



British Columbia Securities Commission

Alberta Securities Commission

Financial and Consumer Affairs Authority of Saskatchewan

Manitoba Securities Commission

Ontario Securities Commission

Autorité des marchés financiers

Financial and Consumer Services Commission, New Brunswick

Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Nova Scotia Securities Commission

Office of the Superintendent of Securities, Service NL

Northwest Territories Office of the Superintendent of Securities

Office of the Yukon Superintendent of Securities

Nunavut Securities Office

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour PwC
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

RE: Commentary on Proposed Amendments to NI 43-101

Dear Canadian Securities Administrators (CSA) members,

On behalf of the Prospectors & Developers Association of Canada (PDAC), our more than 8,200 corporate and individual members, including many issuers, professional geoscientists and engineers, we offer commentary from a broad and diverse stakeholder group on the proposed amendments to *National Instrument 43-101 Standards of Disclosure for Mineral Projects* (NI 43-101), as published on June 12, 2025.

PDAC supports CSA's initiative to modernize NI 43-101 after nearly 15 years since its last meaningful revision and our feedback is underpinned by the fact that the mineral sector represents the largest cohort of public companies listed on Canadian exchanges, generating more than half of all equity funds raised in Canada in 2024.

At a crucial time when Canada is facing upheavals in internal and external trade, as well as mounting pressure to accelerate our mineral industry's capacity to deliver critical raw materials to Canada and allied nations, from our perspective the sector is falling behind. Overlapping regulation, including in securities disclosure, is a primary reason for Canada's lagging position. Against this backdrop, the CSA must ensure that the foundational spirit of NI 43-101 remains intact, and that any amendments are primarily intended to improve the efficiency of disclosure and the competitiveness of Canadian issuers, while maintaining Canada's dominance in the mining capital markets.

We recognize there are opportunities to streamline and improve harmonization of the Instrument with international standards, and in reviewing the suite of proposed amendments several positives stand out around thresholds, nomenclature and report triggers. However, our members are concerned that the collective impact of the proposed amendments will lead to increased uncertainties, costs, and regulatory burden on issuers, as well as encroachment into areas of professional practice and judgment.

The Mining Standards Taskforce formed in the late 90's, post Bre-X, provided recommendations for NI 43-101 disclosure standards ('*Taskforce Report*') that remain quite relevant today, noting that it *"does not believe that burdening the mining industry with excessive or unnecessary regulation would eliminate the potential for future scandals"* and that *"regulation has to be realistic to be effective and should focus on those areas that represent the most significant exposure to risk"*. The Taskforce rightly cautions that overregulation would inevitably drive mining finance abroad to competitor markets.

Among the proposed changes, several appear particularly concerning and/or create significant uncertainty. Most notably, the removal and replacement of the materiality threshold for scientific and technical information with the undefined term "relevant" would significantly increase the amount of required disclosure by a public issuer, spark uncertainty on what represents compliant disclosure, and place determination of what is or is not relevant in the hands of regulators, not a Qualified Person (QP).

Our interpretation of the amendments also points to a new requirement to provide technical disclosure on non-material properties. This change would place even more burden on QPs and cause disclosure costs to surge without providing readily identifiable benefits to investors. Rather, this change risks inundating investors with excessive information.

Establishing clear boundaries between regulatory disclosure requirements and professional judgment is a critical concern, and throughout our commentary we attempt to highlight issues that arise directly from this lack of delineation.

To address such issues over the long term, **we recommend** that the CSA strengthen cooperation mechanisms with organizations that oversee professional practice in Canada to improve compliance standards and enforcement where necessary. Such an approach would help safeguard the autonomy of the professional associations while addressing the concerns highlighted in this submission.

Another major concern expressed by our members is the proposed mandatory disclosure of sensitive information on engagement with Indigenous Peoples, which by its very nature is non-technical and poses a host of substantial risks to mineral project proponents. **We recommend** removing this requirement from the proposed amendments and eliminating any non-technical disclosure requirements relating to stakeholder engagement from all components of NI 43-101.



The proposed amendments also represent a missed opportunity to implement changes that would improve compliance and enhance the competitiveness of Canadian public issuers relative to those in other major markets — for example, by eliminating the QP independence requirement, which does not exist in any other key mining jurisdiction.

Given the wide scope and substantial concerns raised to PDAC regarding the proposed changes, **we strongly recommend** that CSA undertake follow-up consultations subsequent to the current comment period with knowledgeable stakeholders like regional mining and exploration associations, CIM's Mineral Resources and Mineral Reserves Committee (MRMR), the Mining Technical Advisory and Monitoring Committee (MTAMC), PDAC, and professional geoscience and engineering regulatory bodies across Canada. Such engagement would help clarify recommendations, ensure clear delineation between regulatory scope and professional practice, and support the collection of targeted, incremental feedback on potential amendments to NI 43-101 prior to finalizing revisions to the Instrument.

The remainder of this commentary is organized as follows: we begin by outlining the positive changes we support, then address our key concerns, discuss several missed opportunities, and conclude with brief feedback on the Ontario Securities Commission's cost-benefit analysis of the proposed amendments.

