

**NI 43-101:
What You Need to Know About
the New Mining Rules**

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Morning Agenda

8:30 Opening remarks

Summary of Key Changes

NI 43-101: Requirements Under the New Rule

Questions and answers

10:15 **Coffee break**

NI 43-101: Requirements Under the New Rule

Questions and answers

12:00 **Lunch break**

Afternoon Agenda

1:00 Take A Chance Mining

Form 43-101 F1 Technical Report

Additional Guidance in the Companion Policy

Questions and Answers

2:30 **Coffee break**

CIM Best Practice Guidelines

What We Don't Like About Your Disclosure

Questions and Answers

4:30 Presentation ends

Take A Chance Mining Exercise

Take A Chance Mining Ltd.

January 20, 2012

NEWS RELEASE:

Take A Chance Mining Announces Incredible Results from the Lucky Strike Gold Project

Take A Chance Mining (TSX-V: BBB) is pleased to report results from its first drill program on the new Lucky Strike Gold Project. On February 1, 2009, Take A Chance (the Company) signed an option agreement to acquire an interest in the Lucky Strike Gold Project (the Property) in China which covers a large geological district. The Property is host to several gold deposits which have reported previous drill intersections up to 3.5 metres grading 59.2 g/t gold and a total resource of 560,125 oz gold. Based on the current gold price, the gross metal value of this resource is at least US\$0.5 billion. The Company believes the Property has the potential for 1.5 million oz gold.

The recently completed four hole drill program returned very encouraging results. The Company's president, Joe Hopeful, states "these intersections provide proof that our Company has a world-class project with the potential to be very profitable. Highlights from the recent drilling include the following:

Hole	Intercept (m)	Gold (g/t)
DD01	0.5	38.8
DD04	5.0	15.3

Samples were prepared by the Company's employees and sent to the local assay laboratory for analysis. The core was sampled in 0.5 to 1.0 metre lengths with half being sent to the lab and half remaining on site. The sampling procedure has been to industry standards.

Joe Hopeful stated "we are extremely excited about the potential of the Lucky Strike Project. We knew based on the visual estimates of 25-35 g/t gold that we had to move very aggressively on this Property." The Company is planning a second drill program which will begin shortly to follow-up on the successes of the first drilling phase.

This news release was prepared and reviewed by Joe Hopeful, President and CEO of the Company. For further information contact Joe Hopeful at jhopeful@takeachance.net.

On behalf of the Board of Directors,

"Joe Hopeful"

Joe Hopeful

President and CEO

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.

Summary of Key Changes

Topics

- Changes to the Instrument
- Technical Report Triggers
- Changes to the Form
- Consequential Amendments to Other Instruments
- Transition to New Rules

Purpose of the changes

- Eliminated or reduced the scope of certain requirements
- More flexible for issuers and QPs in certain areas
- Easier to add new professional associations, QP designations and resource codes
- Reflected changes in the mining industry
- Clarified or corrected areas where NI 43-101 was not having the intended effect

Came into effect June 30, 2011

Changes to the Instrument

Certificates and consents

- Updated certificates and consents not required
 - Only filed with original technical report

Intention

- Reduce regulatory burden
- Issuer to ensure is current & disclosure accurate
 - QP may not be in a position to determine
- QP only responsible at time prepared report
- QP not accountable for subsequent use

Consents of qualified person

- Consent identifies disclosure that report supports
 - Must be the triggering disclosure
- Consent limited to parts of report QP prepared

Intention

- Reduce evasively worded consents
- Ensure QP signing off on the important disclosure
 - Particularly important as only consent filed
- Reducing scope of QP liability

Professional associations

- Requires or encourages continuing professional development
- Admission also considers ethical fitness
- Applies disciplinary powers regardless of where QP practices
- Foreign associations
 - Generally accepted in international mining community

Professional associations

Intention

- Replaced prescriptive list with objective test
 - Increased flexibility to add new associations
- Raise the bar to better reflect current standards
 - CPD, ethical fitness, accountability
 - Ensure quality of new associations

Qualified Person

- University degree or equivalent relating to mining or mineral exploration
- Experience relevant to degree or area of practice
 - Consider relevancy of degree to project
 - Non-mining degree may relevant to some aspects of project

Intention

- To ensure QP is practicing within area of training and expertise

Qualified Person

- Foreign qualified person has an accepted membership designation based on:
 - Position of responsibility requiring independent judgment
 - Certain additional admission requirements

Intention

- Replaced prescriptive list with objective test
- Raising bar to reflect current standards
- Ensure we capture the right level of expertise
- Level the playing field amongst jurisdictions

Appendix A

- List of professional associations and designation we consider to meet the tests
- Must be listed in Appendix A to qualify
 - Onus is on issuers to prove should be on list
 - Expect formal submission with documentation
 - We will update list from time to time
- New associations included
 - SME, ECSA, Chilean Mining Commission
- No longer included

Restricted Disclosure

- No economic analysis of exploration targets or historical estimates
- No gross metal or mineral value - misleading
- Metal equivalent grades include individual metal grades
- Cautionary language with equal prominence

Intention

- Clarify and emphasize previous interpretations
- Cautionary language often buried

Historical estimates

- Eliminated the arbitrary February 2001 date
- Now applies to any third party estimate
 - Not yet confirmed as current
 - made before issuer acquired an interest

Intention

- Flexibility for disclosing previous estimates that are material but not just verified
- Fixed a problem identified by industry

Historical estimates

What it is not

- A previous estimate by the current issuer
- A new estimate using historical data
- A modification of a historical estimate
 - Using different assumptions or new data
- An estimate made by or through a related party
 - E.g. a spin off, merger, JV
- An unverifiable estimate from an unknown or unreliable source

Preliminary Economic Assessment

- Expanded definition
 - Economic analysis other than pre-feasibility (PFS) or feasibility study (FS)

- Permitted for advanced properties

Intention

- Allow issuers to step backward to
 - Assess alternative development options
 - Take a fresh look if PFS or FS no longer current or relevant

Preliminary Economic Assessment

What it is not

- A study done concurrently with or as part of a PFS or FS
- A way to include inferred resources in a PFS or FS
- A way to modify a PFS or FS to include more optimistic assumptions

Calling something a PEA does not make it so if it is done to the level of a PFS or FS

Other significant changes

- Option to name QP who approved information
 - Alternative to naming QP who prepared
- Feasibility and pre-feasibility studies
 - Now defined in CIM Definitions Standards

Intention

- Flexibility for issuers
 - Historical or foreign data can be a problem
- Allows industry control of industry definitions
 - Movement to harmonize internationally

Technical Report Triggers

Short form prospectus trigger

- Eliminated in most but not all situations
- Still required to support a material MR/MR/PEA
 - Not in a existing technical report
- Essentially early filing of s.4.2(1)(j) trigger
 - Lesser of 45 days or the filing of short form

Intention

- Remove a significant barrier to market access
 - Allows issuer to rely on disclosure record
- Rely on AIF as trigger

Delayed filing of technical report

- Rely on 3rd party MR/MR/PEA if:
 - Supported by a 3rd party technical report
 - File technical report within 180 days
 - Other conditions are met
- Excludes estimates prepared by JV partner

Intention

- More timely disclosure of material information
- Allows additional time for technical report

Other changes to triggers

- All written disclosure of MR/MR/PEA
 - Websites, presentations and IR material
- Expanded filing exemption to include all situations where existing report is still current
 - Must meet any independence requirement

Intention

- Close a perceived loop hole
- Eliminate unnecessary triggers

Independent technical report triggers

- Expanded independence exemption for producing issuers to include most situations
- Clarified that all QPs must be independent
 - As of both the filing and effective dates

Intention

- Facilitate foreign majors listing in Canada
- Misconception that non-independent authors okay
 - Independent QP relying on in-house QPs
 - Broader period of independence

Royalty holder exemption

- Applies to royalty or similar interests
 - Includes metal streaming interests
- Not required to file technical report in most cases:
 - Comes with some conditions
- Kept limited exemption for exceptions

Intention

- Address ongoing concern about access to data needed to prepare technical report

Changes to the Form

More suitable for advanced projects

- Replaced Item 25 with 8 new items
 - Reflect major components of advanced studies
 - Only required for advanced properties
- Separate item for mineral reserves
- Differing illustration requirements
- Allow more summarization of earlier stage data
- Exempt producing issuers from requirement to disclose economic analyses for producing properties

Reliance and disclaimers

- Expanded disclaimer provisions includes
 - Legal, political, environmental and tax information from issuer
 - Non-QP report or opinion on price and valuation information with conditions

Reliance and disclaimers

Intention

- Allows QP to rely on issuer for certain types of information where no expert opinion available
- Allows QP to partially rely on non-QP industry experts for certain pricing & value information
- Does not allow QP to blindly rely on or disclaim responsibility for scientific and technical information provided by issuer

Other changes

- May summarize or quote information from previous reports
 - Can't disclaim responsibility
- Simplified, summarized and understandable
 - QP determines level of detail required (not issuer or lawyer)

Intention

- Smaller and more user friendly reports
- QP has more control & responsibility for what information is important

Consequential Amendments to Other Instruments

Prospectus consent (NI 44-101)

S.4.2.1 Alternative Consent

- Allow firm that employed QP to sign consent if
 - Principal business is engineering or geoscience
 - Signatory is a QP
 - Relevant experience not required

Intention

- Provide alternative option where individual QPs is not available

Management Discussion & Analysis

Form 51-102F1 MD&A

- Issuers with developing or producing mines
 - Identify any milestones including mine expansion, new development, expansion, production decision
 - Disclose if decision is based on technical report

Intention

- Identify potential risk of proceeding with material developments without supporting technical report

Transition to New Rules

Transition to the new rules

- No formal transition provisions
 - Talk to us if you anticipate a problem
 - Common sense approach where possible
 - Less flexible as move away from June 30
- Be aware of QP changes
 - ASBOG and MAusIMM not accepted
 - Applies to all disclosure, not just reports
 - Will consider date of information
 - QP at time information was prepared or approved - within reason

Transition to the new rules

- New technical reports must use the new Form
 - May reject new reports prepared under old form even if dated before June 30
 - Issuer could be in default
 - May delay prospectus receipt
- Previously filed reports okay as long as they are compliant and still current
 - Potential problem if materially deficient

NI 43-101: Requirements Under the New Rules

Mining disclosure standards

- **National Instrument 43-101 *Standards of Disclosure for Mineral Projects***
 - Disclosure and filing rules that must be followed
- **Form 43-101F1**
 - Specific requirements for the preparation and content of a technical report that must be filed with securities regulators
- **Companion Policy 43-101CP**
 - Views on how certain provisions of the Instrument should be interpreted and applied

Policy is not law.

