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7th ANNUAL CURRENT TRENDS IN
MINING FINANCE CONFERENCE
April 28 - May 1 2019

INVESTMENT IMPLICATIONS OF U.S. SEC'S RULE S-K 1300.

OUR PANEL



BEN PARSONS

Principal Resource Geologist,
SRK (US) Inc

DENVER

T +1 303 962 4991

M +1 303 802 7983

bparsons@srk.com



JASON LEHNER

Head of the Mining & Metals Group,
Sherman & Sterling

TORONTO

T +1 416 360 2974

jlehner@shearman.com



DEBORAH MCCOMBE

President & CEO,
Roscoe Postle Associates (RPA) Inc.

LONDON

T +44 203 950 4855

M+44 750 325 5693

Deborah.McCombe@rpacan.com



MATTHEW SULLIVAN

Senior Mining Economist,
SRK (US) Inc

DENVER

T + 1 720 248 0995

M + 1 303 548 7685

msullivan@srk.com

AGENDA

Investment Implications of U.S. SEC's Rule S-K 1300

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BACKGROUND

Guide 7

- Current SEC disclosures governed by Industry Guide 7
 - Outdated
 - Does not recognize a Mining Companies full pipeline



- Reporting limited to Reserves
- Qualified Persons not required to sign-off on Company technical disclosures
- Exemptions existed for foreign companies

BACKGROUND

NEW RULES (S-K 1300)

- Proposed rules 2016
- The new SEC (Securities and Exchange Commission) regulations were released on October 31st, 2018.
 - These new regulations are aligned with CRIRSCO standards.
- Reporting in accordance with the new rules is required by the first fiscal year, beginning on or after January 1st, 2021.
- Who must disclose and file:
 - US securities registrants who have mining operations which are material to their business or financial condition.

BASIS OF NEW RULES

- Summary disclosure on all of a registrant's mining properties (Filed on Edgar)
 - Individual property disclosure for each material property
 - Exploration activity & results (voluntary until it becomes material to investors)
 - Mineral resources
 - Mineral reserves
 - File a technical report summary as an exhibit to support disclosure of mineral resources & reserves (optional for disclosure of exploration results)
- Internal controls disclosure

QP's

- Must be signed by a QP with relevant experience (5+ years) and in good standing of a recognized professional organization
- Does not need to be independent but QP accepts liability (personally)
- Use of third party firms (can sign as a firm)