We thank CSA for the opportunity to provide commentary on the proposed amendments to NI 43-101, and we invite follow-up engagement to provide additional context for the issues we outline in this letter. Please feel free to contact Jeff Killeen, Director of Policy and Programs (jkilleen@pdac.ca) to coordinate such engagement, at your convenience.

Sincerely,

Lisa McDonald

PDAC Executive Director

1. Proposed Improvements to the Instrument

The proposed amendments introduce several important improvements that we believe will modernize outdated requirements, align Canadian disclosure standards with international best practices, and reduce unnecessary compliance burdens without compromising investor protection. Key positive changes include:

Increasing “Producing Issuer” Threshold

We view this change as warranted and sensible. The current threshold was set in 2005 and has not kept pace with market realities, fluctuations in the Canadian and U.S. currencies, cost inflation, and major fluctuations in metal prices. For example, the price of gold has increased by more than fivefold in this timeframe. Accordingly, raising the economic measurement threshold for what is defined as a producing issuer more closely reflects current market conditions.

Allowing Inclusion of Inferred Resources

We applaud the CSA for removing the prohibition of inferred resources in disclosing total resource figures (with clear cautionary language). This restriction has been unique to Canada, and the proposed change aligns NI 43-101 with international industry practice, reduces duplicative reporting, saves issuers time and money, and allows for a more complete representation of the mineral resource potential of any given project. This inclusion also levels the playing field by allowing the ordinary retail investor to get a true potential of a project, whereby previously, this was available mainly to the sophisticated institutional investors.

Replacing the Preliminary Economic Assessment (PEA)

The current PEA framework has created significant challenges for issuers, particularly in relation to prohibitions of including data disclosed in a pre-feasibility or feasibility study within a PEA. This artificial restriction often prevents issuers from presenting a fuller and more realistic picture of their projects or taking alternate strategic paths of project development that may respond to changing costs or commodity prices. We interpret the proposed amendments removing this limitation for a Scoping Study and allowing issuers to integrate preliminary and higher-confidence data where appropriate. This is a welcome change that provides issuers with a more practical and transparent disclosure tool. The Scoping Study nomenclature is also more consistent with other reporting industries' practice.

We emphasize the importance of such conceptual studies for the Canadian mining industry. Preliminary assessments and scoping studies enable issuers to provide investors with a rough outline of a project's potential — including possible extraction methods, scale, capital and operating costs, and prospective value under defined assumptions. This type of study also serves as a reality check on the strategic intentions of an issuer and reinforces the principle that transparency is the best protection for investors. With appropriate cautionary language about the conceptual nature of early studies, we urge the CSA to refrain from restricting the use and to allow investors the benefit of informed decision-making based on such studies.

Clarifying the Cost Estimate Disclosure

Under Item 21 of the current Form, disclosure requirements for cost estimates are minimal and could lead to inconsistent reporting across issuers. The proposed amendments meaningfully expand and clarify these requirements, establishing a more structured yet flexible disclosure framework. This enhanced guidance promotes greater consistency and transparency while avoiding overly prescriptive rules, representing a positive change that will ultimately benefit investors. We note, however, that one aspect of the new requirement raises concerns, as outlined in [subsection 2.10](#) of this commentary.

Removing Report Triggers

The proposed amendments sensibly eliminate several outdated technical report triggers, including the rights offering circular trigger and the outdated TSX Venture Exchange short form offering document trigger. These changes streamline compliance, align with other changes in securities regulation and the exchanges, and have no negative impact on issuers with mineral projects.

Streamlining Environmental Disclosure Requirements

CSA notes that disclosure requirements covering environmental studies have been simplified in response to feedback received during the 2022 Consultation. Specifically, the proposed requirement to disclose the dates of environmental studies in Item 20(a) of the Form versus the prior summary requirement is a welcome change as it more closely reconciles with QP scope.

2. Proposed Amendments of Concern

2.1. Replacing “Material” with “Relevant” Scientific and Technical Information

Perhaps the most significant concern we have identified in many instances in the proposed amendments is the replacement of a well-established materiality filter with the undefined concept of “relevant” scientific and technical information.

Materiality has an objective legal precedent as to what information would reasonably be expected to influence an investor’s decision. By contrast, “relevant” is not defined in the proposed instrument, there is no readily available definition in securities law, nor guidance as to how the term is applied in the context of compliant disclosure. This leaves a troubling degree of uncertainty as to what constitutes relevant information and who holds the privilege to determine the scope of relevant information i.e. – designated professionals or securities regulators.

Replacing “material” with “relevant” will restrict the professional capacity of QPs and transfer decision-making power from designated professionals to regulators, who may lack the practical expertise needed to make such determinations. This ambiguity may expose issuers to inconsistent regulatory outcomes and increases the risk that regulators will second-guess a QP’s judgment after the fact. It will also create uncertainty that may compel issuers to err on the side of over-disclosure, even when the information is unlikely to affect investor decisions. Instead of improving transparency, this approach risks generating more disclosure but less clarity, while eroding the professional role of QPs in safeguarding technical integrity.