Law must be followed.

Policy should be followed.

Basic principles of NI 43-101

- Standard Terminology
 - Definitions
- Qualified Person Involvement
 - Preparing or approving information for public disclosure
 - Naming of Qualified Person in disclosure
- Disclosure Standards
 - Required disclosure
 - Cautionary language
 - Restricted disclosure
- Technical Report

OSC – Supports company's disclosure
Ontario Securities Commission



Explanatory Note

- NI 43-101 is not intended to make a rule for every possible scenario
- Just because it is not prohibited does not mean it is appropriate, acceptable or not misleading
- Mix of legal and mining concepts that requires an understanding of both
- Expects issuer and QP are conducting their affairs using industry concepts and best practices
- Look to the intent of rules not just the legal wording.

What we published April 2011

- Final Instrument, Companion Policy and Form
- Blackline of Instrument and Form to 2005 version
- Notice of Repeal and Replacement
 - Summary of key changes
- Our responses to 50 comment letters
 - List of commenters
 - why we accepted or didn't accept comments
- Consequential changes to NI 44-101, NI 51-102, NI 45-106, and NI 45-101

Part 1 - Definitions

“acceptable foreign code”

NEW

means the JORC Code, the PERC Code, the SAMREC Code, SEC Industry Guide 7, the Certification Code, or any other code, generally accepted in a foreign jurisdiction, that defines mineral resources and mineral reserves in a manner that is consistent with mineral resource and mineral reserve definitions and categories set out in sections 1.2 and 1.3;

New CP guidance

“acceptable foreign code”

JORC, PERC, SAMREC, (Chilean) Certification Code use mineral resource/reserve categories substantially the same as CIM definitions

Resource/reserve categories that are consistent with CRIRSCO Template

CRIRSCO is “Committee for Mineral Reserves International Reporting Standards”

New CP guidance

“acceptable foreign code”

Other foreign codes will generally meet the test if they:

- (a) have been adopted or recognized by appropriate government authorities or professional organizations in the foreign jurisdiction
- (b) use mineral resource and mineral reserve categories that are based on the CRIRSCO Template, and are substantially the same as the CIM, JORC, PERC, SAMREC, or Certification Code

“adjacent property”

means a property

- (a) in which the issuer does not have an interest;
- (b) that has a boundary reasonably proximate to the property being reported on; and
- (c) that has geological characteristics similar to those of the property being reported on;

New CP guidance

“Adjacent Property Information”

In order for adjacent property disclosure to not be misleading:

- Clearly distinguish between information from adjacent property and issuer’s property
- Don’t state or infer issuer will obtain similar information from its own property

“advanced property”

NEW

means a property that has

- (a) mineral reserves, or
- (b) mineral resources the potential economic viability of which is supported by a preliminary economic assessment, a pre-feasibility study or a feasibility study;

“Certification Code”

NEW

means the Certification Code for Exploration Prospects, Mineral Resources and Ore Reserves prepared by the Mineral Resources Committee of the Institution of Mining Engineers of Chile, and the Chilean Ministry of Mining, as amended

“data verification”

process of confirming that data:

- Has been generated with proper procedures
- Has been accurately transcribed from the original source
- is suitable to be used

“disclosure” & “written disclosure”

“disclosure”

means any oral statement or written disclosure made by or on behalf of an issuer and intended to be, or reasonably likely to be, made available to the public in a jurisdiction of Canada, whether or not filed under securities legislation, ...

“written disclosure”

includes any writing, picture, map or other printed representation whether produced, stored or disseminated on paper or electronically, including websites.

Implications of disclosure

- Not limited to reporting issuers in Canada
- Not limited to material mineral properties or material information
- Includes websites, presentations, IR materials & other disclosure linked to websites
- May includes third party news letters, infomercials, & interviews disseminated by or on behalf of issuer

“effective date”

NEW

means, with reference to a technical report, the date of the most recent scientific or technical information included in the technical report

New CP guidance

“effective date”

This is the cut-off date for the scientific and technical information included in the technical report. Under section 8.1 of the Instrument, the qualified person must provide their certificate as at the effective date of the technical report and specify this date in their certificate.

The effective date can precede the date of signing the technical report but if there is too long a period between these dates, the issuer is exposed to the risk that new material information could become available and the technical report would then not be current.

“exploration information”

means geological, geophysical, geochemical, sampling, drilling, trenching, analytical testing, assaying, mineralogical, metallurgical, and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define, or delineate a mineral prospect or mineral deposit;

“historical estimate”

REVISED

means an estimate of the quantity, grade, or metal or mineral content of a deposit that an issuer has not verified as a current mineral resource or mineral reserve, and which was prepared before the issuer acquiring, or entering into an agreement to acquire, an interest in the property that contains the deposit;

Changes to historical estimate

- Definition no longer tied to the date Feb. 1. 2001
- Greater flexibility to disclose pre-existing estimates on recently acquired mineral property without triggering a technical report.
- No longer applies to previous estimates by issuer

“mineral project”

means any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals;

CP guidance

The definition of “mineral project” in the Instrument includes a royalty interest or similar interest. Scientific and technical disclosure regarding all types of royalty interests in a mineral project is subject to the Instrument.

Royalty or similar interest includes:

- gross overriding royalty, net smelter return, net profit interest, free carried interest, and a product tonnage royalty.
- interest in a revenue or commodity stream

CP guidance

Application of the Instrument

The Instrument does not apply to disclosure concerning petroleum, natural gas, bituminous sands or shales, groundwater, coal bed methane, or other substances that do not fall within the meaning of the term “mineral project” in section 1.1 of the Instrument.

NI 43-101 does not apply to oil sands or ground water, however may apply to brines

CP guidance

definitions that include “property”

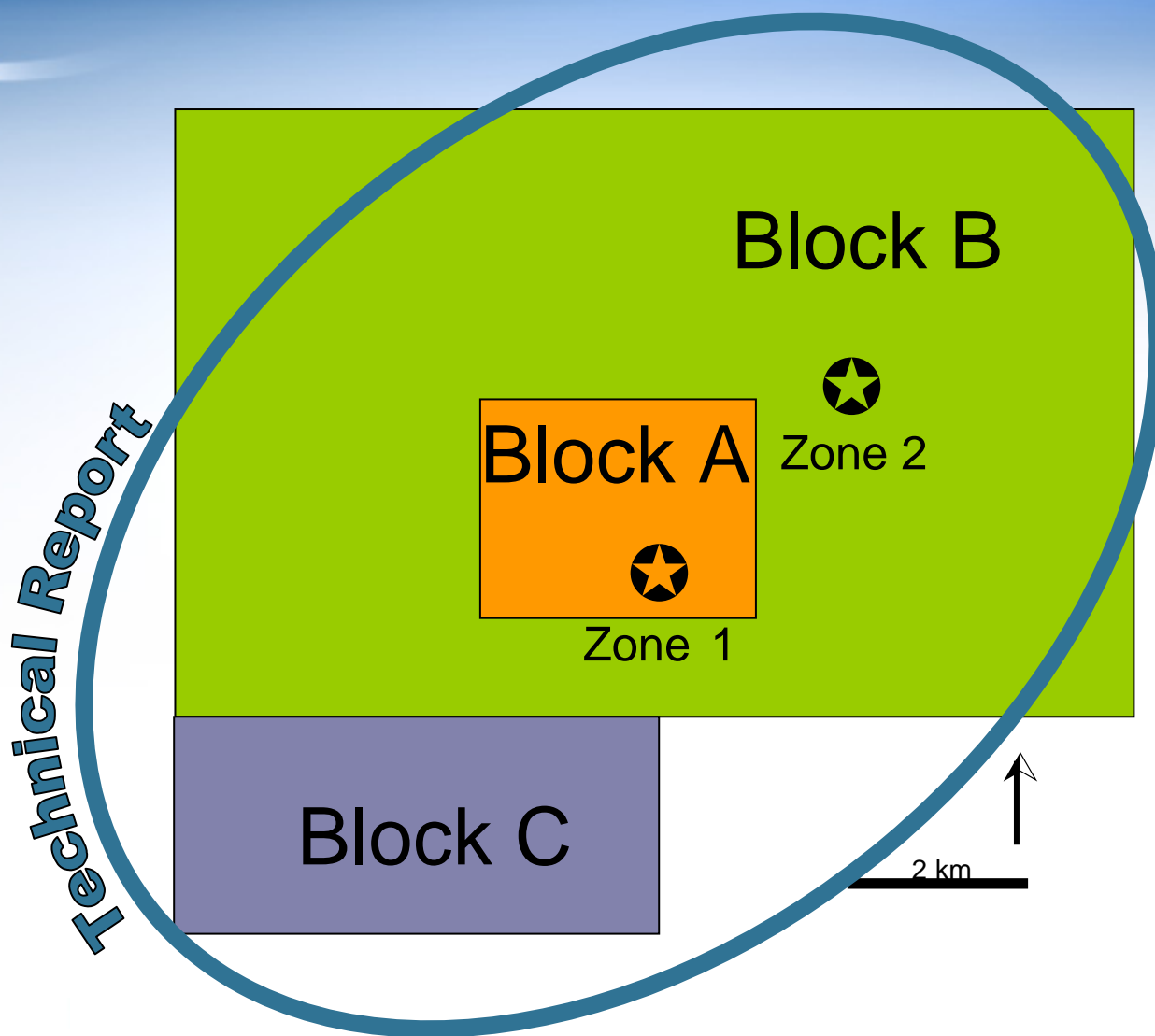
The Instrument defines different types of properties (early stage exploration, advanced) and requires a technical report to summarize material information about the subject property.

