Canadian Perspective on Mineral Project Disclosure, Competency, and Professionalism

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Why Canada has Mineral Project Disclosure Rules

- Mineral projects are capital-intensive and take many years to explore, permit, and develop
  - Path from discovery to production is uncertain with numerous risks and chances of success are very low
  - Companies need ongoing access to a significant capital

- Investors providing capital need to have confidence and trust in the information disclosed
  - Investors need information that is clear, reliable, truthful, balanced, and not misleading
  - Technical work must be done by knowledgeable, competent, experienced, and ethical professionals

Nothing happens in mineral project development without investor confidence and money!
Objective of NI 43-101

Standards of Disclosure for Mineral Projects

- Enhance the trust and credibility of mineral project disclosure
- Foster accountability of professionals for their opinions and decisions
- Promote ethical practices, behaviors, and standards by professionals
- Empower investors to make informed and knowledge-based decisions

NI 43-101 requires disclosure about mineral projects which is:

- Balanced and not misleading
- Understandable to a reasonably person
- Based on reliable and verified data
- Based on reasonable assumptions which are clearly explained
- Uses standardized terms and definitions
- Unbiased and identifies the potential risks and uncertainties
- Signed off by a Qualified Person who takes responsibly for the information
Professionals “acting” as a Qualified Person (QP) play a critical public protection and a gatekeeper role within the Canadian capital markets.

All Qualified Persons are Professionals, but not all Professionals are Qualified Persons.

Four key requirements under NI 43-101 where the QP “acts” as a gatekeeper:

- All disclosure of technical information on a property material to the company must:
  1) Be prepared by or approved by a QP
  2) Name the QP and provide their relationship to the company
  3) State whether the QP has verified the data and describe how the data was verified

- A technical report must:
  4) Be prepared and signed-off by one or more QPs who provide a certificate
3 “E”s of the Qualified Person Definition

**Education**
Geoscientist or engineer with a university degree related to mineral exploration or mining

**Experience**
At least 5 years of experience in the mineral industry that is related to their professional degree or area of practice and has Relevant Experience related to the subject matter of the mineral project

**Ethics**
In good standing with a professional regulator recognized by law in Canada, or a foreign professional body listed in NI 43-101

Qualified Person (QP) is a term created by the capital markets for the capital markets

QP
Relevant Experience
Assessing Relevant Experience to “Act” as a QP

1) Review relevant regulations, standards, and guidelines that apply to you

2) Assess your education and training, including professional development

3) Assess your work experience history (prepare a work experience matrix)

4) Assess your level of responsibility on past mineral projects

5) **Important Step:** Seek feedback from your peers and colleagues
Summary of What Was Discussed

1) Disclosure
   • Fundamental to an efficient capital market, and confidence in the capital market

2) NI 43-101 Standards of Disclosure for Mineral Projects
   • Objective is to enhance the reliability of technical disclosure provided to investors

3) Role of professionals
   • Act as gatekeepers (i.e. Qualified Persons) who are accountable for their opinions

4) Professionals assessing their relevant experience
   • Know your competency limits, be honest with yourself, seek feedback from peers
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Thank you!

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