Disclosure requirements should remain focused on ensuring robust, high-quality reporting of information that is material to an issuer's business and its investors, rather than obliging issuers to exhaustively document immaterial information under an undefined standard. Shifting to a vague and undefined standard expands regulatory reach into professional practice and creates inefficiency, ambiguity, and competitive disadvantage for Canadian issuers.

This change—despite its major implications for compliant disclosure—was not presented for feedback in 2022's [Consultation Paper 43-401](#).

We recommend that the CSA retain the materiality filter for determining the scope of scientific and technical information disclosure required under NI 43-101.

2.2. Defining Qualified Persons & Professional Practices

We have identified two key concerns regarding the QP definition 1) the point in time at which experience toward QP eligibility begins to accumulate and 2) the interpretation of what constitutes “experience relevant to the subject matter.”

Post-Registration Experience Requirement

Under the current definition, a QP must have *“at least five years of experience in mineral exploration, mine development or operation, or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice”* AND must be in good standing with a recognized professional association.

PDAC joins many in Canada's professional geoscientific community in opposing the proposed amendment that would impose a 5-year exclusion on Professional Geoscientists or Engineers who are accredited by a professional association recognized under NI 43-101 and possess the requisite skills and experience to act as QPs. This approach is counter to the view expressed by industry associations and organizations such as [Geoscientists Canada](#). This proposed waiting period would also create an uneven barrier for incoming professionals to Canada who may have the requisite education and experience to readily obtain professional status by arbitrarily preventing their ability to act as a QP for 5 years.

Registration with a professional association already entails a rigorous process, in which applicants must:

- hold an accredited geoscience or engineering degree;
- demonstrate a minimum of four years of progressive, acceptable post-graduation work experience (with professional supervisory requirements);
- provide professional references attesting to competence and good character; and
- pass a Professional Practice Examination covering ethics, law, and professional practice.

Because professional associations review and credit relevant experience as part of registration, in our opinion, it is illogical for the CSA to disregard pre-registration experience and require an additional five-year period post-registration.

Moreover, the proposed amendments would break international alignment. Under JORC, SK-1300, and international bodies such as CRIRSCO, a QP (or Competent Person) must be in good standing

with a professional association possessing disciplinary authority and have at least five years of relevant experience, but none of these standards requires that the experience be gained only after registration. This remains the case under current NI 43-101, and the proposed amendments therefore represent a significant departure from established international practice.

The Proposed Amendments also deviate from the recommendations outlined in Section 2.4 of the *Taskforce Report*:

“Another component of a QP’s qualifications is experience. At least five years of general professional experience in his or her field should be required, including experience pertinent to the project or task under consideration. As Canadian provincial engineering or geoscientist associations commonly require 4-5 years of professional experience for registration, the broad professional experience requirement is automatically satisfied for most Canadian registered individuals.”

As the above excerpt makes clear, the *Taskforce Report* recognizes that experience acquired prior to professional registration should count toward the five years of experience required of a QP.

We recommend that the CSA eliminate the proposed change to the five-year period and continue to allow individuals to accumulate five years of relevant industry experience, as under the current Instrument, without restricting it solely to post-registration experience.

QP Determination of Relevant Experience

PDAC members have expressed serious concerns that CSA is unduly determining what constitutes “experience relevant to the subject matter of the mineral project,” which, in our view, represents an overreach into professional practice areas beyond the scope of securities regulation under the respective codes of conduct and practice. This determination should be the prerogative of professionals and professional governing organizations. This overreach creates significant uncertainty for issuers, most acutely when a technical report is filed in the context of fundraising efforts.

We recommend that CSA collaborate with professional associations across Canada to establish a mechanism for rapid information sharing and clarifying uncertainties with respect to QP self assessment processes and professional practice. This type of approach could mitigate unintended negative consequences for issuers like untimely rejections of technical reports or unnecessary inclusion on the defaulting issuer list.

2.3. Mandatory Disclosure of Non-Material Projects

Under the current framework, disclosure of technical and scientific information is limited to material properties - those that would reasonably influence an investor’s decision. However, the proposed amendments generate uncertainties as to what represents compliant disclosure with respect to non-material properties and presents a risk of fundamentally altering the required scope of QP oversight.

The proposed amendments seem to imply QP responsibility would extend to projects irrespective of scale. This would drive substantial increases in compliance costs without a clear corresponding benefit and risks overwhelming investors by making it difficult to discriminate between material and

immaterial information. It could also lead to greater market opacity over the long-term as issuers look to rationalize costs and QP liabilities.

Importantly, technical disclosure of non-material projects was not presented for industry feedback in the 2022 Consultation Paper.

We recommend that CSA maintain the current approach, limiting disclosure to material properties only. This approach preserves proportionality, minimizes unnecessary compliance costs, and ensures investors receive focused, decision-useful information.

2.4. Balancing Data Verification Priorities

The proposed amendments represent a major expansion of data-verification obligations for QPs that raise serious concerns about the scope and practicality of requirements and present another avenue for regulatory overlap into professional practice areas.

