may be circumstances in which the issuer expects that certain information concerning a mineral project may be material notwithstanding the fact that a qualified person has not prepared or supervised the preparation of the information. In this situation the ~~Canadian~~ securities regulatory authorities suggest that issuers file a confidential material change report concerning this information while a qualified person reviews the situation. Once a qualified person has confirmed the information, ~~a~~ the issuer ~~may~~ should issue a news release and the basis of confidentiality will end. Issuers are also reminded that during the period of confidentiality, prohibitions against tipping and trading by persons in a special relationship to the issuer apply until the information is fully disclosed to the public. Issuers should also refer to National Policy 51-201 Disclosure Standards for further guidance about timely disclosure obligations.

2.6 Exception in Section 3.5 of the Instrument for Disclosure Previously Filed - Section 3.5 of the Instrument provides that the disclosure requirement of sections ~~3.3.2, 3.3,~~ and 3.4 of the Instrument may be satisfied by referring to a previously filed document that includes the required disclosure. Issuers relying on this exception are reminded that all disclosure should provide sufficient information to permit market participants to make informed investment decisions and should not present or omit information in a manner that is misleading.

2.7 Meaning of Current Technical Report - ~~In the view of the CSA, the~~ The "current technical report" referred to in sections 4.2 and 4.3 of the Instrument is a technical report that contains all information required under the Form 43-101F1 in respect of the subject property as at the date on which the technical report is filed. A technical report may constitute a current technical report, even if prepared considerably before the filing date, if the information in the technical report remains accurate and does not omit materially new information as at the date of filing.

2.8 Exceptions from Requirement ~~for to File~~ Technical Report with Annual Information Form, Annual MD&A, Annual Report and Preliminary Short Form Prospectus if Information Previously Disclosed = The Instrument contains relief from the technical report filing requirement in certain instances. If an issuer has disclosed scientific and technical information on a mineral property in a disclosure document (as defined in section 1.2 of the Instrument), or in a technical report prepared in accordance with National Policy No. 2-A filed before February 1, 2001, an annual information form, prospectus, or material change report the issuer will not be required to prepare and file a technical report with the issuer's annual information form, annual MD&A, annual report, or preliminary short form prospectus, unless the ~~annual information form, annual report or preliminary short form prospectus~~ disclosure contains new and material scientific and technical information about that mineral property.

2.9 Use of Historical Estimates

(1) Under section 2.4 of the Instrument, when an issuer options or agrees to buy a property, the issuer can disclose an estimate of resources and reserves made before February 1, 2001 using the old terminology of the estimate provided the issuer complies with the conditions set out in that section. An issuer will trigger the filing of a current technical report if it makes disclosure of the historical estimate as if it is a current estimate. Therefore, issuers should refer to the following guidance for reporting historical estimates.

(2) The announcement of the acquisition and the historical estimate will not trigger the requirement to file a technical report under subsection 4.2(1) 10. of the Instrument if the issuer's disclosure states that the estimates are not current and the issuer has disclosed the estimate as a historical resource or reserve. The disclosure must also include the following cautionary statements:

: the issuer has not done the work necessary to verify the classification of the resource or reserve.

- ⋮ the issuer is not treating them as a National Instrument 43-101 defined resource or reserve verified by a qualified person, and
- ⋮ the historical estimate should not be relied upon.

(3) If the issuer's disclosure shows that the issuer is treating the historical estimate as a current resource and reserve, for example, by using the definitions under the Instrument and stating the issuer will be adding on or building on that resource or reserve base, then the issuer is required to file a current technical report on the property within 30 days of the issuer's disclosure if

- i. the property, or interest in the property, is material to the issuer, and
- ii. the acquisition of the resources and reserves is a material change in the affairs of the issuer.

This 30-day period is set out under section 4.2(4) of the Instrument.

(4) In most cases, this 30-day period will not begin to run until the issuer enters into a formal purchase or option agreement, which should allow the issuer time to complete its due diligence and have the technical report prepared. If the issuer, at the time of the disclosure, has not signed a formal agreement, but is conducting its day to day operations in reliance on the terms of a letter of intent or memorandum of understanding, then the 30-day period will begin to run from the time the issuer first discloses the historical estimate as a resource or reserve without the three cautionary statements set out in paragraph (2) above.

(5) If the agreement is subject to conditions such as the approval of a third party or the completion of a 60-day due diligence review, the technical report is still required to be filed within 30 days after the issuer enters into the agreement. However, the issuer may apply for relief to extend the 30-day period. Whether or not the securities regulators will grant such relief depends on the circumstances.

2.10

Use of Other Foreign Codes – Issuers are prohibited from using foreign codes other than those permitted under Part 7 of the Instrument. Therefore, if an issuer announces an acquisition or proposed acquisition of a property that contains estimates of tonnes and grade that are not historical (ie. they were not categorized before February 1, 2001) and are not according to the CIM Standards or the alternative codes under Part 7, then the issuer may apply for an exemption under section 9.1 to permit that issuer to disclose that foreign estimate as is, and if applicable, an extension of time for filing a technical report to support the disclosure. If granted, the relief would likely include the conditions set out under section 2.4 (a) to (e) of the Instrument.

Issuers are reminded that they have an obligation under provincial and territorial securities legislation to disclose material facts and to make timely disclosure of material changes. Therefore, the issuer should arrange its affairs in advance to comply with those requirements and the requirements in the Instrument if it is considering the acquisition of a foreign property and wishes to disclose estimates using foreign codes not permitted under the Instrument (ie. the Russian or Chinese codes). Issuers that have difficulty doing this should consider filing a confidential material change report and maintain a period of confidentiality until they obtain an exemption or convert the estimates and disclose them in accordance with the Instrument. Issuers should also refer to section 2.5 of this Companion Policy for further guidance about timely disclosure obligations.

Issuer may also consider disclosing the quantity and grade of mineralization of a possible mineral deposit as a range with the proximate statements set out under section 2.3(2) of the Instrument.

PART 3 AUTHOR OF THE TECHNICAL REPORT

3.1 Selection of Qualified Person - It is the responsibility of the issuer and its directors and officers to appoint a qualified person with who meets the criteria listed under the definition in the Instrument of qualified person, including having the relevant experience and competence appropriate for the subject matter of the technical report.

