

TSX Venture Exchange Disclosure Obligations for Mining Companies



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Overview

- ◆ TSX Venture Exchange Corporate Finance Manual
 - Appendix 3F – Mining Standards and Guidelines
 - Appendix 3E – News Release Guidelines
 - Appendix 3G – Valuation Standards and Guidelines for Mineral Properties
 - Appendix 3D Non-Fire Assay Results

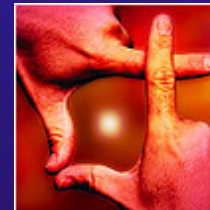




Appendix 3F

“Mining Standards Guidelines”

- ◆ Minimum standards for scientific and technological disclosures re mineral properties (relies heavily on NI 43-101)
 - Applies to all oral statements and written disclosures
- ◆ Directors ultimately responsible for accuracy and timeliness of public disclosures



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Appendix 3F

“Mining Standards Guidelines”

- ◆ **"qualified person" (QP)** 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 in good standing of a professional association;



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Appendix 3F

“Mining Standards Guidelines”

- ◆ Not independent QP (as per NI 43-101) if:
 - The QP, or any affiliated entity of the QP, is or expects to become an insider, associate, partner, affiliated entity or employee of
 - The issuer
 - An insider of the issuer, or
 - An affiliated entity of the issuer
 - The QP or affiliate owns or expects to receive, any securities of the issuer or an affiliate of the issuer or an ownership or royalty interest in the property that is the subject of the report

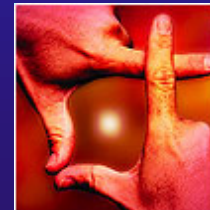


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Appendix 3F

“Mining Standards Guidelines”

- The QP or an affiliate has received the majority of their income in the previous 3 years from one or more of the issuer and insiders and affiliates
- The QP or an affiliate:
 - Is, or 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 2km of the property being reported on.
 - Has, or expects to obtain as ownership or royalty interest in a property within 2km of the property being reported on.



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Appendix 3F Geological Reports

- ◆ Generally a QP who prepares a Geological Report must be independent of the property and the property vendor.
 - The Exchange does not consider a QP independent if that QP is living at the same address as a family member holding an interest in the property or property vendor.





Appendix 3F Geological Reports

◆ Independent QP report needed:

- Reverse Take-Over
- Change of Business
- Qualifying Transactions
- Listing Application
- Reviewable Transaction deemed Fundamental or Non-Arms Length
- When Reporting Mineral Reserves and Resources
- Completion of Preliminary Assessment, Preliminary or Feasibility Study





Appendix 3F Geological Reports

- ◆ Non-Independent QP report possible (still need to be independent of the land and the vendor, but possibly not the issuer)
 - Reviewable Transaction of non-fundamental or arms length pa
 - Tier movement and Continued Listing
 - Short Form Offering Document
 - *Note: QP must be independent of the Vendor in all of these cases*





Appendix 3F Geological Reports

- ◆ Previously filed reports can be relied on in certain cases with updated certificate and consent of QP
- ◆ Geological reports filed with the Exchange or mentioned in public disclosures must be made available directly from the company to anyone that requests it





Appendix 3F

Verification Programs

- ◆ CIM Exploration Best Practices Guidelines (www.CIM.org)
- ◆ Exchange can request issuer to undergo check programs, if at their discretion, the new results are inconsistent with historical findings for the property



Appendix 3F – Reporting Exploration Results

- ◆ Preliminary exploration results to be treated with caution and not reported suggestively as being conclusive
- ◆ Source of all info in technical reports must be disclosed, in particular if the reports were not commissioned by the issuer



Appendix 3F – Reporting Exploration Results

◆ Sample and assay results to be accompanied by:

- Geological description of environment
- Sampling (i.e. type nature density, and size of samples collected)
 - Must disclose drilling, sampling, or recovery problems and how that effects the reliability and accuracy of the results
- Analytical results
 - Analytical processes, methods, sample sizes
 - Name, location, certification of lab
 - Issuer relationship to lab





Appendix 3F – Reporting Exploration Results

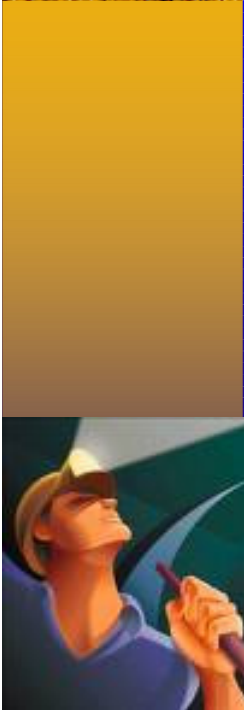
- ◆ All non-standard sampling must have comparative standard sampling accompany it
- ◆ Commentary required if any previously issued info used (does the new info support the old?)
- ◆ Disclosure of selective results prohibited
- ◆ Reporting gross metal values not acceptable
- ◆ Quantity and grade estimates must have supporting assay results accompany them
- ◆ Any reported further work on a site must be accompanied by specific plans



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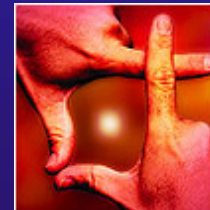
Appendix 3F – Reporting & Estimation of Mineral Resources & Mineral Reserves (R&R)

- ◆ **Mineral Reserve** – is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.
- ◆ **Mineral Resource** – is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.