Expanding Verification Requirements

Under the current framework, data verification is required only for the Mineral Resource database. By contrast, the proposed amendments state that a QP *“should conduct data verification on any scientific and technical information included in the report. Data verification steps may be necessary for, but not limited to, parts or all of Items 9, 10, 11, 13, 14, 15 and 17, and any assumptions used in Items 21 and 22.”*

The expansion of the data verification requirements, and in particular the explicit manner by which data verification is required for various items irrespective of context, represents a significant change from the views expressed in the *Taskforce Report*:

“The Task Force believes that the nature and extent of data verification should be left to the discretion of the QP preparing the report. The level of verification needed will vary for each program”

Without including clear guidance on verification processes in the Companion Policy for mandatory disclosure items, issuers will face higher costs and regulatory compliance risk. Further risks exist for QPs, who may be subject to inconsistent determinations as to what constitutes acceptable verification across multiple disciplines, and regulatory overreach into professional practice.

We recommend that the CSA limit data-verification obligations to items for which CIM guidance already exists, or work with CIM to develop additional guidance where needed in advance of expanding any data verification disclosure requirements.

Requiring Verification for Non-material Projects

It is unclear to us whether under the proposed amendments data verification obligations extended also to non-material properties. Informal discussions with CSA have implied that only material projects are subject to data verification requirements. However, in the request for comments published on June 12, 2025, under *“Written disclosure and material mineral projects”* it is noted that:

“The Modernized Disclosure Requirements clarify that the prescribed requirements for written disclosure apply to material and non-material mineral projects. The requirements

apply to written disclosure regarding data verification, exploration information, and mineral resources and mineral reserves.”

Given the above, we seek clarification from CSA as to whether data verification should be conducted **only** for material projects.

If data verification requirements do extend to non-material projects, QPs will need to review and audit a significantly larger volume of information, which will increase costs and process time without materially impacting investor protections.

We recommend that all data verification requirements should be subject both to a materiality threshold and to a reasonableness test based on accepted industry practices. Neither of these filters—materiality or reasonableness—is currently included in the proposed amendments.

Acceptance of Prior Data Verification

Proposed amendments to the Companion Policy state *“simply referencing prior data verification conducted by others does not meet the requirements of this Item”*. The industry has long viewed data verification as a shared responsibility, and many global reporting codes explicitly embed this team-based approach guidance for preparing Mineral Resource and Mineral Reserve estimates ([e.g. in the guidance to section 3 in CRIRSCO Template](#)). Each round of verification builds on work previously performed by others. Where data have been thoroughly verified, documented, and reviewed by the QP, repeating the process adds no value but imposes significant cost and delay.

We recommend that the CSA permit QPs to rely on properly documented prior verification conducted by others, provided they review and confirm it meets current standards.

2.5. Inclusion of Non-technical Disclosure Under Items 4 and 20 of the Form

[The BCSC Mining webpage](#) describes NI 43-101 as *“Standards of Disclosure for Mineral Projects, governs a company's public disclosure of scientific and technical information about its mineral projects.”* Proposals in Item 4 and Item 20 of the Form 43-101F1 will expand disclosure to include non-technical items and risk factors and present more drivers of increased risk, costs and regulatory burden for issuers without any tangible increase in investor protections.

Disclosure of Engagement with Communities & Indigenous Peoples and Misrepresentation of Indigenous Consultation Obligations

The requirement to disclose the status and dates of negotiations or agreements with local communities (Item 20(d) in the current Form) or with Indigenous Peoples (Item 20(c) in the proposed Form) and the proposed requirement under Item 4(e) to disclose *“any permit or agreement required under laws to conduct the work proposed for the mineral project, including, for greater certainty, those with Indigenous Peoples, rightsholders or communities”*, pose significant risks to issuers and additional administrative burdens that are not accompanied by additional investor benefits.

Project proponents often engage in highly sensitive and confidential conversations with multiple distinct Indigenous Nations, communities or groups; conversations that span many years and touchpoint beginning at the first stages of exploration and extending long after agreements, such as exploration agreements, participation agreements, and Impact Benefit Agreements (IBAs), have

been signed. Each relationship between an industry proponent and Indigenous community is unique, built upon mutual desire for beneficial partnerships, mitigation of potential negative impacts, and opportunities for collaboration. Agreements being negotiated are also distinct, subject to the unique interests of the individual communities.

Technical reports are intended as point-in-time summaries at key project milestones. They are not designed to capture evolving social or community-related matters, nor can they provide the ongoing, real-time updates needed to accurately inform investors about negotiations or shifting relationships. Such information, when appropriate for public disclosure, is better disclosed under continuous disclosure obligations (such as the AIF, MD&A and ESTMA filings) and complemented by company websites, press releases, and social media communications. Requiring issuers to include non-technical items like the “status and dates” of negotiations generates new and unnecessary risks for issuers, is impractical, and overly burdensome.

Negotiations with Indigenous Peoples are commonly conducted within a confidential framework, in many cases at the request of the Indigenous Peoples. Standard protocols typically include confidentiality provisions that prevent disclosure of the timing, content, or status of discussions. Requiring issuers to publish this non-technical information risks breaching confidentiality obligations, undermining trust between the parties and harming Indigenous relationship processes.