We consider a property, in the context of the Instrument, to include multiple mineral claims or other documents of title that are contiguous or in such close proximity that any underlying mineral deposits would likely be developed using common infrastructure.

Mineral Property

- Mineral claims, permits, licenses, leases, or other mineral tenure on which the mineral project is located
- Usually will include contiguous claims controlled by company
- May include company's other claims in same area if likely to use same infrastructure

Project \neq property



“PERC Code”

NEW

means the Pan-European Code for Reporting of Exploration Results, Mineral Resources and Reserves prepared by the Pan-European Reserves and Resources Reporting Committee, as amended;

“preliminary economic assessment”

REVISED

means a study, other than a pre-feasibility or feasibility study, that includes an economic analysis of the potential viability of mineral resources;

Preliminary Economic Assessment

In case you missed this the first time.

What it is not

- A study done concurrently with or as part of a PFS or FS
- A way to include inferred resources in a PFS or FS
- A way to modify a PFS or FS to include more optimistic assumptions

New CP guidance

The term “preliminary economic assessment”, which can include a study commonly referred to as a scoping study, is defined in the Instrument. A preliminary economic assessment might be based on measured, indicated, or inferred mineral resources, or a combination of any of these. We consider these types of economic analyses to include disclosure of forecast mine production rates that might contain capital costs to develop and sustain the mining operation, operating costs, and projected cash flows.

“professional association”

REVISED

means a self-regulatory organization of engineers, geoscientists or both engineers and geoscientists that

(a) is

(i) given authority or recognition by statute in a jurisdiction of Canada, or

(ii) a foreign association **that is generally accepted within the international mining community as a reputable professional association;**

(b) admits individuals on the basis of their academic qualifications, experience, **and ethical fitness;**

Professional association

- (c) requires compliance with the professional standards of competence and ethics established by the organization;
- (d) requires or encourages continuing professional development, and
- (e) has and applies disciplinary powers, including the power to suspend or expel a member regardless of where the member practices or resides;

APEGBC Discipline Notice:

- The Association received a complaint from the BCSC regarding two mineral disclosure reports authored for a company trading on the OTCBB. The BCSC alleged that Geologist failed to meet his duties as a “Qualified Person” in that his reports did not comply with NI 43-101 in material respects.
- Geologist signed a Consent Order admitting the allegations... and agreeing to the following penalty:

New CP guidance

“professional association”

Paragraph (a)(ii) of the definition of “professional association” in the Instrument includes a test for determining what constitutes an acceptable foreign association.

In assessing whether we think a foreign professional association meets this test, we will consider the reputation of the association and whether it is substantially similar to a professional association in a jurisdiction of Canada.

New CP guidance

“professional association”

Appendix A to the Policy provides a list of the foreign associations that we think meet all the tests in the definition as of the effective date of the Instrument. We will publish updates to the list periodically.

An issuer that wishes to rely on a qualified person that is a member of a professional association not included in Appendix A but which the issuer believes meets the tests in the Instrument, may make submissions to have the association added to Appendix A.

New CP guidance

“professional association”

The listing of a professional association on Appendix A is only for purposes of the Instrument and does not supersede or alter local requirements where geoscience or engineering is a regulated profession.

“qualified person”

REVISED

means an individual who

- (a) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience or engineering, relating to mineral exploration or mining;
- (b) Has 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;

“qualified person”

- (c) has experience relevant to the subject matter of the mineral project and the technical report;
- (d) is in good standing with a professional association; and,
- (e) in the case of a professional association in a foreign jurisdiction, has a membership designation that
 - (i) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment; and

“qualified person”

(ii) requires

A. a favourable confidential peer evaluation of the individual’s character, professional judgment, experience and ethical fitness; or

B. a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining;

New CP guidance

“qualified person”

The definition of “qualified person” in the Instrument does not include engineering and geoscience technicians, engineers and geoscientists in training, and equivalent designations that restrict the individual’s scope of practice or require the individual to practice under the supervision of another professional engineer, professional geoscientist, or equivalent.

New CP guidance

“in good standing with a professional association”

We interpret this to include satisfying any related registration, licensing or similar requirement.

“demonstrated expertise in the field of mineral exploration or mining”

We generally interpret this to mean having at least five years of professional experience and satisfying an additional entrance requirement relating to level of responsibility.

New CP guidance

“demonstrated expertise in the field...”

Some examples of such a requirement are:

- (a) at least three years in a position of responsibility where the person was depended on for significant participation and decision-making;
- (b) experience of a responsible nature and involving the exercise of independent judgment in at least three of those years;
- (c) at least five years in a position of major responsibility, or a senior technical position of responsibility.

Relevant experience

From CIM Definition Standards (2010)

- The Qualified Person(s) should be clearly satisfied that they could face their peers and demonstrate competence and relevant experience in the commodity, type of deposit and situation under consideration.
- If doubt exists, the person must either seek or obtain opinions from other colleagues or demonstrate that he or she has obtained assistance from experts in areas where he or she lacked the necessary expertise.

“specified exchange”

NEW

means 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;

- *Relevant to certain independent technical reports triggers and royalty exemption*

“technical report”

REVISED

means a report prepared and filed in accordance with this Instrument and Form 43-101F1 Technical Report that **includes, in summary form, all** material scientific and technical information in respect of the subject property as of the **effective** date of the **technical** report;

New CP guidance

“technical report”

A report may constitute a “technical report” as defined in the Instrument, even if prepared considerably before the date the technical report is required to be filed, provided the information in the technical report remains accurate and complete as at the required filing date.

However, a report that an issuer files that is not required under the Instrument will not be considered a technical report until the Instrument requires the issuer to file it and the issuer has filed the required certificates and consents of qualified persons.

New CP guidance

“technical report”

The definition requires the technical report to include a summary of all material information about the subject property.

The qualified person is responsible for preparing the technical report. Therefore, it is the qualified person, not the issuer, who has the responsibility of determining the materiality of the scientific or technical information to be included in the technical report.

S.1.2 Mineral Resource

In this Instrument, the terms “**mineral resource**”, “**inferred mineral resource**”, “**indicated mineral resource**” and “**measured mineral resource**” have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended.

CIM Definition Standards

A Mineral Resource is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

S.1.3 Mineral Reserve

In this Instrument, the terms “**mineral reserve**”, “**probable mineral reserve**” and “**proven mineral reserve**” have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended.

CIM Definition Standards

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

S.1.4 Mining Studies

NEW

In this Instrument, the terms “preliminary feasibility study”, “pre-feasibility study”, and “feasibility study” have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended.

CIM Definition Standards

REVISED

A Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of realistically assumed mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations together with any other relevant operational factors and detailed financial analysis, that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable).

CIM Definition Standards

The results of the study may reasonably serve as the basis for a final decision by a **proponent** or financial institution to **proceed with, or** finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.

- *We do not consider a proponent to include a promoter, underwriter, company management or other individual who may have a vested interest in a production decision or related financing*

CIM Definition Standards

REVISED

A Preliminary Feasibility Study is a comprehensive study of **a range of options for the technical and economic** viability of a mineral project that has advanced to a stage where **a preferred** mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined.

CIM Definition Standards

It includes a financial analysis based on reasonable assumptions on **mining, processing, metallurgical, economic, marketing**, legal, environmental, social and **governmental** considerations and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.

S.1.5 Independence

In this Instrument, a qualified person is independent of an issuer if there is no circumstance that, in the opinion of a reasonable person aware of all relevant facts, could interfere with the qualified person's judgment regarding the preparation of the technical report.

- *This is a principle based test*
- *Yes we change the number on this section again*

CP guidance

Likely not independence if:

- employee, insider, director, or partner of company or a related party of a company, or of another company with an interest in property or an adjacent property
- Hold or expects to hold shares directly or indirectly in the company or another company with an interest in property
- Has or expects to have a direct or indirect interest in property or an adjacent property, including a royalty
- Received majority of income from company over past three years

Part 2 – Requirements Applicable to All Disclosure

S.2.1 Requirements Applicable to All Disclosure

REVISED

All disclosure of scientific or technical information made by an issuer, including disclosure of a mineral resource or mineral reserve, concerning a mineral project on a property material to the issuer must be:

- (a) based upon information prepared by or under the supervision of a qualified person; **or**
- (b) approved by a qualified person.**

S.2.2 All Disclosure of Mineral Resources or Mineral Reserves

An issuer must not disclose any information about a mineral resource or mineral reserve unless the disclosure

- (a) uses only the applicable mineral resource and mineral reserve categories set out in s. 1.2 and 1.3;
- (b) reports each category of mineral resources and mineral reserves separately, and states the extent, if any, to which mineral reserves are included in total mineral resources;

S.2.2 All Disclosure of Mineral Resources or Mineral Reserves

- (c) does not add inferred mineral resources to the other categories of mineral resources; and
- (d) states the grade or quality and the quantity for each category of the mineral resources and mineral reserves if the quantity of contained metal or mineral is included in the disclosure.