3.2 Assistance of non-Qualified Persons - A person who is not a qualified person may work on a project. If a qualified person relies on the work of a person who is not a qualified person to prepare a technical report or to provide information or advice to the issuer, it is up to the qualified person to take whatever steps are

appropriate, in his or her professional judgement, to ensure that the information that he or she relies upon is sound. A qualified person is required to visit the site and cannot delegate the personal inspection requirement.

3.3 More than One Qualified Person - Section 2.1 of the Instrument requires that all disclosure be based upon a technical report or other information prepared by or under the supervision of a qualified person. Section 5.1 of the Instrument provides that a technical report must be prepared by or under the supervision of one or more qualified persons. Several qualified persons may author different portions of the report. In that case, each of them must provide a certificate and consent required under Part 8 of the Instrument. Each qualified person who is primarily responsible for preparing or supervising the preparation of the technical report must sign it.

When one or more qualified persons prepare a technical report that includes a mineral resource or mineral reserve estimate prepared by another qualified person for a previously filed technical report, one of the qualified person's preparing the new technical report must take responsibility for those estimates repeated in the new technical report. In doing this, that qualified person should make whatever investigations are necessary to reasonably rely on that information.

3.4 Exemption from Qualified Person Requirement

~~(1) 3.2~~ Qualified Person — Section 2.1 of the Instrument requires that all disclosure be based upon a technical report or other information prepared by or under the supervision of a qualified person and section 5.1 of the Instrument provides that a technical report must be prepared by or under the supervision of one or more qualified persons. The Canadian securities regulatory authorities recognize that certain individuals who currently provide technical expertise to issuers will not be considered qualified persons for purposes of the Instrument. These individuals may have the necessary experience and expertise but may lack the professional accreditation because of differences in provincial registration requirements or for other reasons. and the other criteria required under the definition in the Instrument of qualified person. Application can be made by an issuer under section 9.1 of the Instrument for an exemption from the requirement for involvement of a qualified person and the acceptance of another person. The application should demonstrate the person's experience, competence and qualification to prepare the technical report or other information in support of the disclosure despite the fact that he or she is not a member of a professional association or otherwise does not meet the requirements set out in the definition in the Instrument of qualified person.

(2) Requests for exemption from the requirement that the qualified person belong to a professional association will rarely be granted. Where an issuer wishes to retain a person who is well qualified and who does not belong to a professional association because no association exists in his or her jurisdiction or because it is not common practice for members of his or her profession to be registered in the jurisdiction, securities regulatory authorities will consider granting an exemption. However, if there is any other qualified person known to the issuer who has been to the site and is able to co-author the report, then an exemption will not likely be granted. Also, the securities regulatory authorities will generally not grant relief to an issuer that has a qualified person in its management positions, as such qualified persons should take responsibility for the issuer's scientific and technical disclosure on its mineral projects.

(3) In the event an exemption is granted, if the person wishes to continue to provide services either to the same issuer or to another issuer that makes public disclosure in Canada, then the person will be urged to join a professional association, as the securities regulatory authority or regulator will not likely grant continued relief.

3.5 3.3 — Independence of Qualified Person

(1) Paragraph 1.5(4)(c) Section 1.4 of the Instrument provides that the test an issuer and a qualified person should apply to determine whether a qualified person is not considered to be independent of the issuer if the qualified person, or any affiliated entity of the qualified person, owns or by reason of an agreement, arrangement or undertaking expects to receive any securities of the issuer or an affiliated entity of the issuer or an interest in the property that is the subject of the technical report. The Canadian, The test should be applied like this: if a reasonable person would consider the existence of any relationship described in section 1.4 of the Instrument would influence the qualified person's judgement, then the qualified person is probably not independent. If the issuer applies for relief, the securities regulatory authorities recognize that issuers undergoing restructuring may settle outstanding debt to a qualified person with securities. In these circumstances, an issuer may apply

~~for~~may consider granting an exemption under section 9.1 of the Instrument to preserve the independence of the qualified person with respect to the issuer.if the issuer demonstrates why the involvement of an independent qualified person does not need to be preserved in a particular circumstance.

Applying this test, the following are examples of when CSA staff would consider a qualified person not to be independent. These examples are not a complete list of non-independence situations. When an independent qualified person is required, an issuer must always apply the above test to confirm that the requirement is met.

A qualified person is not independent when the qualified person:

- (a) is an employee, insider, or director of the issuer,
- (b) is an employee, insider, or director of a related party of the issuer,
- (c) is a partner of any person or company in paragraph (a) or (b),
- (d) holds or expects to hold securities, either directly or indirectly, of the issuer or a related party of the issuer,
- (e) holds or expects to hold securities, either directly or indirectly, in another issuer that possesses an interest in the property that is the subject of the technical report,
- (f) has or expects to have, directly or indirectly, an ownership, royalty, or other interest in the property or a property contiguous to the property that is the subject of the technical report,
- (g) holds or expects to hold securities, either directly or indirectly, in an issuer that has a direct or indirect interest in a property contiguous to the property that is the subject of the technical report,
- (h) has received the majority of their income, either directly or indirectly, in the three years preceding the date of the technical report from the issuer or a related party of the issuer, and
- (i) has received cash or securities of the issuer for past work done for the issuer under an understanding that the qualified person has a non-monetary debt to repay to the issuer for any future work for the issuer.

For the purpose of the above, "related party of the issuer" means an affiliate, associate, subsidiary, or control person of the issuer as those terms are defined under provincial and territorial securities legislation.

For the purpose of the above, there may some instances where, if a qualified person holds a very small number of an issuer's total issued securities or does not directly or indirectly control the trading of the securities, it would be reasonable to consider the qualified person's independence would not be compromised.