Additionally, Item 4(e) of the Proposed Form specifically mentions “agreements required under laws to conduct the work proposed”. While the mineral sector is a leading supporter of Indigenous participation in the industry - with more than 520 agreements currently in place - proponents are not required by law to sign these agreements. The Government of Canada, as representative of the Crown, is legally obligated to consult with Indigenous Peoples; while elements of that duty are often delegated to proponents, legal responsibility remains with the Crown.

While CSA's intention is to provide investors with clarity on engagement stages, mandatory disclosure of negotiation details in NI 43-101 technical reports risks damaging the very relationships that are essential to project success.

We recommend removing the specific references to agreements and negotiations with Indigenous Peoples from Items 4 and 20 of the Form, and continue the approach of relying on issuers to report on such negotiations and agreements via continuous disclosure (i.e., press releases, material change reporting, MD&A, AIF, etc.).

Disclosure of Environmental Permits & Studies

Expanding the disclosure requirements to include non-material projects (as discussed under subsection 1.4 above) will significantly increase the volume of permits and studies that must be disclosed under Item 20. Despite a positive change that moves away from requiring a summary of environmental studies to noting their dates, there is still no materiality threshold for such disclosure. Accordingly, **we recommend** that the CSA introduce a materiality filter for Item 20 of the Form.

2.6. Removal of the Allowance to Rely on Other Experts for Marketing Information

The proposed amendments remove item 3(b) from the current Form, which results in eliminating the ability of QPs to rely on reports, opinions, or statements from non-QP experts regarding the pricing of commodities for which pricing is not publicly available.

Stripping away this allowance forces QPs into an untenable position by holding them responsible for information that lies outside their expertise. It is unclear what specific regulatory problem prompted the removal of this important provision.

Market data for non-freely traded commodities (e.g. critical minerals and other industrial materials or battery metals) include price forecasts, supply and demand analyses, market-entry strategies and other practices that go beyond the purview of a QP. Instead, this information comes from financial service providers, commodity analysts or market specialist firms. These proprietary analyses can help determine the future viability of a project in supplying evidence that QPs are generally not equipped to independently verify or replicate.

In practice, the mining industry has long depended on such expert market information. Removing the ability to cite or rely on these sources would disconnect technical reporting from the very data required to evaluate a project's economic prospects.

We recommend that CSA allow QPs to rely on other experts with respect to the pricing of commodities for which pricing is not publicly available. Furthermore, we think that CSA should expand the allowance to rely on other experts to other professions that contribute to a technical report but are not QPs.

2.7. Changes to Current Personal Inspection Requirements

The proposed amendments present significant changes to the current personal inspection requirements that will create barriers for issuers. While personal inspections are an essential part of compliant reporting, regulations need to reflect the wide spectrum of operating parameters in the mineral industry and be flexible to respond to changing circumstances.

Relevant versus Material

As noted previously, a major concern is the proposed replacement of the defined term 'material' with the concept of 'relevant' scientific and technical information. Specifically, subsection 21(1) of the proposed Companion Policy states that *"the qualified person should consider taking the necessary steps to verify independently that there has been no additional work done on the mineral project since their last personal inspection."* Without a materiality filter, this statement could imply that QPs must make site visits immediately before signing reports / validating studies. This would be in contradiction to prevailing industry practice, according to which a project site visit should be conducted at an early stage to enable QPs to incorporate on-site observations into technical analysis and conclusions.

The proposed amendments offer QPs with two untenable options: either conduct multiple site visits that will add cost and time, or ensure that project proponents cease activities after a site visit is conducted in lead up to furnishing a report. Both options seem overly burdensome for issuers without any meaningfully improved investor protections. As such, **we recommend** that CSA reinstate the materiality filter in determining site inspection validity.

Mandatory In-Person Site Visit

Item 21 of the Instrument states that the inspection should be done in person. As noted in our response to the 2022 Consultation, while we believe that a physical site visit should remain a mandatory part of a QP satisfying the personal inspection requirement, we also think that in certain circumstances the requirement could be less prescriptive and allow for technological access where a QP has conducted a previous visit to the same site and has prior familiarity with all relevant information. As mining projects progress through multiple rounds of studies and technical reports, the relative value of on-site inspections tends to diminish, and ongoing visits may not be necessary in all cases. Yet the current guidance does not provide QPs with the discretion to determine, based on context, whether a site inspection is strictly necessary.

We recommend that CSA replace the current wording with a phrasing that allows the QP more flexibility and discretion in determining the materiality, validity or necessity of an in-person site inspection, as well as the appropriate timing for the site visit, based on context and project realities.

Prohibition on Delegation of the Current Personal Inspection

Subsection 21(2) of the Companion Policy states that the QP who signs a technical report must conduct a personal site inspection, and that this inspection cannot be delegated to another QP.

We think this requirement is overly restrictive and of questionable benefit to investors. For example, it is already accepted that data gathering and analysis are performed collectively in the preparation of mineral resource and reserve estimates, with CIM explicitly recognizing that these estimates can be done as a team effort. We think a similar approach should apply to site inspections.