S.2.3 Restricted Disclosure

REVISED

- (1) An issuer must not disclose
 - (a) the quantity, grade, or metal or mineral content of a deposit that has not been categorized as an inferred mineral resource, an indicated mineral resource, a measured mineral resource, a probable mineral reserve, or a proven mineral reserve
 - (b) the results of an economic analysis that includes **or is based on** inferred mineral resources **or an estimate permitted under subsection 2.3(2) or section 2.4;**

S.2.3 Restricted Disclosure

REVISED

- (1) An issuer must not disclose
- (c) the gross value of metal or mineral in a deposit or a sampled interval or drill intersection;
 - (d) a metal or mineral equivalent grade for a multiple commodity deposit, sampled interval, or drill intersections, unless it also discloses the grade of each metal or mineral used to establish the metal or mineral equivalent grade;

CP guidance

Economic Analysis

CIM considers the 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.

Metal equivalent - good

Drill hole D-002 is located in the southwest part of the Douvray copper-gold prospect and was drilled to a depth of 386.6 m, the current maximum drilling depth (dip: -90°), with the following results:

Primary Sulphide Zone (91.5 – 386.6 m): **0.78 wt.% Cu, 0.10 g/t Au, 2.82 g/t Ag over 295.1 m, or 0.83 wt.% Cu equivalent*** over 295.1 m. The mineralisation is open at depth.

* *Cu equivalent calculated using US\$3/lb Cu, US\$25/oz Ag, US\$1200/oz Au.*

S.2.3 Restricted Disclosure

- (2) ...an issuer may disclose in writing the potential quantity and grade, expressed as ranges, of a **target for** further exploration if the disclosure
- (a) **states with equal prominence** that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource;
 - (b) states the basis on which the disclosed potential quantity and grade has been determined.

New CP guidance

Cautionary Language and Explanations

The requirements of subsections 2.3(2), 2.3(3), and 3.4(e) of the Instrument mean the issuer must include the required cautionary statements and explanations each time it makes the disclosure permitted by these exceptions.

New CP guidance

Cautionary Language and Explanations

These subsections also require the cautionary statements to have equal prominence with the rest of the disclosure. We interpret this to mean equal size type and proximate location. The issuer should consider including the cautionary language and explanations in the same paragraph as, or immediately following, the disclosure permitted by these exceptions.

S.2.3 Restricted Disclosure

- (3) Despite paragraph (1)(b), an issuer may disclose the results of a preliminary economic assessment that includes or is based on inferred mineral resources if the disclosure
- (a) **states with equal prominence** that the preliminary economic assessment is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized

S.2.3 Restricted Disclosure

... the disclosure

- (b) states the basis for the preliminary economic assessment and any qualifications and assumptions made by the qualified person;
- (c) describes the impact of the preliminary economic assessment on the results of any pre-feasibility study or feasibility study in respect of the subject property;

S.2.3 Restricted Disclosure

Cautions on inclusion of Inferred resources after a PFS or FS:

- This is intended to allow a step backwards from the PFS or FS to consider alternative options and scenarios
- Not a back-door to inclusion of Inferred in a PFS or FS
- Does not allow you to disclose PFS or FS based on Measured and Indicated and then a PEA version of the PFS or FS with Inferred included
- Securities regulators expect to see a significant re-scoping of the project in the PEA, if it is disclosed after a PFS or FS.

S.2.3 Restricted Disclosure

- (4) An issuer must not use the term preliminary feasibility study, pre-feasibility study, or feasibility study when referring to a study unless the study satisfies the criteria set out in the definition of the applicable term in section 1.4.

There should be no difference between a “bankable feasibility study” and a “feasibility study”.

The concept of bankable is already built into the definition of feasibility study.

Clarifying news release:

The July 20, 2010 technical report which the Company filed in respect of the Pan property contained economic analysis insufficiently comprehensive to meet the definition of a "prefeasibility study". As a result the Company intends to file a new report for the Pan property which will meet the requirements of a prefeasibility study under NI 43-101.

S.2.4 Disclosure of Historical Estimates

Despite section 2.2, an issuer may disclose an historical estimate, using the **original** terminology, if the disclosure

- (a) identifies the source and date of the historical estimate, **including any existing technical report;**
- (b) comments on the relevance and reliability of the historical estimate;
- (c) **to the extent known, provides the key assumptions, parameters, and methods used to prepare the historical estimate;**

S.2.4 of Companion Policy

Section 2.4(2) of Companion Policy

Source and date: means original source and date of the estimate, not third party documents, databases or other sources, including government databases, which may also report the historical estimate.

S.2.4 Disclosure of Historical Estimates

- (d) states whether the historical estimate uses categories other than the ones set out in sections 1.2 and 1.3 and, if so, includes an explanation of the differences;
- (e) includes any more recent estimates or data available to the issuer;
- (f) comments on what work needs to be done to upgrade or verify the historical estimate as current mineral resources or mineral reserves;

Disclosure of Historical Estimates

- (g) states with equal prominence that
 - (i) a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves; and
 - (ii) the issuer is not treating the historical estimate as current mineral resources or mineral reserves.

S.2.4 of Companion Policy

2.4 Disclosure of Historical Estimates

(5) Technical Report Trigger

The disclosure of an historical estimate will not trigger the requirement to file a technical report under paragraph 4.2(1)(j) of the Instrument if the issuer discloses the historical estimate in accordance with section 2.4 of the Instrument, including the cautionary statements required under paragraph 2.4(g).

S.2.4 of Companion Policy

2.4 Disclosure of Historical Estimates

(5) Technical Report Trigger

An issuer could trigger the filing of a technical report under paragraph 4.2(1)(j) if it discloses the historical estimate in a manner that suggests or treats the historical estimate as a current mineral resource or mineral reserve.

S.2.4 of Companion Policy

2.4 Disclosure of Historical Estimates

(5) Technical Report Trigger

We will consider an issuer is treating the historical estimate as a current mineral resource or mineral reserve in its disclosure if, for example, it

- (a) uses the historical estimate in an economic analysis or as the basis for a production decision;
- (b) states it will be adding on or building on the historical estimate; or
- (c) adds the historical estimate to current mineral resource or mineral reserve estimates.

Non-compliant historical estimates

- Identifying resource disclosure as “not compliant with NI 43-101” does not make it compliant disclosure.
- NI 43-101 is about rules for disclosure not standards for estimating mineral resources
- If estimates are historical, then disclose them in compliance with Section 2.4 of NI 43-101.
- Expect this issue to more strictly enforced in future.

Historical Estimate: Bad Disclosure

The Magpie Deposit is among the world's largest undeveloped titaniferous magnetite deposits with a **historical non-43-101 compliant resource estimate totalling 1.1 B Tons @43% Fe and 11%TiO₂** and still open at depth. An updated NI 43-101 is expected to be published shortly by P&E Consulting. The deposit is located on Quebec's North Shore, east of Sept Iles, about 130 kilometres north of tidewater. The titaniferous iron ore of the deposit has been described as massive and homogeneous and carries small, but significant chromium and vanadium values. - *website*

Historical estimate: Good Disclosure

Coeur d'Alene using a **simple polygonal method** in drilling by cross section, identified a historic gold-copper resource comprising approximately 94 million tonnes grading approximately 0.6 grams per tonne gold and 0.11% total copper. **CAUTION:** The historical estimate presented above is **relevant to the further exploration of the project** which, the Company is currently undertaking with a drill program. A qualified person has **not done sufficient work** to classify the historical estimate as current mineral resources or mineral reserves; and the **Issuer is not treating the historical estimate as current mineral resources** or mineral reserves; therefore they should not be relied upon.

Historical estimate: Good Disclosure

The term "drill indicated geologic resource" is a historical term used by CBI, **not comparable to the CIM defined inferred resource**, and should be compared to a potential mineral deposit requiring further exploration drilling to define an initial resource. There is no recent drill information on the Groete Creek project, and **further drilling will be required** to upgrade and verify the historical estimate as a current mineral resource, and there is **no certainty that this can be accomplished**. There is no current data available for the project, but drill results are anticipated in the near future.

Part 3 – Additional Requirements for Written Disclosure

S.3.1 Written Disclosure to Include Name of Qualified Person

If an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure the name and the relationship to the issuer of the qualified person who

- (a) prepared or supervised the preparation of the information that forms the basis for the written disclosure; **or**
- (b) **approved the written disclosure**

S.3.2 Written Disclosure to Include Data Verification

If an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure

- (a) a statement whether a qualified person has verified the data disclosed, including sampling, analytical and test data underlying the information or opinions contained in the written disclosure;
- (b) a description of how the data was verified and any limitations on the verification process; and
- (c) an explanation of any failure to verify the data.

S.3.3 Requirements Applicable to Written Disclosure of Exploration Information

- (1) If an issuer discloses in writing exploration information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure a summary of
 - (a) the material results of surveys and investigations regarding the property;
 - (b) the interpretation of the exploration information; and
 - (c) the quality assurance program and quality control measures applied during the execution of the work being reported on.