- (2) There may be circumstances in which the staff at the securities regulatory authorities question the objectivity of the author of the technical report.—The In order to ensure the requirement for independence of the qualified person has been preserved, the issuer may be asked to provide further information, additional disclosure or the opinion of another qualified person to address concerns about possible bias or partiality on the part of the original author.
- (3) As in paragraph 3.2 above, provided that the independent qualified person has taken whatever steps are appropriate, in his or her professional judgment, to ensure that the information he or she relies on is sound, and takes responsibility for that information, the independent qualified person may rely on work done and information provided by others, including other non-independent qualified persons. However, the independent qualified person must visit the site and cannot delegate the personal inspection requirement.

PART 4 PREPARATION OF TECHNICAL REPORT

- 4.1 "Best Practices" Guidelines – Issuers and authors shall follow the Mineral Exploration "Best Practices" Guidelines prepared on the recommendation of the TSE-OSC Mining Standards Task Force by a committee

comprised of mining and exploration industry professionals and regulators. These Guidelines were published in June, 2000. Addendums not Permitted - Anytime an issuer is required to file a technical report, that report must be complete and current. Therefore, if an issuer has a technical report previously filed, and is required to file another technical report because it triggered one of the circumstances listed under Part 4 of the Instrument, the issuer must update the outdated sections of the previously filed report and file a new, complete, current technical report if the contents of the previously filed technical report are no longer current. It is not sufficient for the issuer to only file the updated portions. Issuers are reminded that if there has been no change to the content required under Items 6 through 11 of Form 43-101F1 from that disclosed in the previously filed technical report, the Form provides they do not need to repeat that information, provided those items in the previous report are referred to in the new, current technical report.

The only exceptions are under subsections 4.2 (2) of the Instrument. An issuer may file an addendum if it is for a technical report that originally was filed with a preliminary short form prospectus or preliminary long form prospectus and there is a material change in the information before the issuance of the final receipt. In this case, the addendum must be attached to and filed with the previously filed technical report. They must also be filed with an updated certificate and consent of the qualified person.

4.2 Filing on SEDAR – If an issuer is required under NI 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) to be an electronic filer, then all technical reports must be prepared so that the issuer can file them on SEDAR. Issuers are reminded that figures required in the technical report must be included in the technical report filed on SEDAR and therefore should be prepared in electronic format.

The qualified person must date, sign and, if possible, seal the technical report, certificate and consent. If a person's name appears in an electronic document with (signed by) and (sealed) next to the person's name or there is a similar indication in the document, the securities regulatory authorities will consider that the document has been signed and sealed by that person. Although not required, maps and drawings may be signed and sealed in the same manner.

4.3 Technical Documents Filed with Other Securities Regulatory Authorities or Exchanges - The securities regulatory authority in most CSA jurisdictions require an issuer to file, if not already filed with it, any record or disclosure material that the issuer files with another securities regulatory authority, agency, or body, or exchange, wherever situate. If an issuer must complete such filing, and the record or disclosure material is a technical report but it is not a technical report required by the Instrument, then the exemption provided under section 9.4 of the Instrument permits an issuer to do this without breaching the Instrument. The issuer should file it on SEDAR under the "Other" category, and title the filing "Technical Document".

PART 5 USE OF INFORMATION

5.1 Use of Information in Technical Reports - The Instrument requires that technical reports be prepared and filed with Canadian securities regulatory authorities to support certain disclosure of mineral exploration, development and production activities and results in order to permit the public and analysts to have access to information that will assist them in making investment decisions and recommendations. Persons and companies, including registrants, who wish to make use of information concerning mineral exploration, development and production activities and results including mineral resource and mineral reserve estimates are encouraged to review the technical reports that will be on the public file for the issuer and if they are summarizing or referring to this information they are strongly encouraged to use the applicable mineral resource and mineral reserve categories and terminology found in the technical report.

5.2 Disclaimers in Technical Reports – Instruction (7) of the Form requires that a technical report shall not contain any disclaimers except for the limited purpose under Item 5 of the Form. Item 5 is only intended to permit a qualified person to insert a disclaimer of responsibility if he or she relied on other experts who are not qualified persons for legal, environmental, political, or other issues relevant to the technical report that are not the qualified person's area of expertise. Therefore, if an issuer retains a qualified person to prepare a technical report that the issuer, intends to file, either immediately or at a later date, as an NI 43-101 technical report, the issuer must ensure that the qualified person does not insert any other disclaimers. The types of disclaimers prohibited includes blanket disclaimers that purport to disclaim responsibility for or reliability on all, or a portion of, the report that the qualified person prepared or create any limitations on the use or publication of the report that would interfere with an issuer's obligation to reproduce the report by filing it on SEDAR.

The securities regulatory authorities consider blanket disclaimers potentially misleading, particularly in the context of a public offering or take-over bid. Provincial and territorial securities legislation provides investors with a statutory right of action against a qualified person for a misrepresentation contained in a prospectus that is based upon the qualified person's technical report. That right of action exists despite any disclaimer to the contrary that appears in the technical report. In addition, under the provincial and territorial securities legislation, a qualified person can only be liable if they provide their consent to the disclosure. It also provides the qualified person with a due diligence defence for the alleged liability and limits the amount they can be liable for.

Therefore, the issuer should ensure its qualified person understands that the securities regulatory authorities will expect the issuer to have its qualified person remove any blanket or specific disclaimers, other than those permitted by Item 5 of the Form, in a technical report that the issuer uses to support its public offering document.

PART 6 PERSONAL INSPECTION

6.1 Meaning of Current Personal Inspection - The "current personal inspection" referred to in section 6.2 of the Instrument is the most recent personal inspection of the property, provided that there has been no material change in the property since that site inspection. A personal inspection may constitute a current personal inspection, even if the qualified person who is primarily responsible for preparing or supervising the preparation of the technical report, conducted the personal inspection considerably before the filing date of the technical report, if there has been no material change in the property as at the date of filing.

6.2 6.1 Personal Inspection – Canadian securities regulatory authorities consider current personal inspection particularly important because it enables the qualified person to become familiar with conditions on the property, to observe the geology and mineralization, to verify the work done, and on that basis to design or review and recommend to the issuer an appropriate exploration or development program. **Even for properties with poor exposure a site visit is required. For example, it may be relevant for a qualified person to observe the depth and type of the overburden and cultural effects that could interfere with the results of the geophysics.** It is the responsibility of the issuer to arrange its affairs so that a current property inspection can be carried out by a qualified person.

