Goodmans LLP Update

Mining and Natural Resources Law

May 2, 2014

SEC Staff Issues Guidance on the Conflict Minerals Rule

On April 29, 2014, the U.S. Securities and Exchange Commission (the "SEC") provided guidance after a ruling by the U.S. Court of Appeals for the District of Columbia Circuit in *National Association of Manufacturers, et al. v. SEC, et al.*, No. 13-5252, holding that part of Rule 13p-1 under the *Securities Exchange Act of 1934* (the "Rule") was unconstitutional.[1]

The Rule requires U.S. public companies to disclose their use of "conflict minerals" beginning June 2, 2014.

The SEC clarified that it still expects issuers to which the Rule applies to file the associated disclosure on or before June 2, 2014. The filings should comply with and address those portions of the Rule that were upheld by the Court. However, in consideration of the Court's ruling, the SEC no longer requires companies to describe their products as "DRC conflict free," having "not been found to be 'DRC conflict free,'" or "DRC conflict undeterminable," as originally required under the Rule.

A company may still voluntarily describe its products in this manner if it has obtained an independent private sector audit.

While the Rule (and its legal challenges) ultimately only affect U.S. issuers, Canadian issuers and their advisors are closely following the U.S. developments.

Please contact any member of our Mining and Natural Resources Group for further information.

[1] Refer to our April 16, 2014 Goodmans Update "U.S. Appeals Court Finds SEC's Conflict Minerals Rule Unconstitutional" for a discussion of the Rule and the Court's finding.