S.3.3 Requirements Applicable to Written Disclosure...

- (2) If an issuer discloses in writing sample or analytical or testing results on a property material to the issuer, the issuer must include in the written disclosure, **with respect to the results being disclosed**
- (a) **the location and type of the samples;**
 - (b) **the location, azimuth, and dip of the drill holes and the depth of the sample intervals;**
 - (c) a summary of the relevant analytical values, widths, and to the extent known, the true widths of the mineralized zone;

S.3.3 Requirements Applicable to Written Disclosure...

- (d) the results of any significantly higher grade intervals within a lower grade intersection;
- (e) any drilling, sampling, recovery, or other factors that could materially affect the accuracy or reliability of the data referred to in this subsection; and
- (f) a summary description of the type of analytical or testing procedures utilized, sample size, the name and location of each analytical or testing laboratory used, and any relationship of the laboratory to the issuer.

S.3.4 Requirements Applicable to Written Disclosure...

If an issuer discloses in writing mineral resources or mineral reserves on a property material to the issuer, the issuer must include in the written disclosure

- (a) the effective date of each estimate of mineral resources and mineral reserves;
- (b) the quantity and grade or quality of each category of mineral resources and mineral reserves;
- (c) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;

S.3.4 Requirements Applicable to Written Disclosure...

- (d) the identification of any known legal, political, environmental, or other risks that could materially affect the potential development of the mineral resources or mineral reserves;
- (e) if the disclosure includes the results of an economic analysis of mineral resources, an equally prominent statement that mineral resources that are not mineral reserves do not have demonstrated economic viability

Section 3.5 Exception for Written Disclosure Already Filed

- Sections 3.2 and 3.3 and paragraphs (a), (c) and (d) of section 3.4 do not apply if the issuer includes in the written disclosure a reference to the title and date of a document previously filed by the issuer that complies with those requirements

Part 4 – Obligations to File a Technical Report

S.4.1 Obligation to File a Technical Report Upon Becoming a Reporting Issuer

- (1) Upon becoming a reporting issuer in a jurisdiction of Canada an issuer must file in that jurisdiction a technical report for **each mineral property** material to the issuer.
- (2) Subsection (1) does not apply if the issuer is a reporting issuer in a jurisdiction of Canada and subsequently becomes a reporting issuer in another jurisdiction of Canada.

S.4.1 Obligation to File a Technical Report...

- (3) Subsection (1) does not apply if
- (a) the issuer previously filed a technical report for the property;
 - (b) at the date the issuer becomes a reporting issuer, there is no new material scientific or technical information concerning the subject property not included in the previously filed technical report; and
 - (c) the previously filed technical report meets any independence requirements under section 5.3.

S.4.2 Obligation to File a Technical Report...with Certain Written Disclosure...

- (1) An issuer must file a technical report to support scientific or technical information that relates to a mineral project on a property material to the issuer, if the information is contained in any of the following documents filed or made available to the public in a jurisdiction of Canada:

S.4.2 Obligation to File a Technical Report...

- (a) a preliminary prospectus, other than a preliminary short form prospectus...
- (b) a preliminary short form prospectus filed in accordance with National Instrument 44-101 *Short Form Prospectus Distributions* that discloses for the first time;
 - (i) mineral resources, mineral reserves or the results of a preliminary economic assessment...
 - (ii) change in mineral resources, mineral reserves or the results of a preliminary economic assessment from the most recently filed technical report...

S.4.2 Obligation to File a Technical Report...

- (c) an information or proxy circular concerning a direct or indirect acquisition of a mineral property where the issuer or resulting issuer issues securities as consideration;
- (d) an offering memorandum, other than an offering memorandum delivered solely to accredited investors as defined under securities legislation;
- (e) for a reporting issuer, a rights offering circular;
- (f) an annual information form;

Removed Grandfather

- (f) an annual information form that includes material scientific or technical information about a mineral project on a property material to the issuer but not contained in
 - (i) an annual information form, prospectus, or material change report filed before February 1, 2001; or
 - (ii) a previously filed technical report;
- *Similar wording removed from short form prospectus trigger*

S.4.2 Obligation to File a Technical Report...

- (g) a valuation required to be prepared and filed under securities legislation;
- (h) an offering document that complies with and is filed in accordance with *Policy 4.6 - Public Offering by Short Form Offering Document* and *Exchange Form 4H - Short Form Offering Document*, of the TSX Venture Exchange, **as amended**;
- (i) a take-over bid circular that discloses mineral resources, mineral reserves or the results of a preliminary economic assessment on the property if securities of the offeror are being offered in exchange on the take-over bid;

S.4.2 Obligation to File a Technical Report...

- (j) any written disclosure made by or on behalf of an issuer, other than in a document described in paragraphs (a) to (i), that discloses for the first time
 - (i) mineral resources, mineral reserves or the results of a preliminary economic assessment on the property that constitute a material change in relation to the issuer; or
 - (ii) a change in mineral resources, mineral reserves or the results of a preliminary economic assessment from the most recently filed technical report if the change constitutes a material change in relation to the issuer.

S.4.2 of Companion Policy

(3) First Time Disclosure Trigger (4.2(1)(j)(i))

In most cases, we think that first time disclosure of mineral resources, mineral reserves, or the results of a preliminary economic assessment, on a property material to the issuer will constitute a material change in the affairs of the issuer.

Disclosure of Pre-feasibility or Feasibility Study Results

- Disclosure is not a direct technical report trigger
- Indirect trigger may be
 - first-time disclosure of mineral reserves
 - disclosure of a material change to the mineral resource or mineral reserve estimates
 - disclosure in an annual information form, prospectus or other s.4.2(1) disclosure document

S.4.2 Obligation to File a Technical Report...

- (2) Subsection (1) does not apply for disclosure of an historical estimate in a document referred to in paragraph (1)(j) if the disclosure
- (a) is in accordance with subsection 2.4; and
 - (b) includes a statement that
 - (i) a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves;
 - (ii) the issuer is not treating the historical estimate as current mineral resources or mineral reserves as defined in sections 1.2 and 1.3 of this Instrument; and
 - (iii) the historical estimate should not be relied upon.

S.4.2 Obligation to File a Technical Report...

- (3) If a technical report is filed under paragraph (1)(a) or (b), and new material scientific or technical information concerning the subject property becomes available before the filing of the final version of the prospectus or short form prospectus, the issuer must file an updated technical report or an addendum to the technical report with the final version of the prospectus or short form prospectus.

S.4.2(4) Filing of technical reports

- (4) The issuer must file the technical report referred to in subsection (1) not later than the time it files or makes available to the public the document listed in subsection (1) that the technical report supports.

S.4.2(5) Filing of technical reports

(5) Despite subsection (4), an issuer must

(a) file a technical report supporting disclosure under paragraph (1)(j) not later than

(i) if the disclosure is also contained in a preliminary short form prospectus, the earlier of 45 days after the date of the disclosure and the date of filing the preliminary short form prospectus;

(ii) if the disclosure is also contained in a directors' circular, the earlier of 45 days after the date of the disclosure and 3 business days before expiry of the take-over bid; and

(iii) in all other cases, 45 days after the date of the disclosure;

S.4.2(5) Filing of technical reports

- (5) Despite subsection (4), an issuer must
- (b) **issue a news release at the time it files the technical report disclosing the filing of the technical report and** reconciling any material differences in the mineral resources, mineral reserves or results of a preliminary economic assessment, between the technical report and the issuer's disclosure under paragraph (1)(j).

New property acquisitions

- Disclosure of existing mineral resources/reserves or PEA on acquired material mineral property will usually trigger a technical report
- Limited time to prepare a technical report to support the disclosure
- Rule changes to make this more flexible and practical and removes potential obstacles to full disclosure

Disclosing third-party estimates

- (7) ... an issuer is not required to file a technical report within 45 days to support disclosure under subparagraph (1)(j)(i), if
- (a) the mineral resources, mineral reserves or results of a preliminary economic assessment
 - (i) were prepared by or on behalf of another issuer who holds or previously held an interest in the property;
 - (ii) were disclosed by the other issuer in a document listed in subsection (1) ; and
 - (iii) are supported by a technical report filed by the other issuer;

Disclosing third-party estimates

- (b) the issuer, in its disclosure under subparagraph (1)(j)(i)
 - (i) identifies the title and effective date of the previous technical report and the name of the other issuer that filed it;
 - (ii) names the qualified person who reviewed the technical report on behalf of the issuer; and

Disclosing third-party estimates

(iii) states with equal prominence that, to the best of the issuer's knowledge, information, and belief, there is no new material scientific or technical information that would make the disclosure of the preliminary economic assessment, mineral resources, or mineral reserves inaccurate or misleading;

Disclosing third-party estimates

- (c) the issuer files a technical report supporting its disclosure of the mineral resources, mineral reserves or results of a preliminary economic assessment ;
 - (i) If the disclosure is also contained in a preliminary short form prospectus, by the earlier of 180 days after the date of the disclosure and the date of filing the short form prospectus; and
 - (ii) In all other cases, within 180 days after the date of the disclosure.

S.4.2 Obligation to File a Technical Report...

- (8) Subsection (1) does not apply if
- (a) the issuer previously filed a technical report that supports the scientific or technical information in the document;
 - (b) at the date of filing the document, there is no new material scientific or technical information concerning the subject property not included in the previously filed technical report;
 - (c) the previously filed technical report meets any independence requirements under section 5.3.