6.3 Exemption from Personal Inspection Requirement - Section 9.2 of the Instrument exempts an issuer from conducting a personal inspection in very limited circumstances. The exemption applies only where the issuer's mineral project is located on a grassroots exploration property, as defined in the Instrument, provided it complies with all conditions listed in section 9.2 of the Instrument. The exemption recognizes that there may be situations where an issuer is unable to access a grassroots exploration property or obtain beneficial information on it because extreme seasonal weather conditions prevent it from doing so by the time the issuer is required to file a technical report. Examples of such situations would include a grassroots exploration property that is inaccessible because of seasonal flooding or it is completely covered in snow for an extended period of time.

6.2 Exemption from Personal Inspection Requirement – There **Other than circumstances permitted by the exemption under section 9.2 of the Instrument, there** may be circumstances in which it is not possible or beneficial for a qualified person to inspect the property. In such instances the qualified person or the issuer should apply in writing to the securities regulatory authority for relief, stating the reasons why a personal inspection is considered impossible or not beneficial. It would likely be a condition of any such relief that the technical report state that no inspection was carried out by a qualified person and provide reasons, **the reasons why it was not done, and any other conditions the securities regulatory authority may require.**

6.4 6.3 Responsibility of the Issuer – The requirement set out in section 6.2 of the Instrument sets **More than One Qualified Person - Section 6.2 of the Instrument requires at least one qualified person who is primarily responsible for preparing or supervising the preparation of the technical report to inspect the property. This is** a minimum standard for personal inspection. **There may be cases in advanced mineral projects where the** issuer should have property inspections conducted by one or more **than one** qualified persons as appropriate **person**, taking into account the work being carried out on the property and the technical report being prepared by the qualified person or persons.

For example, for an advanced stage property with mineral resource and mineral reserve estimates, if several qualified persons prepare a different portion of the technical report because of their particular expertise in geology, metallurgy, or mining engineering, then the securities regulatory authorities expect that expertise makes each of them primarily responsible for the preparation of the technical report and each of them relevant for a proper personal inspection of the property.

PART 7 REGULATORY REVIEW

7.1 Review

- (1) Disclosure and technical reports filed under the Instrument may be subject to review by Canadian securities regulatory authorities.
- (2) An if an issuer that is required to file a technical report under the Instrument files a technical report that does not meet the requirements of the Instrument ~~will~~, the issuer may be in breach of securities legislation. The issuer may be required to issue or file corrected disclosure, file a revised technical report or file revised consents, and may be subject to other sanctions.

**PROPOSED COMPANION POLICY 43-101CP
TO NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS**

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7.1	Review

**PROPOSED COMPANION POLICY 43-101CP
TO NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS**

This companion policy sets out the views of the Canadian Securities Administrators (the "CSA") as to the manner in which the CSA interprets and applies certain provisions of National Instrument 43-101 and Form 43-101F1 (the "Instrument"), and how the securities regulatory authorities or regulators may exercise their discretion in respect of certain applications for exemption from provisions of the Instrument.

PART 1 APPLICATION AND TERMINOLOGY

1.1 Supplements Other Requirements – The Instrument supplements other continuous disclosure requirements of securities legislation that apply to reporting issuers in all business sectors.

1.2 Evolving Industry Standards and Modifications to the Instrument - Mining industry practice and professional standards are evolving in Canada and internationally. The securities regulatory authorities will monitor developments in these fields and will solicit and consider recommendations from their staff and external advisers, from time to time, as to whether modifications to the Instrument are appropriate.

1.3 Application of the Instrument - The definition of "disclosure" under the Instrument includes oral and written disclosure. The Instrument establishes standards for disclosure of scientific and technical information regarding mineral projects and requires that the disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. The Instrument does not apply to disclosure concerning petroleum, natural gas, bituminous sands or shales, groundwater or other substances that do not fall within the meaning of the term "mineral resource" in section 1.2 of the Instrument.

1.4 Mineral Resources and Mineral Reserves Definitions - The Instrument incorporates by reference the definitions and categories of mineral resources and mineral reserves as set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves Definitions and Guidelines (the "CIM Standards") adopted by the CIM Council on August 20, 2000 as amended, supplemented, or replaced. These definitions, together with guidance on their interpretation and application prepared by the CIM, are reproduced in the Appendix to this Companion Policy. Issuers, qualified persons and other market participants are encouraged to consult the CIM Standards for guidance.

1.5 Best Practices Guidelines for Mineral Resources and Mineral Reserves - A qualified person classifying a mineral deposit as a mineral resource or mineral reserves should follow the CIM Estimation of Mineral Resource and Mineral Reserve Best Practices Guidelines (the CIM Resource and Reserve Guidelines) adopted by CIM on November 23, 2003, as amended, supplemented, or replaced. These guidelines are posted on www.cim.org.

For coal, a qualified person classifying coal resources and reserves may follow the guidelines of Paper 88-21 of the Geological Survey of Canada: A Standardized Coal Resource/Reserve Reporting System for Canada, as amended, supplemented or replaced (Paper 88-21). The CSA remind issuers that Paper 88-21 only contemplates a Canadian scheme for reporting and therefore, the CSA believes it is not reasonable to extrapolate this to foreign schemes. For consistency, for all coal reporting, the securities regulatory authority urges all issuers to use the mineral resource and mineral reserve categories set out in the CIM Standards and not the categories set out in Paper 88-21.

1.6 Best Practices Guidelines for Mineral Exploration - Issuers and qualified persons should follow the Mineral Exploration "Best Practices" Guidelines adopted by CIM, published in June 2000, as amended, supplemented, or replaced.

Disclosure regarding the reporting of diamond exploration sampling results should conform to the CIM Guidelines for Reporting of Diamond Exploration Results adopted by CIM in March 2003, as amended, supplemented, or replaced.

These guidelines are posted on www.cim.org.

1.7 Preliminary Assessments - The term "preliminary assessment", commonly referred to as a scoping study, is defined in the Instrument. It is a type of study that includes an economic evaluation taken at an early stage of the project prior to a preliminary feasibility study. The CSA consider an economic evaluation to include disclosure of forecast mine production rates that may contain capital costs to develop and sustain the mining operation, operating costs, and projected cash flows. A preliminary assessment must be either in the form of a technical report, or be supported by a technical report.

