

# NI 43-101 Consultation: Stakeholder Feedback

## CSA Staff Notice 43-401 Consultation on NI 43-101 *Standards of Disclosure for Mineral Projects*

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# Presentation Topics

- Background
- Consultation Paper Topics
- Submissions Received by Category
- Possible Disclosure Areas to Consider Based on Feedback
- Next Steps
- Questions & Answers

# Factors Driving the Consultation Paper

## Role of NI 43-101

Canada plays a leading role in mining capital formation and National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**) is recognized globally as the leading standard for mineral project disclosure

## Changing world since 2011

- Increasing investor demand for disclosure of environmental & social risks and impacts
- Growing interest in critical minerals related to green energy & carbon neutral initiatives
- Revised mining disclosure rules by other mining jurisdictions (e.g. Australia, USA, etc.)

## Data from our regulatory reviews

- Misuse of preliminary economic assessments, especially after declaring mineral reserves
- Poor quality of technical reports, particularly for exploration stage projects
- Failure of QPs to properly assess their independence, competence, & relevant experience
- Lack of project-specific disclosure about environmental & social risks and impacts

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## **CSA Consultation Paper 43-401**

### *Consultation on National Instrument 43-101 Standards of Disclosure for Mineral Projects*

- Five-month comment period (April 14, 2022 to September 13, 2022)

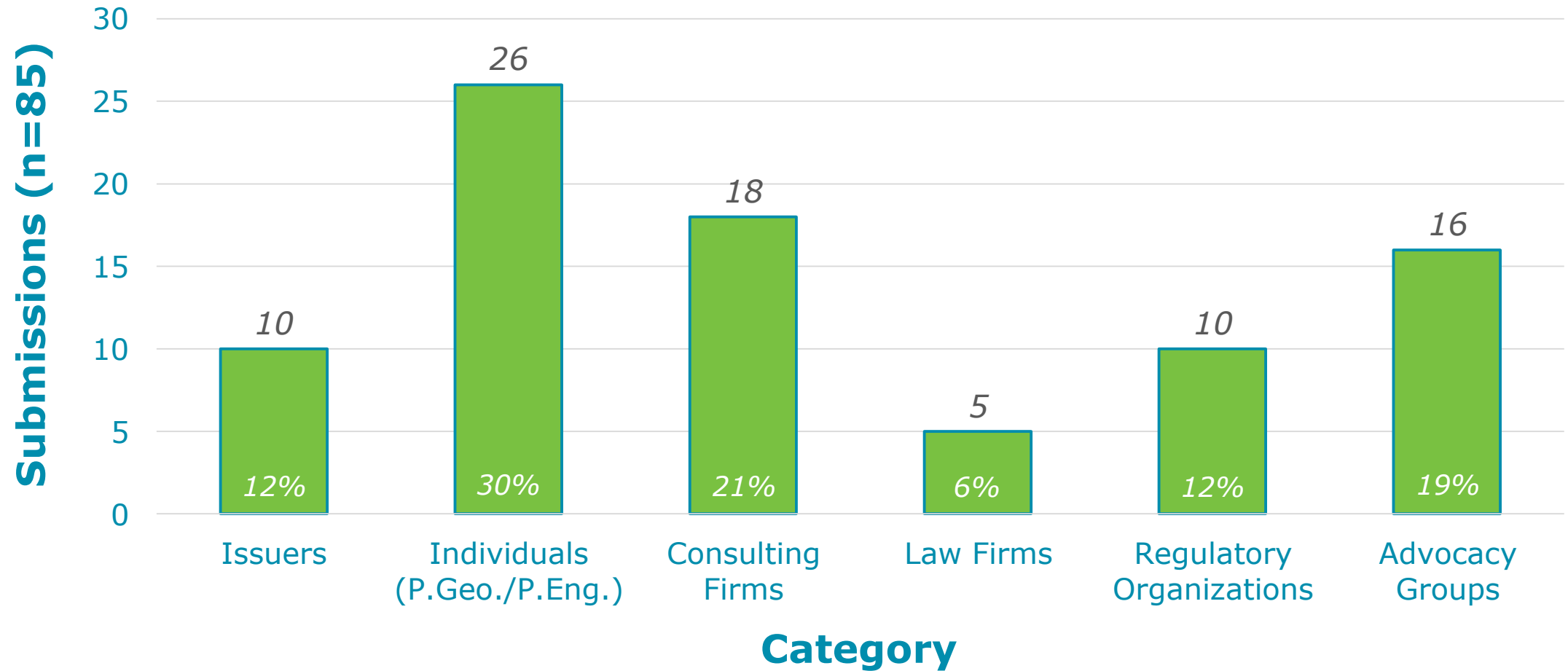
# 12 Topics for Stakeholder Feedback & Comment

- A. Improvement & Modernization
- B. Data Verification
- C. Historical Estimates
- D. Preliminary Economic Assessments
- E. Qualified Person Definition
- F. Current Personal Inspections
- G. Exploration Information
- H. Mineral Resource / Mineral Reserve Estimation
- I. Environmental & Social Disclosure
- J. Rights of Indigenous Peoples
- K. Capital / Operating Costs & Economic Analysis
- L. Other Comments on NI 43-101

# Consultation Paper Responses

- **85 submissions were received**
  - Ranged from short emails to over 100-page letters
  - Submissions are posted on the OSC website under CSA Staff Notice 43-401
- **CSA staff are continuing to assess comments received**
  - There is a lot here for the CSA to think on and consider
- **CSA is working on next steps**
  - Staff will need to prepare recommendations for next steps and request approval from internal CSA committees
  - Staff may receive additional direction prior to approval of next steps

# Submissions Received by Category





# CAUTION

**CSA CONSULTATION ONLY**

**NO CHANGES PROPOSED  
AT THIS TIME**

# Possible Areas to Consider Based on Feedback

## A: Improvement and Modernization of NI 43-101

- Consider, where appropriate, providing greater alignment of NI 43-101 disclosure requirements and Form 43-101F1 with requirements in other influential mining jurisdictions (S-K 1300, JORC, CRIRSCO Template, etc.)
  - Exploration targets, equivalent grades, etc.