Implications of subsection (8)

- No technical report trigger, so new consents or certificates of QP
- Only file the consent and certificates of QP once – when file the technical report on SEDAR.
- In the case of a prospectus filing, still need to provide a consent of expert with the final prospectus,
- Still need to name the QP that prepared or approved the disclosure

4.3 Required Form of Technical Report

A technical report that is required to be filed under this Part must be prepared

(a) in English or French; and

(b) in accordance with Form 43-101F1.

Part 5 – Author of Technical Report

S.5.1 Prepared by a Qualified Person

NI 43-101

A technical report must be prepared by or under the supervision of one or more qualified persons.

Companion Policy

By implication, this means that at least one qualified person must take responsibility for each section or item of the technical report, including any information incorporated from previously filed technical reports.

New CP guidance

If the qualified person, in response to a particular item, refers to the equivalent item in a previously filed technical report, the qualified person is implicitly saying that the information is still reliable and current and there have been no material changes. This would normally involve the qualified person doing a certain amount of background work and validation.

S.5.2 Execution of Technical Report

A technical report must be dated, signed and, if the qualified person has a seal, sealed by

- (a) each qualified person who is responsible for preparing or supervising the preparation of all or part of the report; or
- (b) a person or company whose principal business is providing engineering or geoscientific services if each qualified person responsible for preparing or supervising the preparation of all or part of the report is an employee, officer, or director of that person or company.

CP guidance

5.2 Execution of Technical Report

If a person's name appears in an electronic document with (signed by) or (sealed) next to the person's name or there is a similar indication in the document, the securities regulatory authorities will consider that the person has signed and sealed the document.

Although not required, the qualified person may sign or seal maps and drawings in the same manner.

S.5.3 Independent Technical Reports

- (1) A technical report required under any of the following provisions of this Instrument must be prepared by or under the supervision of **one or more** qualified persons that are, at the **effective and filing dates** of the technical report, **all** independent of the issuer:
- (a) section 4.1;
 - (b) paragraphs (a) and (g) of subsection 4.2(1); or

S.5.3 Independent Technical Reports

- (c) paragraphs (b), (c), (d), (e), (f), (h), (i) and (j) of subsection 4.2(1), if the document discloses
- (i) for the first time mineral resources, mineral reserves or the results of a preliminary economic assessment on a property material to the issuer, or
 - (ii) a 100 percent or greater change in the total mineral resources or total mineral reserves on a property material to the issuer, since the issuer's most recently filed independent technical report in respect of the property.

S.5.3 Independent Technical Reports

- (2) Despite subsection (1), a technical report required to be filed by a producing issuer under paragraph (1)(a) is not required to be prepared by or under the supervision of an independent qualified person if the securities of the issuer trade on a specified exchange.
- (3) Despite subsection (1), a technical report required to be filed by a producing issuer under paragraph (1)(b) or (c) is not required to be prepared by or under the supervision of an independent qualified person.

S.5.3 Independent Technical Reports

- (4) Despite subsection (1), a technical report required to be filed by an issuer concerning a property which is or will be the subject of a joint venture with a producing issuer is not required to be prepared by or under the supervision of an independent qualified person, if the qualified person preparing or supervising the preparation of the report relies on scientific and technical information prepared by or under the supervision of a qualified person that is an employee or consultant of the producing issuer.

Part 6 – Preparation of Technical Report

S.6.1 The Technical Report

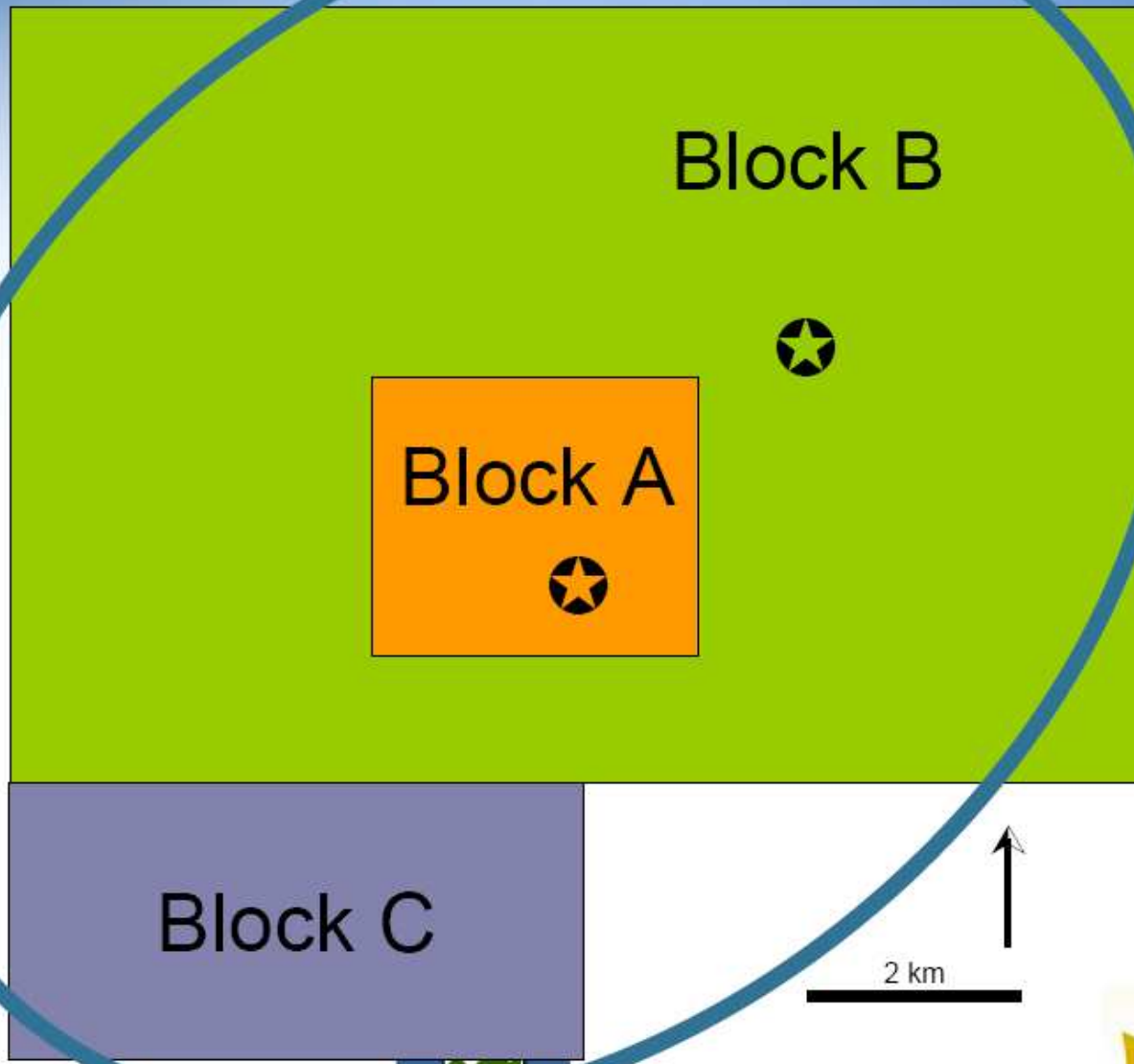
A technical report must be based on all available data relevant to the disclosure that it supports.

Do not limit the scope of the technical report.

Sounds straightforward, but it can be a significant issue when preparing NI 43-101 compliant Technical Reports.

Project \neq property

Technical Report



Properties with Multiple Deposits

- Can a company file separate technical reports for different deposits on the same property?
 - Generally speaking, no
- Technical Report must:
 - s.1.1 - include a summary of all material scientific and technical information about a mineral property
 - s.6.1 – be based on all relevant available data
 - Other deposits are relevant because likely to use the same infrastructure and likely to impact the potential viability and scale of the development

S.4.2 in Companion Policy

(8) Technical Reports Must be Current and Complete

A “technical report” as defined in the Instrument must include in summary form all material scientific and technical information about the property. Any time an issuer is required to file a technical report, that report must be complete and current. There should only be one current technical report on a property at any point in time.

S.4.2 in Companion Policy

(8) Technical Reports Must be Current and Complete

When an issuer files a new technical report, it will replace any previously filed technical report as the current technical report on that property. This means the new technical report must include any material information documented in a previously filed technical report, to the extent that this information is still current and relevant.

S.4.2 in Companion Policy

(8) Technical Reports Must be Current and Complete

If an issuer gets a new qualified person to update a previously filed technical report prepared by a different qualified person, the new qualified person must take responsibility for the entire technical report, including any information referenced or summarized from a previous technical report.

S.6.2 Current Personal Inspection

- (1) Before an issuer files a technical report, the issuer must have at least one qualified person who is responsible for preparing or supervising the preparation of all or part of the technical report complete a current inspection on the property that is the subject of the technical report.

S.6.2 of Companion Policy

(3) More than One Qualified Person

Subsection 6.2(1) of the Instrument requires at least one qualified person who is responsible for preparing or supervising the preparation of the technical report to inspect the property. This is the minimum standard for a current personal inspection.

There could be cases in advanced mineral projects where the qualified persons consider it necessary for more than one qualified person to conduct current personal inspections of the property, taking into account the nature of the work on the property and the different expertise required to prepare the technical report.

S.6.4 Limitation on Disclaimers

- (1) An issuer must not file a technical report that contains a disclaimer by any qualified person responsible for preparing or supervising the preparation of **all or part of** the report that
 - (a) disclaims responsibility for, or **limits** reliance **by another party on, any information in the part** of the report the qualified person prepared or supervised the preparation of; or
 - (b) limits the use or publication of the report in a manner that interferes with the issuer's obligation to reproduce the report by filing it on SEDAR.