Although preliminary assessments can provide important information to the market, because of the early stage of the project, the information has a high degree of uncertainty and can be used as the basis for abusive market tactics. An issuer must disclose a preliminary assessment that is a material change in its affairs. In so doing, an issuer may trigger a technical report under subsection 4.2(1) 10. of the Instrument. Also, if the preliminary assessment includes inferred minerals resources an issuer must provide the proximate statement required by subsection 2.3(3)(b) of the Instrument. The purpose of the proximate statement is to alert an investor to the limitations of the information.

1.8 Objective Standard of Reasonableness - Issuers should apply an objective standard of reasonableness in making a determination about the definitions or application of a requirement in the Instrument. Where a determination turns on reasonableness, the test is an objective, rather than subjective one in that it turns on what a person acting reasonably would conclude. It is not sufficient for an officer of an issuer or a qualified person to determine that he or she personally believes the matter under consideration. The person must form an opinion as to what a reasonable person would believe in the circumstances. Formulating the definitions using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to a person's application of the definition in particular circumstances.

1.9 Improper Use of Terms in French Language - An issuer that prepares its disclosure using the French language must ensure that it uses the proper terms when referring to a mineral deposit. In the French language, an issuer must not use the words "gisement" and "gîte" interchangeably. The word "gisement" means a mineral deposit that is a continuous, well-defined mass of material containing a sufficient volume of mineralized material that can be or has been mined legally and economically. The word "gîte" means a mineral deposit that is a continuous, well-defined mass of material containing a sufficient volume of mineralized material that has had no demonstration of economic viability. Therefore, an issuer must use these terms properly so that an investor understands whether the deposit has demonstrated economic viability or not.

PART 2 DISCLOSURE

2.1 Disclosure is the Responsibility of the Issuer - Primary responsibility for public disclosure remains with the issuer and its directors and officers. The qualified person is responsible for preparing the technical report and providing scientific and technical advice in accordance with applicable professional standards. The proper use, by or on behalf of the issuer, of the technical report and other scientific and technical information provided by the qualified person is the responsibility of the issuer and its directors and officers. The onus is on the issuer and its directors and officers and, in the case of a document filed with a regulator, each signatory of the document, to ensure that disclosure in the document is consistent with the related technical report or advice. Issuers are strongly urged to have the qualified person review disclosure that summarizes or restates the technical report or the technical advice or opinion to ensure that the disclosure accurately reflects the qualified person's work.

2.2 Use of Plain Language - Disclosure made by or on behalf of an issuer regarding mineral projects on properties material to the issuer should be understandable. Issuers should present written disclosure in an easy to read format using clear and unambiguous language. Wherever possible, issuers should present data in table format. The CSA recognize that the technical report does not lend itself well to "plain language" and therefore urge issuers to consult the responsible qualified person when restating the data and conclusions from a technical report in plain language in its public disclosure.

2.3 Prohibited Disclosure

- (1) Paragraph 2.2(c) of the Instrument prohibits the addition of inferred mineral resources to the other categories of mineral resources. Issuers are cautioned not to show a sum of mineral resources, or to refer to an aggregate number of mineral resources that includes inferred mineral resources.
- (2) Paragraph 2.3(1) of the Instrument prohibits the disclosure of a target of further exploration that has not been categorized as required. It also prohibits the disclosure of an economic evaluation, including a preliminary assessment, preliminary feasibility study, and a feasibility study, that includes inferred resources. However, pursuant to subsection 2.3(2) and 2.3(3), these prohibitions are excepted if the disclosure is accompanied by the required proximate statements in those sections and is based on information prepared by or under the supervision of a qualified person.

2.4 Materiality

- (1) Materiality should be determined in the context of the particular issuer's overall business and financial condition taking into account quantitative and qualitative factors. Materiality is a matter of judgment to be

made in light of the particular circumstances, taking into account both qualitative and quantitative factors, assessed in respect of the issuer as a whole.

- (2) In assessing materiality, issuers should refer to the definition of "material fact" in securities legislation, which in most jurisdictions means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the securities of the issuer. In making materiality judgements, issuers should take into account a number of factors that cannot be captured in a simple bright-line standard or test. An issuer must consider the effect on both the market price and value of the issuer's securities in light of the current market activity. Therefore, an assessment of materiality depends on the context. Information that is immaterial today may be material for tomorrow. An item of information that is immaterial alone may be material if it part of an aggregate of items.
- (3) For example, materiality of a property should be assessed in light of the extent of the interest in the property held, or to be acquired, by the issuer. A small interest in a sizeable property may, in the circumstances, not be material to the issuer. Property to be acquired by the issuer may, in certain circumstances, be material to the issuer.
- (4) For another example, in assessing whether interests represented by multiple claims or other documents of title constitute a single property for the purpose of the Instrument, issuers should consider that several non-material properties in a contiguous cluster may be material to the issuer, as a whole.
- (5) For another example, when disclosing results of a drilling program the results from a single hole may not be material in itself. However, the results of several holes, in aggregate, could be material to the issuer.

2.5 Material Information not yet Confirmed by a Qualified Person - Issuers are reminded that they have an obligation under provincial and territorial securities legislation to disclose material facts and to make timely disclosure of material changes. The securities regulatory authorities recognize that there may be circumstances in which the issuer expects that certain information concerning a mineral project may be material notwithstanding the fact that a qualified person has not prepared or supervised the preparation of the information. In this situation the securities regulatory authorities suggest that issuers file a confidential material change report concerning this information while a qualified person reviews the situation. Once a qualified person has confirmed the information, the issuer should issue a news release and the basis of confidentiality will end. Issuers are also reminded that during the period of confidentiality, prohibitions against tipping and trading by persons in a special relationship to the issuer apply until the information is fully disclosed to the public. Issuers should also refer to National Policy 51-201 *Disclosure Standards* for further guidance about timely disclosure obligations.

