

Regulatory Oversight of Mining Companies

Canada-China
Mining Investment Forum 2006

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Tuesday, March 7, 2006



What is the OSC?

- Government-authorized regulator of:
 - Securities markets;
 - Firms and people who offer services relating to securities;
 - Publicly traded companies and investment funds;
 - People who buy and sell securities (including investment funds)



What is the OSC?

- Independent provincial government agency;
- Funded by market participants;
- Approximately 360 employees



What Does the OSC Do?

- Mandate:
 - Provide protection to investors from unfair, improper or fraudulent practices;
 - Foster fair and efficient capital markets and confidence in the capital markets



How Do We Do It?

Corporate Finance Branch

- Balances the investor protection purpose of the Act with fostering fair and efficient markets and confidence in our markets throughout the branch's:
 - Prospectus and Continuous Disclosure programs
 - Discretionary relief applications
 - Developing policy for financial reporting, MD&A, disclosure of mineral project information, etc.



Prospectus Review Process

- Mutual Reliance Review System (MRRS)
 - Just deal with one regulator!
- Reviewed by accountant, lawyer and geologist/mining engineer
- Long Form Prospectus – 10 business days comment period
- Short Form Prospectus – 3 day comment period
- Prefile novel or contentious issues



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Canadian Disclosure Standards Mining Projects

- National Instrument 43-101 came into effect December 30, 2005.
- Disclosure:
 - Oral statement or written disclosure
 - Not just for material properties or material information
 - All issuers – not just reporting issuers



Basic principles of NI 43-101

- Standard terminology
- Involvement of qualified person in public disclosure
- Technical report supporting disclosure
- Industry best practice guidelines
- Facilitates disclosure rather than suppressing it

Standard terminology

- Mineral resources – measured, indicated, inferred
- Mineral reserves – proven, probable
- Mineral project - updated

Standard terminology

- Engineering study
 - Feasibility study
 - Preliminary feasibility study
 - Preliminary assessment

- Historical estimate
 - Pre-Feb.1, 2001

Standard terminology

- Qualified person
 - Engineer or geoscientist
 - 5 years experience
 - Relevant experience
 - Good standing with professional association
- Professional association
 - Canadian associations recognized by statute
 - Foreign associations on Appendix A list



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Appendix A of National Instrument 43-101

Recognized Foreign Associations and Designations

Foreign Association	Designation
American Institute of Professional Geologists (AIPG)	Certified Professional Geologist
Any state in the United States of America	Licensed or certified as a professional engineer
Mining and Metallurgical Society of America (MMSA)	Qualified Professional
European Federation of Geologists (EFG)	European Geologist
Australasian Institute of Mining and Metallurgy (AusIMM)	Fellow or member
Institute of Materials, Minerals and Mining (IMMM)	Fellow or professional member
Australian Institute of Geoscientists (AIG)	Fellow or member
South African Institute of Mining and Metallurgy (SAIMM)	Fellow
South African Council for Natural Scientific Professions (SACNASP)	Professional Natural Scientist
Institute of Geologists of Ireland (IGI)	Professional Member
Geological Society of London (GSL)	Chartered Geologist
National Association of State Boards of Geology (ASBOG)	Licensed or certified in: Alabama, Arizona, Arkansas, California, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Maine, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, North Carolina, Oregon, Pennsylvania, Puerto Rico, South Carolina, Texas, Utah, Virginia, Washington, Wisconsin or Wyoming



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S.3.1 Written Disclosure to Include Name of Qualified Person

- All written disclosure of scientific and technical information on a material mineral project
 - name of qualified person that prepared information
 - relationship of QP to the issuer
- No longer excludes news releases!



Technical report

- Supports technical disclosure
- Triggered by key milestones
 - Of company
 - Of mineral project
- Must be current when filed

Facilitating disclosure

Exploration target

- Quantity and grade expressed as range
- Basis
- Cautionary language

Mineral resources

- Key assumptions, parameters, methods
- Technical report

Historical estimates

- Source and date; relevance and reliability
- Compare categories to CIM
- Provide cautionary language



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Facilitating disclosure

Economic analyses of mineral resources

- Cautionary language
- Technical report

Economic analyses of inferred resources

- Limited circumstances
- Basis, qualifications, assumptions
- Cautionary language



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S.7.1 Use of Foreign Code

- **Additional foreign codes now permitted**
 - SAMREC – South African Mineral Resource Committee
 - SEC Industry Guide 7 – United States Securities and Exchange Commission
 - Mineralized material is not a category under 43-101
- **USGS Circular 831 not permitted**
- **Reconcile foreign categories to CIM**



Additional Guidelines

- CIM Exploration Best Practice Guidelines
- CIM Standards on Mineral Resources and Reserves – Definitions and Guidelines
- CIM Guidelines for the Reporting of Diamond Exploration Results
- GSC Paper 88-21 Coal Resource/Reserve Reporting
- www.cim.org



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