S.6.4 Limitation on Disclaimers

- (2) Despite subsection (1), an issuer may file a technical report that includes a disclaimer in accordance with Item 3 of Form 43-101F1.

This is for information that would generally not be prepared by a Qualified Person.

Part 7 – Use of Foreign Code

S. 7.1 Use of Foreign Code

- (1) Despite section 2.2, an issuer may make disclosure and file a technical report that uses the mineral resource and mineral reserve categories of an acceptable foreign code, if the issuer
- (a) is incorporated or organized in a foreign jurisdiction; or
 - (b) is incorporated or organized under the laws of Canada or a jurisdiction of Canada, for its properties located in a foreign jurisdiction

S. 7.1 Use of Foreign Code

- (2) If an issuer relies on subsection (1), the issuer must include in the technical report a reconciliation of any material differences between the mineral resource and mineral reserve categories used and the categories set out in sections 1.2 and 1.3.

Part 8 – Certificates and Consents of Qualified Persons for Technical Reports

S.8.1 Certificates of Qualified Persons

- (1) An issuer must, when filing a technical report, file a certificate that is dated, signed, and if the signatory has a seal, sealed, of each qualified person responsible for preparing or supervising the preparation of **all or part** of the technical report

S.8.1 Certificates of Qualified Persons

- (2) A certificate under subsection (1) must state
- (a) the name, address and occupation of the qualified person;
 - (b) the title and **effective** date of the technical report to which the certificate applies;
 - (c) the qualified person's qualifications, including a brief summary of relevant experience, the name of all professional associations to which the qualified person belongs, and that the qualified person is a "qualified person" for purposes of this Instrument;

S.8.1 Certificates of Qualified Persons

- (2) A certificate under subsection (1) must state
- (d) the date and duration of the qualified person's most recent personal inspection of each property, if applicable;
 - (e) the item or items of the technical report for which the qualified person is responsible;
 - (f) whether the qualified person is independent of the issuer as described in section **1.5**;
 - (g) what prior involvement, if any, the qualified person has had with the property that is the subject of the technical report;

S.8.1 Certificates of Qualified Persons

- (2) A certificate under subsection (1) must state
- (h) that the qualified person has read this Instrument and the technical report, **or part that the qualified person is responsible for**, has been prepared in compliance with this Instrument;
 - (i) that, at the **effective** date of the **technical report**, to the best of the qualified person's knowledge, information, and belief, the technical report, **or part that the qualified person is responsible for**, contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

S.8.2 Addressed to Issuer

All technical reports must be addressed to the issuer.

Section 8.2 of CP - Addressed to Issuer - We consider the technical report is addressed to the issuer if the issuer's name appears on the title page as the party for which the qualified person prepared the technical report.

We also consider the technical report is addressed to the issuer filing the technical report if it is addressed to an issuer that is or will become a wholly-owned subsidiary of the issuer filing the technical report.

S.8.3 Consents of Qualified Persons

- (1) An issuer must, when filing a technical report, file a statement of each qualified person responsible for preparing or supervising the preparation of **all or part** of the technical report, dated, and signed by the qualified person
 - (a) consenting to the public filing of the technical report
 - (b) Identifying the document that the technical report supports**

S.8.3 Consents of Qualified Persons

- (c) consenting to the use of extracts from, or a summary of, the technical report in the document
- (d) confirming that the qualified person has read the document and that it fairly and accurately represents the information in the technical report or part that the qualified person is responsible for

New CP guidance

(2) Deficient Consents – Consents must include all the statements required by subsection 8.3(1) of the Instrument. An issuer that files consents with required statements that are missing or altered to change the intended meaning has not complied with the Instrument. Appendix B to the Policy provides an example of an acceptable consent of a qualified person.

CP Appendix B - Example

CONSENT of QUALIFIED PERSON

I, [name of QP], consent to the public filing of the technical report titled [insert title of report] and dated [insert date of report] (the “Technical Report”) by [insert name of issuer filing the report].

I also consent to any extracts from or a summary of the Technical Report in the [insert date and type of disclosure document (i.e. news release, prospectus, AIF, etc.)] of [insert name of issuer making disclosure].

I certify that I have read [date and type of document (i.e. news release, prospectus, AIF, etc.)] that the report supports] being filed by [insert name of issuer] and that it fairly and accurately represents the information in the sections of the technical report for which I am responsible.

Dated this [insert date].

Part 9 - Exemptions

S.9.1 Authority to Grant Exemptions

- (1) The regulator or the securities regulatory authority may, on application, grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption in response to an application.

S.9.1 Authority to Grant Exemptions

- Formal legal process with costs
- No guarantee will be granted
- Needs to be circumstance specific
- Not granted without careful consideration of precedents, public interest, and impact on rules

S.9.2 Exemptions for Royalty or Similar Interests

- (1) An issuer whose interest in a mineral project is only a royalty or similar interest is not required to file a technical report to support disclosure in a document under subsection 4.2(1) if
 - (a) the operator or owner of the mineral project is
 - (i) a reporting issuer in a jurisdiction in Canada, or
 - (ii) a producing issuer whose securities trade on a specified exchange and that discloses mineral resources and mineral reserves under an acceptable foreign code;

S.9.2 Exemptions for Royalty or Similar Interests

- (b) the issuer identifies in its document under subsection 4.2(1) the source of the scientific and technical information; and
- (c) the operator or owner of the mineral project has disclosed the scientific and technical information that is material to the issuer.

Section 9.2 Exemptions for Royalty or Similar Interests

- (2) An issuer whose interest in a mineral project is only a royalty or similar interest and that does not qualify to use the exemption in subsection (1) is not required to:
- (a) Comply with section 6.2; and
 - (b) Complete those items under Form 43-101F1 that require data verification, inspection of documents, or personal inspection of the property to complete those items.

CP guidance

The definition of “mineral project” in the Instrument includes a royalty interest or similar interest. Scientific and technical disclosure regarding all types of royalty interests in a mineral project is subject to the Instrument.

Royalty or similar interest includes:

- gross overriding royalty, net smelter return, net profit interest, free carried interest, and a product tonnage royalty.
- interest in a revenue or commodity stream

Take A Chance Mining Ltd.

January 20, 2012

NEWS RELEASE:

Take A Chance Mining Announces Incredible Results from the Lucky Strike Gold Project

Take A Chance Mining (TSX-V: BBB) is pleased to report results from its first drill program on the new Lucky Strike Gold Project. On February 1, 2009, Take A Chance (the Company) signed an option agreement to acquire an interest in the Lucky Strike Gold Project (the Property) in China which covers a large geological district. The Property is host to several gold deposits which have reported previous drill intersections up to 3.5 metres grading 59.2 g/t gold and a total resource of 560,125 oz gold. Based on the current gold price, the gross metal value of this resource is at least US\$0.5 billion. The Company believes the Property has the potential for 1.5 million oz gold.

The recently completed four hole drill program returned very encouraging results. The Company's president, Joe Hopeful, states "these intersections provide proof that our Company has a world-class project with the potential to be very profitable. Highlights from the recent drilling include the following:

Hole	Intercept (m)	Gold (g/t)
DD01	0.5	38.8
DD04	5.0	15.3

Samples were prepared by the Company's employees and sent to the local assay laboratory for analysis. The core was sampled in 0.5 to 1.0 metre lengths with half being sent to the lab and half remaining on site. The sampling procedure has been to industry standards.

Joe Hopeful stated "we are extremely excited about the potential of the Lucky Strike Project. We knew based on the visual estimates of 25-35 g/t gold that we had to move very aggressively on this Property." The Company is planning a second drill program which will begin shortly to follow-up on the successes of the first drilling phase.

This news release was prepared and reviewed by Joe Hopeful, President and CEO of the Company. For further information contact Joe Hopeful at jhopeful@takeachance.net.

On behalf of the Board of Directors,

"Joe Hopeful"

Joe Hopeful

President and CEO

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.

Form 43-101F1

Technical Report

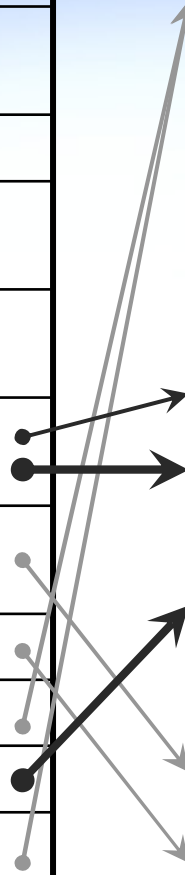
Revisions to Technical Report Form

Existing Form

Title, Contents	Items 1-2
Summary, Introduction, Reliance	Items 3-5
Location, Access, History	Items 6-8
Geology, Deposit Types, Mineralization	Items 9-11
Work Program, Results, Verification	Items 12-18
Resource and Reserve Estimates	Item 19
Conclusions, Recommendations	Items 20-22
References	Item 23
Date, Signature	Item 24
Development Information	Item 25
Illustrations	Item 26

New Form

“General Contents”	Title, Date, Signature, Contents, Illustrations
Items 1-3	Summary, Introduction, Reliance
Items 4-6	Location, Access, History
Items 7-8	Geology and Mineralization, Deposit Types
Items 9-13	Work Program, Results, Verification
Item 14	Mineral Resources
Item 15	Mineral Reserves
Item 16-22	Mining, Recovery, Infrastructure, Markets, Contracts, Environmental, Social Impact, Economic Analysis
Items 23-26	Adjacent Properties, Other Data, Conclusions, Recommendations
Item 27	References



“Advanced Property”: Items 15 to 22

Structural changes

- Replaced Item 25 with 8 new items
 - now applies to all advanced properties
- Differing requirements for advanced properties
- Removed item numbers for certain components
 - title and signature pages, illustrations and table of contents
- Signature at beginning or end
- Consolidated and restructured certain items
- Separated mineral resources and reserves
- New instructions

Instruction

*(1) The objective of the technical report is to provide a summary of **material** scientific and technical information concerning mineral exploration, development and production activities on a mineral property that is material to an issuer.*

- Instructions are part of the Form and must be complied with

New Instruction

(3) The qualified person preparing the technical report should keep in mind that the intended audience is the investing public and their advisors who, in most cases, will not be mining experts. Therefore, to the extent possible, technical reports should be simplified and understandable to a reasonable investor.