QP LIABILITY

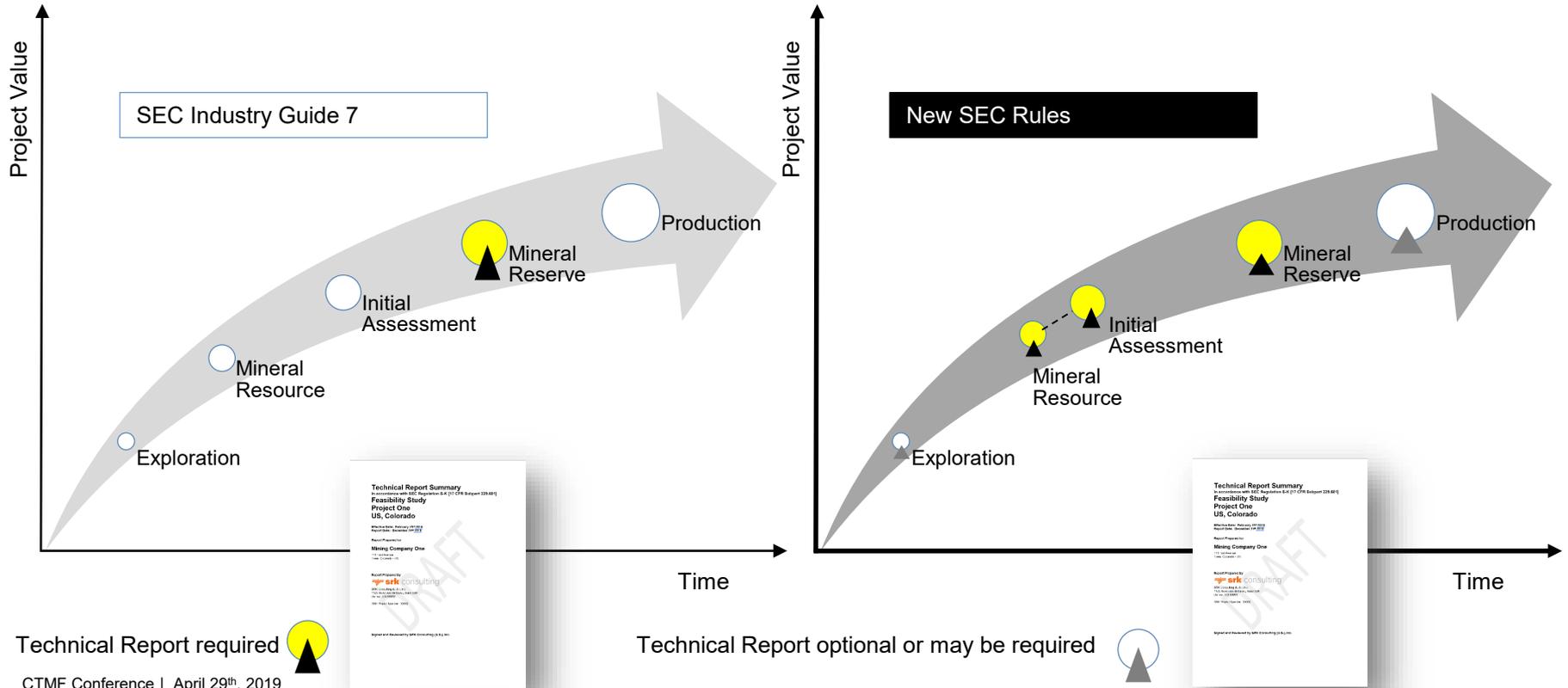
- QPs are subject to liability as experts under Section 11 of the Securities Act.
- This liability is attached to the individual or entity that signs the report:
 - For example, a third party consultant (in this example SRK), signing the report means that the third party consultant (SRK) bears the liability.
 - An individual signing the report personally bears the liability.
 - Project proponents cannot sign off as QP on their own reports; the inhouse QPs will have to sign as QP.
- In addition to QP liability, individuals who author a report can be liable in tort or contract even if the report is authored by an entity.

WHAT HAS CHANGED

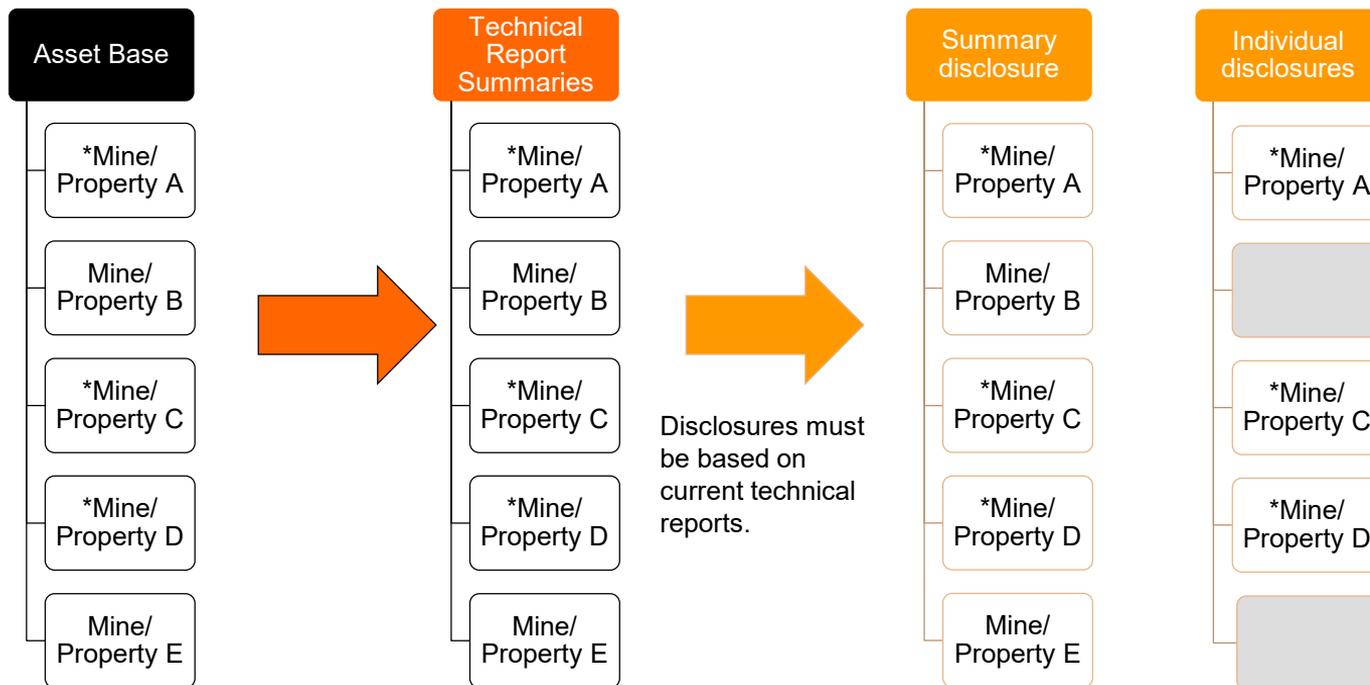
Disclosure by Registrants Engaged in Mining Operations (S-K 1300):