Appendix 3F – Reporting & Estimation of Mineral Resources & Mineral Reserves (R&R)

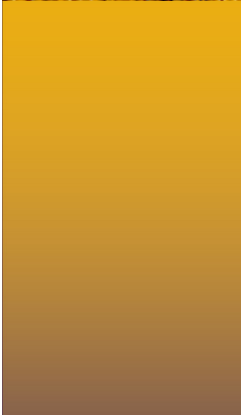
- ◆ Reported R&R needs to be supported by geological report prepared by QP (in most cases independent)
- ◆ Disclosure of unclassified or non-segregated tonnage is prohibited (must be detailed breakdown of tonnage and grade)



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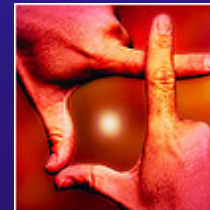
Appendix 3F – Reporting & Estimation of Mineral Resources & Mineral Reserves (R&R)

- ◆ First time disclosure of mineral reserves and resources must be prefiled with Market Regulation Services Inc. and must include:
 - Summary of number, type and spacing of drill holes used in estimation
 - Description of other key assumptions



Appendix 3F – Reporting & Estimation of Mineral Resources & Mineral Reserves (R&R)

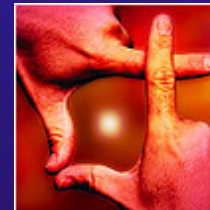
- ◆ Subsequent estimate disclosure must include tonnage and grade for each category and reference either:
 - News release filed on SEDAR containing first time disclosure, or
 - The technical report filed on SEDAR



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Appendix 3F – Reporting & Estimation of Mineral Resources & Mineral Reserves (R&R)

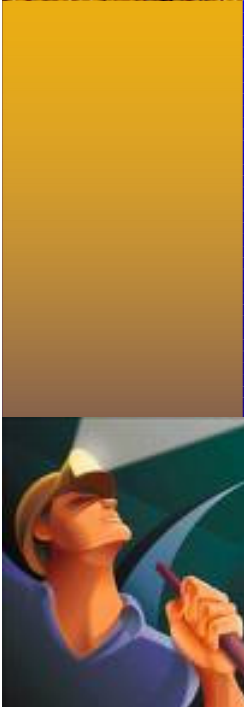
- ◆ All historical data used in reporting must include statements re relevance and reliability
- ◆ Historical estimates to be accompanied by a proximate statement warning that it is only “conceptual in nature” and needs to be further explored to support initial findings




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Appendix 3F – Economic Analyses Disclosure

- ◆ 3 types of studies that include economic analysis, which must be carefully referred to when referred to in public disclosures
 - Preliminary assessment
 - Preliminary feasibility study
 - Feasibility study
- ◆ Issuers should be careful with the terminology they use to describe a study





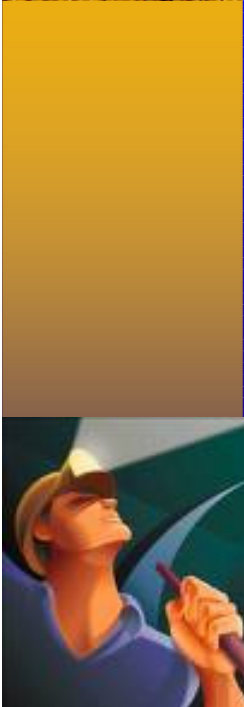
Appendix 3F – Economic Analyses Disclosure

- ◆ Requirements for all disclosure of economic analysis of mineral properties
 - Use current mineral resources or reserves
 - Prepared by an independent QP
 - Initial disclosure of project economic analysis must be pre-filed with Market Regulatory Services, and include:
 - Purpose, scope of study, effective date & conclusions
 - Identity & qualifications of report producer
 - Key assumptions
 - Should not mislead public to believe at more advanced stage



Appendix 3F – Economic Analyses Disclosure

- ◆ Potential quantities and grades can only be disclosed if expressed as ranges, and if follow-up investigations are to occur. Must also include:
 - Cautionary statement indicating that the estimates are still conceptual in nature
 - The basis for the assumption
 - Any qualifications or caveats made by the QP
- ◆ Once project passed preliminary feasibility stage it may no longer rely on economic analysis based on inferred resources (must now use indicated and/or measured resources)





Appendix 3F – News Releases

- ◆ Must be a stand alone document to the greatest extent possible
- ◆ All referenced documents must be available on SEDAR or directly from the issuer
- ◆ The proportionate interest of the issuer should be reported
- ◆ Any partial reporting of exploration results should be followed promptly by the remainder as soon as available





Appendix 3F – News Releases

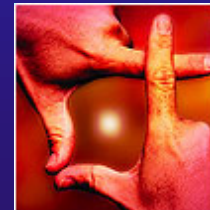
- ◆ QP must review and approve all disclosures of mineral properties, including exploration info prior to the release.
- ◆ News release must identify responsible QP