2.6 Exception for Disclosure Previously Filed - Section 3.5 of the Instrument provides that the disclosure requirement of sections 3.2, 3.3, and 3.4 of the Instrument may be satisfied by referring to a previously filed document that includes the required disclosure. Issuers relying on this exception are reminded that all disclosure should provide sufficient information to permit market participants to make informed investment decisions and should not present or omit information in a manner that is misleading.

2.7 Meaning of Current Technical Report - The "current technical report" referred to in sections 4.2 and 4.3 of the Instrument is a technical report that contains all information required under the Form 43-101F1 in respect of the subject property as at the date on which the technical report is filed. A technical report may constitute a current technical report, even if prepared considerably before the filing date, if the information in the technical report remains accurate and does not omit materially new information as at the date of filing.

2.8 Exceptions from Requirement to File Technical Report with Annual Information Form, Annual MD&A, Annual Report and Preliminary Short Form Prospectus if Information Previously Disclosed - The Instrument contains relief from the technical report filing requirement in certain instances. If an issuer has disclosed scientific and technical information on a mineral property in an annual information form, prospectus, or material change report the issuer will not be required to prepare and file a technical report with the issuer's annual information form, annual MD&A, annual report, or preliminary short form prospectus unless the disclosure contains new and material scientific and technical information about that mineral property.

2.9 Use of Historical Estimates

- (1) Under section 2.4 of the Instrument, when an issuer options or agrees to buy a property, the issuer can disclose an estimate of resources and reserves made before February 1, 2001 using the old terminology of the estimate provided the issuer complies with the conditions set out in that section. An issuer will trigger the filing of a current technical report if it makes disclosure of the historical estimate as if it is a

current estimate. Therefore, issuers should refer to the following guidance for reporting historical estimates.

- (2) The announcement of the acquisition and the historical estimate will not trigger the requirement to file a technical report under subsection 4.2(1) 10. of the Instrument if the issuer's disclosure states that the estimates are not current and the issuer has disclosed the estimate as a historical resource or reserve. The disclosure must also include the following cautionary statements:
- the issuer has not done the work necessary to verify the classification of the resource or reserve,
 - the issuer is not treating them as a National Instrument 43-101 defined resource or reserve verified by a qualified person, and
 - the historical estimate should not be relied upon.
- (3) If the issuer's disclosure shows that the issuer is treating the historical estimate as a current resource and reserve, for example, by using the definitions under the Instrument and stating the issuer will be adding on or building on that resource or reserve base, then the issuer is required to file a current technical report on the property within 30 days of the issuer's disclosure if
- i. the property, or interest in the property, is material to the issuer, and
 - ii. the acquisition of the resources and reserves is a material change in the affairs of the issuer.

This 30-day period is set out under section 4.2(4) of the Instrument.

- (4) In most cases, this 30-day period will not begin to run until the issuer enters into a formal purchase or option agreement, which should allow the issuer time to complete its due diligence and have the technical report prepared. If the issuer, at the time of the disclosure, has not signed a formal agreement, but is conducting its day to day operations in reliance on the terms of a letter of intent or memorandum of understanding, then the 30-day period will begin to run from the time the issuer first discloses the historical estimate as a resource or reserve without the three cautionary statements set out in paragraph (2) above.
- (5) If the agreement is subject to conditions such as the approval of a third party or the completion of a 60-day due diligence review, the technical report is still required to be filed within 30 days after the issuer enters into the agreement. However, the issuer may apply for relief to extend the 30-day period. Whether or not the securities regulators will grant such relief depends on the circumstances.

2.10 Use of Other Foreign Codes – Issuers are prohibited from using foreign codes other than those permitted under Part 7 of the Instrument. Therefore, if an issuer announces an acquisition or proposed acquisition of a property that contains estimates of tonnes and grade that are not historical (ie. they were not categorized before February 1, 2001) and are not according to the CIM Standards or the alternative codes under Part 7, then the issuer may apply for an exemption under section 9.1 to permit that issuer to disclose that foreign estimate as is, and if applicable, an extension of time for filing a technical report to support the disclosure. If granted, the relief would likely include the conditions set out under section 2.4 (a) to (e) of the Instrument.

Issuers are reminded that they have an obligation under provincial and territorial securities legislation to disclose material facts and to make timely disclosure of material changes. Therefore, the issuer should arrange its affairs in advance to comply with those requirements and the requirements in the Instrument if it is considering the acquisition of a foreign property and wishes to disclose estimates using foreign codes not permitted under the Instrument (ie. the Russian or Chinese codes). Issuers that have difficulty doing this should consider filing a confidential material change report and maintain a period of confidentiality until they obtain an exemption or convert the estimates and disclose them in accordance with the Instrument. Issuers should also refer to section 2.5 of this Companion Policy for further guidance about timely disclosure obligations.

Issuer may also consider disclosing the quantity and grade of mineralization of a possible mineral deposit as a range with the proximate statements set out under section 2.3(2) of the Instrument.

PART 3 AUTHOR OF THE TECHNICAL REPORT

3.1 Selection of Qualified Person - It is the responsibility of the issuer and its directors and officers to appoint a qualified person who meets the criteria listed under the definition in the Instrument of qualified person, including having the relevant experience and competence for the subject matter of the technical report.

3.2 Assistance of non-Qualified Persons - A person who is not a qualified person may work on a project. If a qualified person relies on the work of a person who is not a qualified person to prepare a technical report or to provide information or advice to the issuer, it is up to the qualified person to take whatever steps are appropriate, in his or her professional judgement, to ensure that the information that he or she relies upon is sound. A qualified person is required to visit the site and cannot delegate the personal inspection requirement.

3.3 More than One Qualified Person - Section 2.1 of the Instrument requires that all disclosure be based upon a technical report or other information prepared by or under the supervision of a qualified person. Section 5.1 of the Instrument provides that a technical report must be prepared by or under the supervision of one or more qualified persons. Several qualified persons may author different portions of the report. In that case, each of them must provide a certificate and consent required under Part 8 of the Instrument. Each qualified person who is primarily responsible for preparing or supervising the preparation of the technical report must sign it.