- 229.1301 General instructions and definitions.
 - 229.1302 Qualified person, technical report summary, technical studies.
 - 229.1303 Summary disclosure.
 - 229.1304 Individual property disclosure.
 - 229.1305 Internal controls disclosure.
-
- 229.601(b)(96) Technical Report Summary

GUIDE 7 VS THE NEW RULES MINERAL PROJECT STAGES



REQUIRED DISCLOSURES



*Material Property

WHO IS IMPACTED

- Single Property Holders
- Multi-Property Holders
- Vertically Integrated Manufacturers
- Royalty Companies
- Canadian Listed: 20-F and 10-K filers (except MJDS filers)
- US registrants with material mining properties
 - Includes all companies listed on US exchanges (whether primary listing or not)
 - Includes American Depository Receipts (ADRs) dependent upon the ADR category.
 - Un-sponsored – restricted to trading in the over-the-counter markets
 - Level I - traded in the U.S. over-the-counter market with prices collected and published in a centralized quotation service.
 - **Level II - listed on a U.S. stock exchange and are used by issuers that do not wish to raise capital at that time.**
 - **Level III - designed for non-U.S. companies that wish to list and raise capital from U.S. investors at the same time.**

WHEN IS THIS RELEVANT?

| Form | TR* | Form Description | |
|----------------------|-----|------------------|---|
| Securities Act Forms | S-1 | x | Registration statement – Filed to register the offer and sale of securities to the public often in connection with an initial public offering. |
| | S-3 | x | Short-form registration statement – An abbreviated registration statement available to certain already-reporting companies to register the offer and sale of securities to the public. |
| | S-4 | x | Registration statement – Filed when the company is registering securities to be used as consideration in the merger or acquisition. The registration statement often incorporates any proxy statement being sent to shareholders. |
| | F-1 | x | Foreign Private Issuers - |
| | F-3 | x | Foreign Private Issuers - |
| | F-4 | x | Foreign Private Issuers - |

| Form | TR* | Form Description | |
|--------------------|------|------------------|---|
| Exchange Act Forms | 10 | x | General Form for registration of securities |
| | 8-K | | Current report – Discloses material events or information that the company chooses or is required to make public prior to its next scheduled quarterly or annual report. |
| | 10-Q | | Quarterly report – Provides unaudited quarterly financial statements, updates regarding material risks that the company faces, and management's discussion and analysis of the company's results of operations for the prior fiscal quarter. |
| | 10-K | x | Annual report – Provides audited annual financial statements, a discussion of material risk factors for the company and its business, and a management's discussion and analysis of the company's results of operations for the prior fiscal year. |
| | 20-F | x | Annual report or registration statement – This filing includes audited financial statements of the foreign private issuer and a discussion of the company's financial results. A check box on the cover page indicates whether the filing is for an annual report or to register a class of securities. |
| | 40-F | | The MJDS permits seasoned Canadian issuers meeting certain other requirements to use their Canadian disclosure documents when filing their Exchange Act registration statements and annual reports on Form 40-F or their Securities Act registration statements on Forms F-10, F-7, F-8 and F-80. |