## B: Data Verification

- Consider adding disclosure requirements about data verification performed by the qualified person to other Items in Form 43-101F1, not just Item 12: Data Verification
- Consider moving disclosure about the qualified person's current personal inspection from Item 2: Introduction to Item 12: Data Verification

# Possible Areas to Consider Based on Feedback

## C: Historical Estimates

- Consider providing guidance on how to disclose a “previous estimate” done by the same issuer on its mineral project

## D: Preliminary Economic Assessment

- Consider modifying the definition of a preliminary economic assessment (PEA)
  - Possibly include the new PEA definition in the CIM Definition Standards
- Consider adding risk disclosure requirements about the conceptual nature of PEA-level studies, not just the risk of inferred mineral resources being used in the PEA

# Possible Areas to Consider Based on Feedback

## E: Qualified Person Definition

- Consider several criteria in the definition of a qualified person that may need to be modified, clarified, or additional guidance provided

## F: Current Personal Inspection

- Consider removing the seldom used site visit deferral allowed in certain technical reports for seasonal weather conditions

## G: Exploration Information

- N/A

# Possible Areas to Consider Based on Feedback

## H: Mineral Resource / Mineral Reserve Estimation

- Consider requiring disclosure of specific information to justify “reason prospects for eventual economic extraction”
  - CSA Staff Notice 43-311 *Review of Mineral Resource Estimates in Technical Reports* (June 4, 2020)
- Consider requiring the qualified person responsible for Item 14: Mineral Resource Estimates to be involved with data verification, including verifying legacy data
- Consider enhancing the disclosure requirements for project-specific risks as there is too much boilerplate risk disclosure in many technical reports

# Possible Areas to Consider Based on Feedback

## I: Environmental & Social Disclosure

- Consider requiring disclosure about community consultations in all technical reports, including for exploration stage projects
- Consider enhancing the environmental and social disclosure requirements in Item 4: Property Description and Location and in Item 20: Environmental Studies, Permitting, and Social or Community Impact
- Some commentors suggested that ESG disclosure should form part of the issuer's ongoing disclosure in an annual ESG document and should not be mandated in a technical report

# Possible Areas to Consider Based on Feedback

## J: Rights of Indigenous Peoples

- Consider requiring specific disclosure in technical reports about the mineral project with respect to:
  - Rights of Indigenous Peoples
  - Relationship of the issuer with Indigenous Peoples
- Consider requiring third-party validation of the issuer's disclosure, but not by the qualified person as this is outside their scope of competency
- Some commentators suggested that ESG-I disclosure should form part of the issuer's ongoing disclosure in an annual ESG-I document and should not be mandated in a technical report

# Possible Areas to Consider Based on Feedback

## **K: Capital and Operating Costs, Economic Analysis**

- Consider adding more specific disclosure requirements in Item 21: Capital and Operating Costs
  - Accuracy range for the mining study, percentage of engineering completed, etc.
- Consider requiring additional risk disclosure about capital and operating cost assumptions based on the level of the mining study
- Consider alternative ways to present information in Item 22: Economic Analysis including more prescriptive metrics

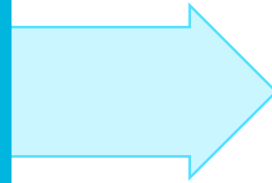
## **L: Other Aspects for Improvement of NI 43-101**

- Many comments were provided for further consideration



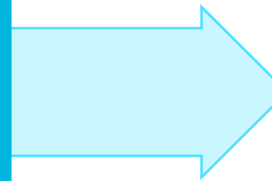
## Potential Next Steps

NI 43-101 continues to protect investors and preserves Canada's leading role in facilitating mining capital formation



**No action, status quo**

Amendments are necessary to maintain NI 43-101 as the globally recognized standard for mineral project disclosure



**Propose a rule amendment project to address issues with NI 43-101 identified during the consultation**

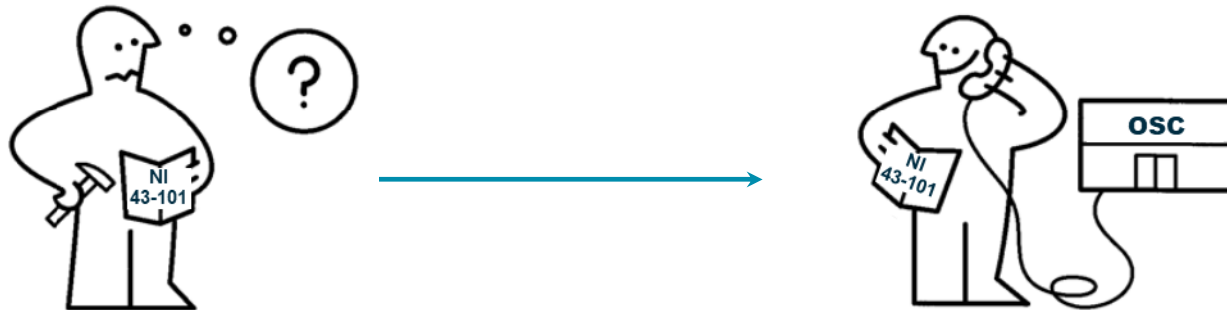
# Thank You!

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# Questions