When one or more qualified persons prepare a technical report that includes a mineral resource or mineral reserve estimate prepared by another qualified person for a previously filed technical report, one of the qualified person's preparing the new technical report must take responsibility for those estimates repeated in the new technical report. In doing this, that qualified person should make whatever investigations are necessary to reasonably rely on that information.

3.4 Exemption from Qualified Person Requirement

(1) The securities regulatory authorities recognize that certain individuals who currently provide technical expertise to issuers will not be considered qualified persons for purposes of the Instrument. These individuals may have the necessary experience and expertise and the other criteria required under the definition in the Instrument of qualified person. Application can be made by an issuer under section 9.1 of the Instrument for an exemption from the requirement for involvement of a qualified person and the acceptance of another person. The application should demonstrate the person's experience, competence and qualification to prepare the technical report or other information in support of the disclosure despite the fact that he or she does not meet the requirements set out in the definition in the Instrument of qualified person.

(2) Requests for exemption from the requirement that the qualified person belong to a professional association will rarely be granted. Where an issuer wishes to retain a person who is well qualified and who does not belong to a professional association because no association exists in his or her jurisdiction or because it is not common practice for members of his or her profession to be registered in the jurisdiction, securities regulatory authorities will consider granting an exemption. However, if there is any other qualified person known to the issuer who has been to the site and is able to co-author the report, then an exemption will not likely be granted. Also, the securities regulatory authorities will generally not grant relief to an issuer that has a qualified person in its management positions, as such qualified persons should take responsibility for the issuer's scientific and technical disclosure on its mineral projects.

(3) In the event an exemption is granted, if the person wishes to continue to provide services either to the same issuer or to another issuer that makes public disclosure in Canada, then the person will be urged to join a professional association, as the securities regulatory authority or regulator will not likely grant continued relief.

3.5 Independence of Qualified Person

(1) Section 1.4 of the Instrument provides the test an issuer and a qualified person should apply to determine whether a qualified person is considered to be independent of the issuer. The test should be applied like this: if a reasonable person would consider the existence of any relationship described in section 1.4 of the Instrument would influence the qualified person's judgement, then the qualified person is probably not independent. If the issuer applies for relief, the securities regulatory authorities may consider granting an exemption under section 9.1 of the Instrument if the issuer demonstrates why the involvement of an independent qualified person does not need to be preserved in a particular circumstance.

Applying this test, the following are examples of when CSA staff would consider a qualified person not to be independent. These examples are not a complete list of non-independence situations. When an independent qualified person is required, an issuer must always apply the above test to confirm that the requirement is met.

A qualified person is not independent when the qualified person:

- (a) is an employee, insider, or director of the issuer,
- (b) is an employee, insider, or director of a related party of the issuer,
- (c) is a partner of any person or company in paragraph (a) or (b),
- (d) holds or expects to hold securities, either directly or indirectly, of the issuer or a related party of the issuer,
- (e) holds or expects to hold securities, either directly or indirectly, in another issuer that possesses an interest in the property that is the subject of the technical report,
- (f) has or expects to have, directly or indirectly, an ownership, royalty, or other interest in the property or a property contiguous to the property that is the subject of the technical report,
- (g) holds or expects to hold securities, either directly or indirectly, in an issuer that has a direct or indirect interest in a property contiguous to the property that is the subject of the technical report,
- (h) has received the majority of their income, either directly or indirectly, in the three years preceding the date of the technical report from the issuer or a related party of the issuer, and
- (i) has received cash or securities of the issuer for past work done for the issuer under an understanding that the qualified person has a non-monetary debt to repay to the issuer for any future work for the issuer.

For the purpose of the above, "related party of the issuer" means an affiliate, associate, subsidiary, or control person of the issuer as those terms are defined under provincial and territorial securities legislation.

For the purpose of the above, there may be some instances where, if a qualified person holds a very small number of an issuer's total issued securities or does not directly or indirectly control the trading of the securities, it would be reasonable to consider the qualified person's independence would not be compromised.

- (2) There may be circumstances in which the staff at the securities regulatory authorities question the objectivity of the author of the technical report. In order to ensure the requirement for independence of the qualified person has been preserved, the issuer may be asked to provide further information, additional disclosure or the opinion of another qualified person to address concerns about possible bias or partiality on the part of the original author.
- (3) As in paragraph 3.2 above, provided that the independent qualified person has taken whatever steps are appropriate, in his or her professional judgment, to ensure that the information he or she relies on is sound, and takes responsibility for that information, the independent qualified person may rely on work done and information provided by others, including other non-independent qualified persons. However, the independent qualified person must visit the site and cannot delegate the personal inspection requirement.

PART 4 PREPARATION OF TECHNICAL REPORT

4.1 Addendums not Permitted - Anytime an issuer is required to file a technical report, that report must be complete and current. Therefore, if an issuer has a technical report previously filed, and is required to file another technical report because it triggered one of the circumstances listed under Part 4 of the Instrument, the issuer must update the outdated sections of the previously filed report and file a new, complete, current technical report if the contents of the previously filed technical report are no longer current. **It is not sufficient for the issuer to only file the updated portions.** Issuers are reminded that if there has been no change to the content required under Items 6 through 11 of Form 43-101F1 from that disclosed in the previously filed technical report, the Form provides they do

not need to repeat that information, provided those items in the previous report are referred to in the new, current technical report.

The only exceptions are under subsections 4.2 (2) of the Instrument. An issuer may file an addendum if it is for a technical report that originally was filed with a preliminary short form prospectus or preliminary long form prospectus and there is a material change in the information before the issuance of the final receipt. In this case, the addendum must be attached to and filed with the previously filed technical report. They must also be filed with an updated certificate and consent of the qualified person.

- 4.2 Filing on SEDAR** – If an issuer is required under NI 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* to be an electronic filer, then all technical reports must be prepared so that the issuer can file them on SEDAR. Issuers are reminded that figures required in the technical report must be included in the technical report filed on SEDAR and therefore should be prepared in electronic format.

The qualified person must date, sign and, if possible, seal the technical report, certificate and consent. If a person's name appears in an electronic document with (signed by) and (sealed) next to the person's name or there is a similar indication in the document, the securities regulatory authorities will consider that the document has been signed and sealed by that person. Although not required, maps and drawings may be signed and sealed in the same manner.