Note: 6-K filings could be incorporated by reference into a covered statement

WHO ALSO MIGHT THIS EFFECT

- Companies who may decided to list in the US
- M&A
- Asset sales
- JV or Royalty agreements may create additional disclosure requirements

COMPARISON SK-1300 VS NI43-101

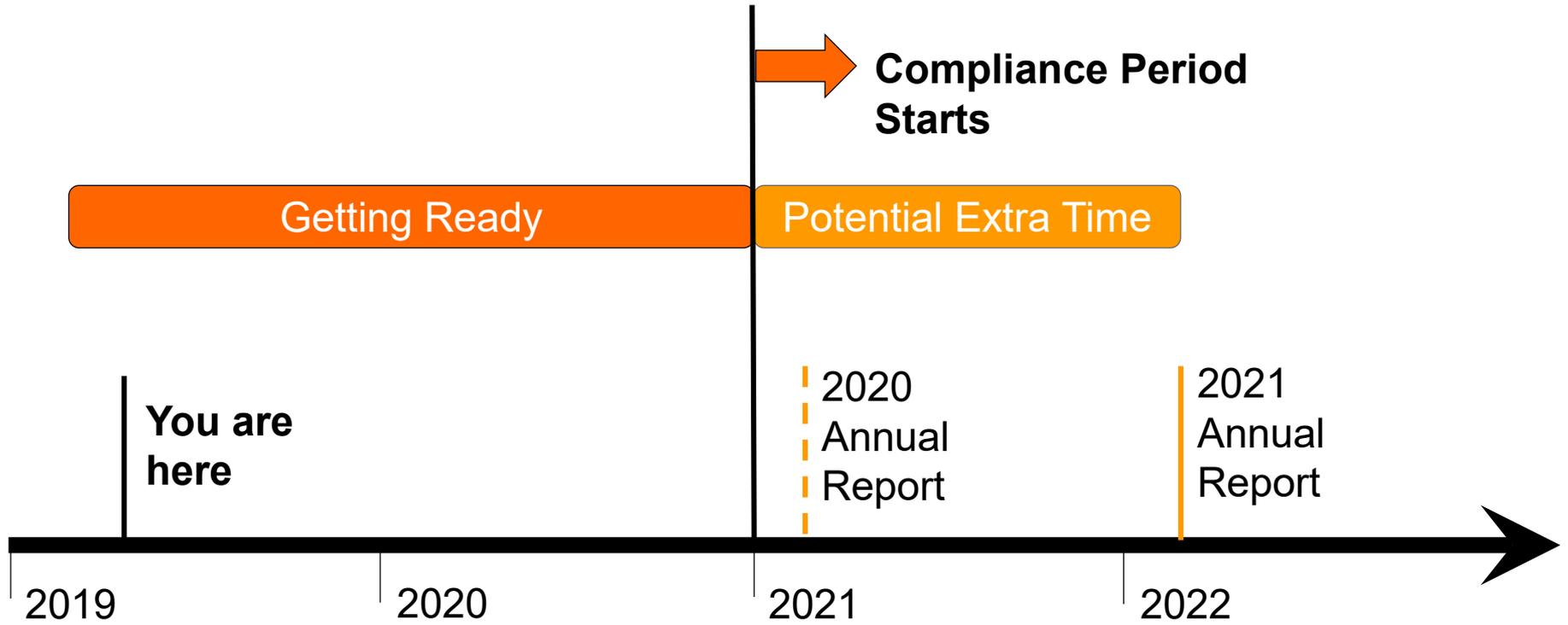
Terms used between S-K 1300 and NI43-101 are similar

