

Corporate Securities Law

May 28, 2010

Proposed Amendments to National Instrument 43-101 (*Standards of Disclosure for Mineral Projects*)

The Canadian Securities Administrators (CSA) have published for comment, proposed amendments to National Instrument 43-101 and the related companion policy and technical report form. The proposed amendments have been disseminated to the industry for consideration with a deadline for comments of July 23, 2010.

The amended rules do not alter the core principles of NI 43-101, including: (i) a prescriptive technical reporting format triggered on filing prescribed disclosure documents; (ii) reliance on individual qualified persons for technical disclosure; and (iii) prescriptive guidelines that regulate key mining industry disclosure. Rather, the amendments are designed, in large part, to give issuers greater flexibility within the existing NI 43-101 framework. The CSA has stated that one of their goals is to reduce compliance costs for issuers without compromising the investor protection inherent in NI 43-101's rigorous reporting standards.

The proposed amendments will affect all reporting issuers who operate in the mining industry, and there are proposed amendments that will have an impact on disclosure at each level of property development from exploration, through to development and producing properties. Some of the key amendments are discussed below:

A. Key Proposed Amendments Relevant to Producing Issuers

- a producing issuer (i.e. one having gross revenues, derived from mining operations, of (i) at least \$30 million for its most recently completed financial year, and (ii) at least \$90 million in the aggregate for its three most recently completed financial years) would no longer have to include an economic analysis in a technical report covering a property that is already in production (unless a material expansion of current production is contemplated)
- a producing issuer already listed on a “specified exchange” (the Australian Stock Exchange, the Johannesburg Stock Exchange, the London Stock Exchange Main Market, the Nasdaq Stock Market, the New York Stock Exchange, or the Hong Kong Stock Exchange) would not need to have an independent qualified person prepare technical reports for filing upon first becoming a reporting issuer in Canada

B. Key Proposed Amendments Relevant to Issuers with Development Properties

- disclosure of a preliminary economic assessment on a development property (i.e. an economic study, other than a pre-feasibility study or a feasibility study, that analyzes the potential viability of mineral resources) would be permitted after the disclosure of reserves
- the currently prescribed form of technical report would be amended to make it less prescriptive and more adaptable for advanced development properties and producing properties, giving the qualified person more discretion regarding the amount of information and level of detail required based on the qualified person's assessment of the relevance and significance of the information in the overall context and stage of development of the property
- a production decision on a development property, whether or not based on a pre-feasibility study or a

Goodmans^{LLP} Update

feasibility study, would not, in and of itself, trigger an obligation to file a technical report (but would require specific MD&A disclosure)

C. Key Proposed Amendments Relevant to Exploration Properties

- there would be greater scope to report historical resource estimates prepared prior to the issuer having acquired an interest in the property (only historical resource estimates prepared prior to 2001 are currently permitted)
- there would be greater latitude, in the case of a property acquisition, to disclose scientific and technical information on a newly-acquired (or soon to be acquired) property supported by a current technical report previously filed by another issuer provided that the acquiring issuer prepared and filed its own technical report within six months of making the disclosure

D. Key Proposed Amendments Relevant to Technical Reports Generally

- greater scope for qualified persons to rely on and disclaim responsibility for certain information provided by the issuer and certain pricing and valuation information provided by experts who are not qualified persons
- comments have been sought as to whether it would be appropriate to remove a short form prospectus as a filing that triggers an obligation to file a technical report
- there would no longer be an obligation to file updated qualification certificates and consents for the filing of a disclosure document containing scientific and technical information supported by a previously filed technical report that remains current
- a more flexible definition of “qualified person” and “professional association” that replaces prescriptive

lists with objective qualification criteria

- a more flexible approach to reporting resources and reserves based on a wider range of international classification codes and a removal of the requirement to reconcile to CIM Standards

E. Other Key Proposed Amendments

- exempts royalty holders from the requirement to prepare a technical report if the information concerning the project is publicly available, and was prepared by an issuer that is subject to NI 43-101 or a producing issuer listed on a specified exchange
- prohibits disclosure of the gross contained metal or mineral value of a deposit and restricts disclosure of a metal or mineral equivalent grade for a multiple commodity deposit unless the grade of each metal or mineral used to establish the metal or mineral equivalent grade is also disclosed

Please contact David Redford or Jonathan Lampe or any member of the Goodmans Corporate Securities Group or Mining Group to discuss these amendments:

Paul Goldman pgoldman@goodmans.ca	604.608.4550
Jonathan Lampe jlampe@goodmans.ca	416.597.4128
Kari MacKay kmackay@goodmans.ca	416.597.6282
Neill May nmay@goodmans.ca	416.597.4187
Grant McGlaughlin gmcgloughlin@goodmans.ca	416.597.4199
David Redford dredford@goodmans.ca	604.608.4560
Steve Robertson srobertson@goodmans.ca	604.608.4552