Appendix 3F – News Releases

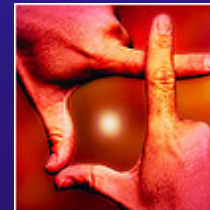
- ◆ Acquisition of material mineral property, issuer must disclose:
 - Basic granting of rights for exploration and exploitation of minerals in the jurisdiction
 - Brief description of permitting process
 - Required environmental assessments
 - Progress made during exploration or development program



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Appendix 3F – News Releases

- ◆ Issuers should disclose successive stages of development and significant constraints:
 - Work commitments and production royalties
 - Adverse claims or disputes to title or rights of property
 - Should include what steps are being taken to resolve the problem, and time-frame expected to resolve
 - Foreign jurisdictions
- ◆ Non-compliance with News Release requirements can result in a halt of trading

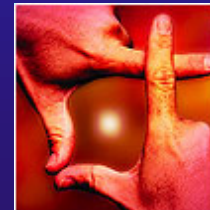


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Appendix 3F – Web Sites

- ◆ All scientific and technical information found on an issuer website must comply with NI 43-101, which includes stating the name of the responsible QP
- ◆ All web site information must be updated promptly alongside of news release issuances



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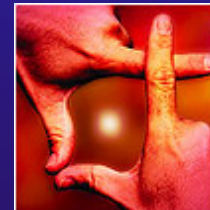
Appendix 3F – Investor Relation Material

- ◆ All investor relation material (i.e. emails, brochures, pamphlets) must comply with NI 43-101
- ◆ Requirements the same for information distributed on behalf of the issuer



Appendix 3D – Non-Fire Assay Results

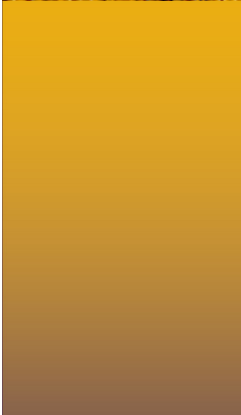
- ◆ Canadian laboratories and fire assay methods preferred by the Exchange to determine metal content due to reliability
- ◆ If Foreign Lab or non-fire assay method, then need include:
 - Alternate method used
 - Name of foreign laboratory
 - The results of any comparative fire-assay testing
- ◆ Exchange can require fire-assay testing to confirm results



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Appendix 3E – News Release Guidelines

- ◆ News releases should be timely
- ◆ Four major considerations:
 1. State specific facts
 - relative and subjective terms should be avoided (i.e. large, exciting, favourable)

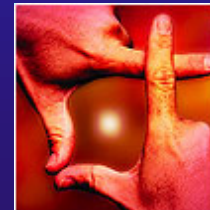


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Appendix 3E – News Release Guidelines

2. State all the facts

- Potentially relevant points that could enhance the readers understanding should be divulged
- Failure to state materially information that would keep a statement from becoming materially misleading is as serious an offence as stating a false material fact.
- Quotes from reports should include the name of the author and the date of the report

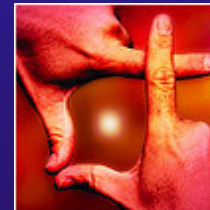


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Appendix 3E – News Release Guidelines

3. Balanced presentation of the facts

- Positive information should not be overstated, as negative information should not be understated
- Balanced representation of the facts, so the reader can make their own decision



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Appendix 3E – News Release Guidelines

4. Projections and forecasts must clearly marked as such, and all assumptions made should be disclosed.
- Forecasts must only be for a reasonable period out into the future (2 years out is generally acceptable for a Venture issuer)



Appendix 3G – Valuation Standards and Guidelines for Mineral Properties

- ◆ Canadian Institute of Mining, Metallurgy and Petroleum Standards and Guidelines for Valuation of Mineral Properties (CIMVal)
- ◆ Geological report needed to issue securities
 - Value vs. Surplus

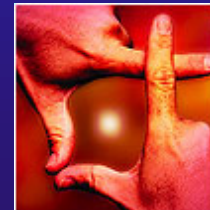


Appendix 3G – Valuation Standards and Guidelines for Mineral Properties

◆ Value report required with respect to value securities:

- Non-arm's length parties
- Results in change of control
- Reverse take-over
- Reviewable transactions or fundamental acquisition

◆ Restrictions on who the valuator can be



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Appendix 3G – Valuation Standards and Guidelines for Mineral Properties

◆ Valuation Methods

- Properties with mineral reserves: discounted cash flow/net present value (current and relevant prefeasibility study needed)
- Properties without mineral reserves: comparable transaction & modified appraised value

◆ Valuation based on arms-length Private Placement of Public Financing



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Appendix 3G – Valuation Standards and Guidelines for Mineral Properties

◆ Additional Exchange Guidelines

- Applicant must commission valuation
- In all cases the Valuator must be independent of the parties, subject land, and nearby properties
- Vendor acquisition costs and recent transactions must be included in valuation analysis

◆ Exchange has ultimate discretion



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THANK YOU!