| SEC Table of Contents (229.601) | | NI 43-101F1 Table of Contents | | |
|---------------------------------|--|-------------------------------|--|--|
| 1 | Executive Summary | 1 | Summary | All Properties |
| 2 | Introduction | 2 | Introduction | |
| 3 | Property Description | 4 | Property Description and Location | |
| 4 | Accessibility, Climate, Local Resources, Infrastructure and Physiography | 5 | Accessibility, Climate, Local Resources, Infrastructure and Physiography | |
| 5 | History | 6 | History | |
| 6 | Geological Setting, Mineralization, and Deposit | 7 | Geological Setting and Mineralization | |
| | | 8 | Deposit Types | |
| 7 | Exploration | 9 | Exploration | |
| 8 | Sample Preparation, Analyses, and Security | 10 | Drilling | |
| 9 | Data Verification | 11 | Sample Preparation, Analyses and Security | |
| 10 | Mineral Processing and Metallurgical Testing | 12 | Data Verification | "Advanced Property" (Reserves (based on a PFS or FS), or Resources (a PEA)) |
| 11 | Mineral Resource Estimates | 13 | Mineral Processing and Metallurgical Testing | |
| 12 | Mineral Reserve Estimates | 14 | Mineral Resource Estimates | |
| 13 | Mining Methods | 15 | Mineral Reserve Estimates | |
| 14 | Processing and Recovery Methods | 16 | Mining Methods | |
| 15 | Infrastructure | 17 | Recovery Methods | |
| 16 | Market Studies | 18 | Project Infrastructure | |
| 17 | Environmental Studies, Permitting, and Plans, Negotiations, or Agreements with Local Individuals or Groups | 19 | Market Studies and Contracts | |
| 18 | Capital and Operating Costs | 20 | Environmental Studies, Permitting and Social or Community Impact | |
| 19 | Economic Analysis | 21 | Capital and Operating Costs | |
| 20 | Adjacent Properties | 22 | Economic Analysis | All Properties |
| 21 | Other Relevant Data and Information | 23 | Adjacent Properties | |
| 22 | Interpretation and Conclusions | 24 | Other Relevant Data and Information | |
| 23 | Recommendations | 25 | Interpretation and Conclusions | |
| 24 | References | 26 | Recommendations | |
| 25 | Reliance on Information Provided by the Registrant | 27 | References | |
| | | 3 | Reliance on Other Experts | |

COMPARISON SK-1300 VS NI43-101

- S-K 1300
 - Only applies to SEC reporting
 - Only certain types of filings must comply
 - Excludes website disclosure, press release, corporate presentations
 - QP sign-off is required
 - Prescribed levels of accuracy within the rules
 - MJDS listed companies only exemption
 - No defined list for QP organization bodies
 - No independence requirements
 - No timeline with exception of annual reporting requirements for reporting
- NI43-101
 - Includes disclosure to the public of all companies
 - All written disclosures apply
 - All scientific and technical disclosure must be attributed to a QP
 - Exemptions exist for US Companies and US Projects
 - Levels of accuracy provided in guidelines
 - Defined list of QP organization bodies
 - Independent QP's required for certain disclosure
 - 45 day window for filing reports

TIMELINE



DISCIPLINES INVOLVED

Disciplines

Geology



QA/QC, database, block models, resource, etc.

Geotechnical



Rock quality assumptions, design implications, etc.

Mining



Mine design (shapes, rates, sequence), costs, reserve, etc.

Metallurgy and Process



Process design, forecast, rates, costs, etc.

Infrastructure



Layout, future needs, costs, etc.

Tailings



Capacity, location, etc.

Hydrogeology



Water management, risks, etc.

Environmental and Permitting



Permits, environmental status, risks, etc.

Economics



Cashflow, product markets, etc.

WHAT WILL BE THE IMPACT

- This is a very significant change from the existing SEC Guide 7.
- The new regulations require more information to be disclosed.
- The new regulations allow more information to be disclosed.
- The new regulations require much more detailed back-up information

The days of the single QP sign-off are gone!