Allowing one QP to conduct on-site inspections and share their findings with another is efficient and consistent with the collaborative nature of the sector and lowers regulatory compliance costs. For example, when a QP examines drill core, that work can simultaneously inform geological, geotechnical, and metallurgical assessments—this is standard practice in mineral project development.

Considering the above, **we recommend** that CSA allow delegation of personal inspections in cases where appropriate, such as when multiple QPs are involved in technical reporting.

Eliminating Current Personal Inspection Deferrals

Many projects are in remote northern or high-altitude regions, where access is possible only during limited seasonal windows. Under the current framework, issuers can proceed with disclosure and financing efforts by filing a technical report and then updating it once conditions permit a personal inspection. The proposed rule would instead require that at least one qualified person complete the inspection before the report is filed, regardless of seasonal barriers.

In certain cases, this change may jeopardize financing timelines. For exploration-stage companies, raising capital is often highly time-sensitive. If a financing window coincides with periods when site access is impossible due to weather, companies would be unable to file a compliant technical report, and therefore be unable to advance a financing. The result is a potential chilling effect on capital formation for Canadian juniors.

CSA's rationale appears to be that the allowance for deferral has been rarely used. However, we do not see why the infrequent use of this provision justifies eliminating it altogether, even if only a handful of issuers may rely on the deferral in the future. Moreover, with the removal of the materiality filter, there may be many more cases in which this allowance will be needed. Therefore, **we recommend** that CSA maintain the allowance for a deferral of the current personal inspection due to seasonal weather conditions.

2.8. Alignment with CIM Guidance on Inferred Mineral Resources

The proposed amendments represent a positive development by allowing Inferred Mineral Resources to be included in the total Mineral Resource Estimate. We also acknowledge that, notwithstanding paragraph 7(1)(b) of the proposed Instrument, subsection 7(3) permits an issuer to disclose the results of an economic analysis from a scoping study that includes Inferred Mineral Resources.

However, paragraph 7(b) of the proposed Companion Policy currently states:

"For example, CIM considers the level of geologic knowledge and confidence in inferred mineral resources is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure."

PDAC interprets that this statement is no longer factually accurate. While paragraph 7(b) reflects CIM's 2010 guidance, CIM's position has since evolved.

2014 CIM guidance notes:

"It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration."

As a result of this change, CIM now considers the level of geologic knowledge and confidence in Inferred Mineral Resources as sufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure.

To prevent confusion, **we recommend** that the CSA remove the outdated statement from the Companion Policy and clarify that there is no prohibition on the use of Inferred Mineral Resources in a scoping study, provided the conditions set out in subsection 7(3) of the Instrument are met.

2.9. Elimination of Project Stages

Under the current Instrument, there is a distinction between early-stage and advanced properties. Early-stage properties are exempt from completing items 15–22 of the technical report—an approach that is appropriate given that these items are, by and large, not relevant to early-stage projects.

The proposed amendments remove this distinction and, as a result, issuers with early-stage properties would be obliged to address all items of the technical report. PDAC members have expressed concerns that this change may increase compliance risk and liability for early-stage issuers, who would now be required to determine the relevancy of each of items 15–22 to their

projects. The subjective nature of “relevant” scientific and technical information would further heighten the liability borne by the QP and, consequently, the issuer.

We recommend that the CSA maintain project-stage distinctions and the current exemption for early-stage properties with respect to items 15–22 of the technical report.

2.10. Disclosure of Each Important Element under Item 21 (Cost Estimates)

Positively, the proposed amendments expand guidance on cost estimate disclosures required under Item 21 of the Form. The proposed framework provides clearer disclosure standards that will benefit investors. However, under subsection 21(c) of the Form, issuers are required to provide “*an explanation of any cost estimate classification used and the level and accuracy of each important element.*”

This requirement is overly broad and introduces significant uncertainty. NI 43-101 technical reports encompass thousands of individual elements and materiality filter is necessary to establish a common benchmark for what constitutes compliant disclosure.

We recommend that CSA adjust the text in subsection 21(c) to state “*an explanation of any cost estimate classification used and the level and accuracy of each material element*” to provide clarity on what constitutes compliant disclosure by a QP.

2.11. Problematic Terminology Regarding “Reasonable Prospects for Eventual Economic Extraction” Under Item 14

We have two concerns with the terminology used in Item 14 of the proposed amendments, relating to the Mineral Resource Estimate.

Reasonable Prospects Criterion

Subsection 14(b) of the Form requires that, when disclosing a mineral resource, issuers must include:

“the inputs for each cut-off grade or economic limit and how they meet the test of ‘reasonable prospects for eventual economic extraction,’ as defined by CIM.”

The expression “meet the test” is problematic. CIM guidance does not define ‘reasonable prospects for eventual economic extraction’ as a **test** to be passed, nor does it establish any formal thresholds. Rather, CIM outlines the economic and technical considerations that QPs should consider when evaluating the potential economic viability of a mineral resource. By establishing a “test,” the proposed amendments create unnecessary ambiguity of what would constitute compliant disclosure, and risks extending regulatory encroachment into professional practice.