- 4.3 Technical Documents Filed with Other Securities Regulatory Authorities or Exchanges** - The securities regulatory authority in most CSA jurisdictions require an issuer to file, if not already filed with it, any record or disclosure material that the issuer files with another securities regulatory authority, agency, or body, or exchange, wherever situate. If an issuer must complete such filing, and the record or disclosure material is a technical report but it is not a technical report required by the Instrument, then the exemption provided under section 9.4 of the Instrument permits an issuer to do this without breaching the Instrument. The issuer should file it on SEDAR under the "Other" category, and title the filing "Technical Document".

PART 5 USE OF INFORMATION

- 5.1 Use of Information in Technical Reports** - The Instrument requires that technical reports be prepared and filed with securities regulatory authorities to support certain disclosure of mineral exploration, development and production activities and results in order to permit the public and analysts to have access to information that will assist them in making investment decisions and recommendations. Persons and companies, including registrants, who wish to make use of information concerning mineral exploration, development and production activities and results including mineral resource and mineral reserve estimates are encouraged to review the technical reports that will be on the public file for the issuer and if they are summarizing or referring to this information they are strongly encouraged to use the applicable mineral resource and mineral reserve categories and terminology found in the technical report.

- 5.2 Disclaimers in Technical Reports** – Instruction (7) of the Form requires that a technical report shall not contain any disclaimers except for the limited purpose under Item 5 of the Form. Item 5 is only intended to permit a qualified person to insert a disclaimer of responsibility if he or she relied on other experts who are not qualified persons for legal, environmental, political, or other issues relevant to the technical report that are not the qualified person's area of expertise. Therefore, if an issuer retains a qualified person to prepare a technical report that the issuer, intends to file, either immediately or at a later date, as an NI 43-101 technical report, the issuer must ensure that the qualified person does not insert any other disclaimers. The types of disclaimers prohibited includes blanket disclaimers that purport to disclaim responsibility for or reliability on all, or a portion of, the report that the qualified person prepared or create any limitations on the use or publication of the report that would interfere with an issuer's obligation to reproduce the report by filing it on SEDAR.

The securities regulatory authorities consider blanket disclaimers potentially misleading, particularly in the context of a public offering or take-over bid. Provincial and territorial securities legislation provides investors with a statutory right of action against a qualified person for a misrepresentation contained in a prospectus that is based upon the qualified person's technical report. That right of action exists despite any disclaimer to the contrary that appears in the technical report. In addition, under the provincial and territorial securities legislation, a qualified person can only be liable if they provide their consent to the disclosure. It also provides the qualified person with a due diligence defence for the alleged liability and limits the amount they can be liable for.

Therefore, the issuer should ensure its qualified person understands that the securities regulatory authorities will expect the issuer to have its qualified person remove any blanket or specific disclaimers, other than those permitted by Item 5 of the Form, in a technical report that the issuer uses to support its public offering document.

PART 6 PERSONAL INSPECTION

6.1 Meaning of Current Personal Inspection - The "current personal inspection" referred to in section 6.2 of the Instrument is the most recent personal inspection of the property, provided that there has been no material change in the property since that site inspection. A personal inspection may constitute a current personal inspection, even if the qualified person who is primarily responsible for preparing or supervising the preparation of the technical report, conducted the personal inspection considerably before the filing date of the technical report, if there has been no material change in the property as at the date of filing.

6.2 Personal Inspection - Securities regulatory authorities consider current personal inspection particularly important because it enables the qualified person to become familiar with conditions on the property, to observe the geology and mineralization, to verify the work done, and on that basis to design or review and recommend to the issuer an appropriate exploration or development program. Even for properties with poor exposure a site visit is required. For example, it may be relevant for a qualified person to observe the depth and type of the overburden and cultural effects that could interfere with the results of the geophysics. **It is the responsibility of the issuer to arrange its affairs so that a current property inspection can be carried out by a qualified person.**

6.3 Exemption from Personal Inspection Requirement - Section 9.2 of the Instrument exempts an issuer from conducting a personal inspection in very limited circumstances. The exemption applies only where the issuer's mineral project is located on a grassroots exploration property, as defined in the Instrument, provided it complies with all conditions listed in section 9.2 of the Instrument. The exemption recognizes that there may be situations where an issuer is unable to access a grassroots exploration property or obtain beneficial information on it because extreme seasonal weather conditions prevent it from doing so by the time the issuer is required to file a technical report. Examples of such situations would include a grassroots exploration property that is inaccessible because of seasonal flooding or it is completely covered in snow for an extended period of time.

Other than circumstances permitted by the exemption under section 9.2 of the Instrument, there may be circumstances in which it is not possible for a qualified person to inspect the property. In such instances the qualified person or the issuer should apply in writing to the securities regulatory authority for relief, stating the reasons why a personal inspection is considered impossible. It would likely be a condition of any such relief that the technical report state that no inspection was carried out by a qualified person, the reasons why it was not done, and any other conditions the securities regulatory authority may require.

6.4 More than One Qualified Person - Section 6.2 of the Instrument requires at least one qualified person who is primarily responsible for preparing or supervising the preparation of the technical report to inspect the property. This is a minimum standard for personal inspection. There may be cases in advanced mineral projects where the issuer should have property inspections conducted by more than one qualified person, taking into account the work being carried out on the property and the technical report being prepared by the qualified person or persons.

For example, for an advanced stage property with mineral resource and mineral reserve estimates, if several qualified persons prepare a different portion of the technical report because of their particular expertise in geology, metallurgy, or mining engineering, then the securities regulatory authorities expect that expertise makes each of them primarily responsible for the preparation of the technical report and each of them relevant for a proper personal inspection of the property.

PART 7 REGULATORY REVIEW

7.1 Review

- (1) Disclosure and technical reports filed under the Instrument may be subject to review by securities regulatory authorities.
- (2) If an issuer that is required to file a technical report under the Instrument files a technical report that does not meet the requirements of the Instrument, the issuer may be in breach of securities legislation. The issuer may be required to issue or file corrected disclosure, file a revised technical report or file revised consents, and may be subject to other sanctions.