The Need to Demonstrate Reasonable Prospects

Subsection 14(6) of the Companion Policy states:

“A mineral deposit is not a mineral resource unless it demonstrates the reasonable prospects requirements of mineral resources.”

This wording is problematic in the context of a Mineral Resource. According to the 2014 CIM Definition Standards for Mineral Resources & Mineral Reserves:

“The phrase ‘reasonable prospects for eventual economic extraction’ implies a judgment by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction”.

Within the CIM definitions, the term “demonstrates” applies to a Mineral Reserve—not a Mineral Resource. The 2014 Standards state that, for prefeasibility and feasibility studies incorporating the application of modifying factors, “*such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.*”

In our view, applying the term “demonstrate” in this manner when defining a Mineral Resource is misplaced and will generate uncertainties between what QPs consider appropriate and what regulators will consider compliant disclosure.

Based on the rationale above regarding both “demonstrate” and “meet the test,” **we recommend** that CSA strike these phrases from subsections 14(b) and 14(6) in the proposed Form and Companion Policy, respectively.

3. Missed Opportunities

We recognize the importance of regulatory consistency and that regulatory frameworks like NI 43-101 are updated infrequently. For this reason, it is important to highlight potential opportunities for improvements and key considerations that warrant attention but are not addressed in the proposed amendments.

3.1. QP Independence

We reiterate our position from the 2022 Consultation that the current independence requirement for QPs is unnecessary and should be removed.

Often the most knowledgeable person regarding the information on the property is the employee of the issuer that has been working on the project and has observed how the data was collected and how the interpretations have evolved. QPs are members of professional associations and are required to maintain integrity and professional standards whether independent or not. Lastly, it is important to note that no other mining jurisdictions have independence requirements under securities regulation, and having that requirement without clear evidence of investor benefit diminishes the competitiveness of Canadian financial markets as the top destination to raise capital.

Therefore, **we recommend** that CSA remove the independence requirement currently set out in section 3 of the Instrument.

3.2. Consent of Technical Report Author QP

In its May 20, 2021 Consultation Paper on *National Instrument 51-102 Continuous Disclosure Obligations* (NI 51-102), CSA raised several questions about the requirement to name the authors of technical reports in short form prospectus filings (and as a result the need to get their consent). The

consultation specifically invited feedback on the challenges that issuers face due to this requirement and the implications of removing this requirement for issuers and investors. This touchpoint presented an opportunity to streamline reporting obligations that has unfortunately not progressed to date.

When companies raise capital via short form prospectus offerings, it is often done to take advantage of relatively short periods of market activity and investor demand to ensure a financing is successful. For mineral issuers, it may take an author QP a significant amount of time to review incremental work and information that has been collected subsequent to a technical report being completed on a project following the QP's departure, as exploration work on a deposit progresses continuously in most cases. Without performing this review, an author QP may not be able to provide consent at a given point in time. Moreover, an author QP may not be available when an issuer seeks consent, or an issuer may not be able to directly contact a QP depending on the amount of time that has lapsed since furnishing a technical report. By the time the consent is obtained in such instances, if at all, the market window available for an issuer to complete a financing may have passed.

Requiring author QP consent also calls into question the ethics and capabilities of both internal and external non-author QPs. If it is satisfactory for non-author QP consent to be relied upon for incremental disclosures and filing of public documents such as Material Change reports subsequent to a technical report being filed, the same level of authority should be afforded to non-author QPs to verify the veracity of a technical report. The limitations outlined above can prevent mineral exploration companies from using the short form prospectus, irrespective of if they have complied with all necessary disclosure requirements.

While obtaining consent from an author QP would be ideal to support a short form prospectus filing, as long as an issuer has disclosed all relevant changes and material information through the continuous disclosure regime, consent by a non-author QP should not negatively impact investors. A non-author QP is most commonly the person most familiar with both previously filed technical reports and the current technical status of a project. QPs have professional and ethical standards that they must follow and are tasked with providing unbiased professional opinions.

We recommend that CSA remove the requirement to name the technical report author under subsection 5.4(1) of the AIF Form and the requirement to obtain an author QP consent as set out in paragraph 4.2(a)(vii) of National Instrument 44-101 Short Form Prospectus Distributions.

3.3. Mobility Requirements for QPs

Currently, in order to sign off on technical reports, QPs are required to be registered with a professional association in the same jurisdiction in which the mineral project is located. This constraint significantly limits the mobility and availability of QPs across Canadian provinces.

This issue was explicitly addressed by the 1999 Mining Standards Taskforce Report, which examined reciprocal recognition of QPs both internationally and interprovincially. With respect to the Canadian interprovincial context, the Taskforce noted:

“At the same time, it would be absurd to recognize foreign professional associations and foreign QPs but not the professional associations and QPs of other provinces and territories

of Canada... The important issues are the adequacy of a professional association's disciplinary policies and the expertise of the QP, not nationality or place of residence."

The Taskforce concluded with a clear recommendation:

"We support the recognition by Canadian securities regulatory authorities and stock exchanges of Qualified Persons from all provinces and territories of Canada".

We recognize that reciprocal recognition by professional associations is outside the jurisdiction of securities regulators. However, both the current and proposed Companion Policy contain language that reinforces the provincial constraint, noting that:

"Individual Canadian provincial and territorial legislation may require a qualified person to be registered if practising in that jurisdiction of Canada."

While it is true that professional mobility falls within the responsibility of the provincial associations, the securities regulators have an important role in shaping the framework under which QPs operate.

Therefore, **we recommend** that the CSA initiate work with the provincial and territorial associations to develop a mechanism for interprovincial reciprocal recognition. Such a framework would improve QP mobility, broaden the pool of available expertise, and ultimately enhance the quality and efficiency of technical disclosure across Canada.

4. Cost Benefit Analysis Considerations

Within the suite of documents published by the Ontario Securities Commission (OSC), the proposed amendments are accompanied by a cost-benefit analysis (CBA) assessing the impact of the proposals, which states:

"Overall, we anticipate that the Modernized Disclosure Requirements will have minimal effect on existing compliance costs for issuers who already prepare disclosure under the current requirements since the focus of the proposed amendments are to modernize, streamline and clarify the requirements to reflect international harmonization and current industry practice."

In the following section, we have identified and outline some considerations that could inform a revised approach to conducting a CBA that we think would more accurately reflect potential outcomes stemming from implementing the proposed amendments.

4.1. Reduced Disclosure Volume

First, some of the items in the CBA address the reduction in the volume of mandatory disclosure as a factor that could justify some of the estimated cost savings. For example, OSC estimates significant cost savings to the industry due to removal of mandatory disclosure on adjacent properties and from removing the obligation for royalty issuers to file technical reports. We note that currently the disclosure of adjacent properties is optional, and thus, anticipate its removal from the Form would not result in appreciable cost savings for issuers.

While some volume reduction may be achieved through the changes noted in the CBA, the proposed amendments also add significant volume of mandatory disclosure and increase the burden on QPs by potentially requiring increased disclosure for non-material properties, introducing new

data verification requirements for additional items that do not have an established industry best practice, and forcing QPs to redo data verification that was well done and well documented by previous QPs. These additional requirements were not considered in the CBA.

4.2. Increased Clarity & Non-Compliance Reduction

Even more problematic in the CBA is the underlying assumption that the proposed amendments will increase clarity for issuers and thereby improve compliance, reduce disclosure deficiencies, and lower the costs associated with revising and refiling technical reports or other disclosure documents. The CBA highlights cost savings through “increased clarity”, replacement of ‘PEA’ with ‘Scoping Study’ and revisions to the language governing reliance on other experts.

With respect to reliance on other experts, OSC notes the following in the Local Matters section:

“We assume the proposed amendments the reliance on other experts Item of the Technical Report with redrafting of the requirements and providing added clarity may lead to improved compliance by issuers.”

As highlighted in [subsection 2.6](#), we anticipate this change will not materially improve clarity as the proposed amendments remove allowance to rely on external market information. This means that QPs would now be required to research and assume responsibility for marketing studies. This requirement will increase QP burdens and the cost of furnishing technical reports and is not factored into the CBA.

With respect to non-compliance, the OSC states in the CBA:

“When staff conduct disclosure reviews of an issuers information either publicly filed on SEDAR+ or posted on an issuer’s website that identifies disclosure deficiencies, this may lead to corrective disclosure by the issuer and associated costs for external legal counsel and qualified persons which can potentially be significant.”

While this observation may be valid in isolation, the CBA overlooks the significant costs stemming from the uncertainty and expanded regulatory reach created by the proposed amendments. Such uncertainty will compel issuers to engage external legal counsel and QPs more extensively—not less—in an effort to avoid disclosure deficiencies and non-compliance.

We assert that, far from reducing ambiguity, the proposed amendments introduce greater uncertainty, as demonstrated with the removal of ‘material’ and replacement with ‘relevant’ and the addition of data verification requirements on items for which no CIM guidance currently exists. To ensure compliance under these new conditions, issuers will be forced to devote significantly more human and capital resources. The added costs and risks associated with this increased uncertainty were not considered in the quantitative portion of the CBA.

4.3. Ongoing Compliance Costs Ignored Beyond One-Time Transition Costs

The CBA does not entirely overlook the uncertainty created by the proposed amendments but asserts—incorrectly, in our view—that such uncertainty is temporary and will have only minimal impact. In this regard, the CBA states:

“We acknowledge that issuers with mineral projects will incur some implementation and transition costs to become familiar with the proposed amendments to the Instrument and the



Form once they have been published as final amendments and final changes, but we expect any increase in compliance costs will be minimal.”

We respectfully disagree with the above. While some uncertainty is indeed inherent to regulatory change and may dissipate over time, feedback from our members and other stakeholders indicates that much of the uncertainty embedded in the proposed amendments is structural and enduring.

As such, allocating only one-time transition and implementation costs—while ignoring ongoing compliance expenditures—likely materially underestimates the true cost impact of the proposed amendments, which we anticipate will persist well beyond the initial implementation phase.