- If we have trouble understanding the technical report we will assume the public will as well

New Instruction

(3) However, the technical report should include sufficient context and cautionary language to allow a reasonable investor to understand the nature, importance, and limitations of the data, interpretations, and conclusions summarized in the technical report.

- If we have trouble understanding the technical report we will assume the public will as well

Revised Instruction

*(4) The qualified person preparing the technical report must use all of the headings of **Items 1 to 14 and 23 to 27** in this Form and **provide the information specified under each heading. For advanced properties, the qualified person must also use the headings of Item 15 to 22 and include the information required under each of these headings. The qualified person may create sub-headings. Disclosure included under one heading is not required to be repeated under another heading.***

New Instruction

(5) The qualified person preparing the technical report may refer to information in a technical report previously filed by the issuer for the subject property if the information is still current and the technical report identifies the title, date and author of the previously filed technical report. However, the qualified person must still summarize or quote the referenced information in the current technical report and may not disclaim responsibility for the referenced information.

New Instruction

(5) Except as permitted by subsection 4.2(3) of the Instrument, an issuer may not update or revise a previously filed technical report by filing an addendum.

- This is not a new requirement
- It just restates what is in the Instrument

New Instruction

(6) While the Form mandates the headings and general format of the technical report, the qualified person preparing the technical report is responsible for determining the level of detail required under each Item based on the qualified person's assessment of the relevance and significance of the information.

- The QP is responsible for the report
- The QP must determine the level of detail required to meet the Form content requirement.

Instruction

(7) The technical report may only contain disclaimers that are in accordance with section 6.4 of the Instrument and Item 3 of this Form.

- Just restating what is in the Instrument
- Disclaimers are only allowed for information that would not normally be prepared by a Qualified Person.

New Instruction

(8) Since a technical report is a summary document the inclusion and filing of comprehensive appendices is not generally necessary to comply with the requirements of the Form.

- If it is relevant and important to the scientific and technical information about the property, it should be summarized in the text of the report.

New Instruction

(9) The Instrument requires certificates and consents of qualified persons, prepared in accordance with sections 8.1 and 8.3 respectively, to be filed at the same time as the technical report. The Instrument does not specifically require the issuer to file the certificate of qualified person as a separate document. It is generally acceptable for the qualified person to include the certificate in the technical report and to use the certificate as the date and signature page.

Date and Signature Page

The technical report must have a signature page, at **either the beginning or** end of the technical report, signed in accordance with section 5.2 of the Instrument. The effective date of the technical report and date of signing must be on the signature page.

- This can be the Certificate of Qualified Person, since it has all of this information.

Illustrations

Technical reports must be illustrated by legible maps, plans and sections, **all prepared at an appropriate scale to distinguish important features. Maps must be dated and include a legend, author or information source, a scale in bar or grid form, and an arrow indicating north.** All technical reports must be accompanied by a location or index map and a compilation map outlining the general geology of the property. In addition, all technical reports must include more detailed maps showing all important features described in the text, relative to the property boundaries, including but not limited to

Illustrations

- (a) for exploration projects, areas of previous or historical exploration, and the location of known mineralization, geochemical or geophysical anomalies, drilling and mineral deposits;
- (b) for advanced properties other than properties under development or in production, the location and surficial outline of mineral resources, mineral reserves, and to extent known, areas for potential access and infrastructure; and

Illustrations

(c) for properties under development or in production, the location of pit limits or underground development, plant sites, tailings storage areas, waste disposal areas, and all other significant infrastructure features.

Illustrations

If information is used from other sources in preparing maps, drawings, or diagrams, disclose the source of the information.

If adjacent or nearby properties have an important bearing on the potential of the subject property, the location of the properties and any relevant mineralized structures discussed in the report must be shown in relationship to the subject property.

Item 3: Reliance on Other Experts

A qualified person who prepares or supervises the preparation of all or part of a technical report may include a limited disclaimer of responsibility if:

- (a) The qualified person is relying on a report, opinion, or statement of another expert who is not a qualified person, **or on information provided by the issuer**, concerning legal, political, environmental, or tax matters relevant to the technical report, and the qualified person identifies

Item 3: Reliance on Other Experts

- (i) the source of the information relied upon, including the date, title, and author of any report, opinion, or statement;
- (ii) the extent of reliance; and
- (iii) the portions of the technical report to which the disclaimer applies.

Item 3: Reliance on Other Experts

- (b) The qualified person is relying on a report, opinion, or statement of another expert who is not a qualified person, concerning diamond or other gemstone valuations, or the pricing of commodities for which pricing is not publicly available, and the qualified person discloses

Item 3: Reliance on Other Experts

- (i) the date, title, and author of the report, opinion, or statement;
- (ii) the qualifications of the other expert and why it is reasonable for the qualified person to rely on the other expert;
- (iii) any significant risks associated with the valuation or pricing; and
- (iv) any steps the qualified person took to verify the information provided.

Item 4: Property Description and Location

- (e) how the property boundaries were located;
- (f) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements, relative to the outside property boundaries;
- (h) to the extent known, any other significant factors and risks that may affect access, title, or the right or ability to perform work on the property.

Item 6: History

INSTRUCTION: *If the technical report includes work that was conducted outside the current property boundaries, clearly distinguish this work from the work conducted on the property that is the subject of the technical report.*

Item 7: Geological Setting and Mineralization

Describe

- (a) the regional, local, and property geology; and
- (b) the significant mineralized zones encountered on the property, including a summary of the surrounding rock types, relevant geological controls, and the length, width, depth, and continuity of the mineralization, together with a description of the type, character, and distribution of the mineralization.

Item 9: Exploration

Briefly describe the nature and extent of all relevant exploration work **other than drilling** conducted by or on behalf of, the issuer, including

- (a) the procedures and parameters relating to the surveys and investigations;
- (b) the sampling methods and sample quality, including whether the samples are representative, and any factors that may have resulted in sample biases;

Removed

- (c) A statement as to whether the surveys and investigations have been carried out by the issuer or by a contractor...

Item 9: Exploration

- (c) **relevant information** of location, number, type, nature, and spacing or density of samples collected, and the size of the area covered; and
- (d) **the significant** results and interpretation of the exploration information.

INSTRUCTION: *If exploration results from previous operators are included, clearly identify the work conducted by or on behalf of the issuer.*

Item 10: Drilling

Describe

- (a) the type and extent of drilling including the procedures followed and a summary and interpretation of all **relevant** results;
- (b) any drilling, sampling, or recovery factors that could materially impact the accuracy and reliability of the results;

Item 10 Drilling

- (c) for a property other than an advanced property
 - (i) the location, azimuth, and dip of any drill hole, and the depth of the relevant sample intervals;
 - (ii) the relationship between the sample length and the true thickness of the mineralization, if known, and if the orientation of the mineralization is unknown, state this; and
 - (iii) the results of any significantly higher grade intervals within a lower grade intersection.

New Instructions

- (1) For properties with mineral resource estimates, the qualified person may meet the requirements under Item 10 (c) by providing a drill plan and representative examples of drill sections through the mineral deposit*
- (2) If drill results from previous operators are included, clearly identify the results of drilling conducted by or on behalf of the issuer.*

Old Item 14 Removed

Sample Method and Approach

- Most of relevant information in old Item 14 fit better under Exploration or Drilling and was moved
- This Item no longer needed as a separate heading

Item 11: Sample Preparation, Analyses, and Security

Describe

- (a) sample preparation methods and quality control measures employed before dispatch of samples to an analytical or testing laboratory, the method or process of sample splitting and reduction, and the security measures taken to ensure the validity and integrity of samples taken;

Removed

- (a) a statement whether any aspect of the sample preparation was conducted by an employee, officer, director or associate of the issuer;

Item 11: Sample Preparation, Analyses, and Security

- (b) **relevant information** regarding sample preparation, assaying and analytical procedures used, the name and location of the analytical or testing laboratories, **the relationship of the laboratory to the issuer**, and whether the laboratories are certified by any standards association and the particulars of any certification;

Item 11: Sample Preparation, Analyses, and Security

Describe:

- (c) a summary of the nature, extent, **and results** of quality control **procedures** employed and **quality assurance actions taken or recommended to provide adequate confidence in the data collection and estimation process**; and
- (d) the author's opinion on the adequacy of sample preparation, security and analytical procedures.

Item 12: Data Verification

Describe the steps taken by the qualified person to verify the data being reported on, including

- (a) the data verification procedures applied by the qualified person;
- (b) any limitations on or failure to conduct such verification, and the reasons for any such limitations or failure; and
- (c) the qualified person's opinion on the adequacy of the data for the purposes used in the technical report.

Item 13: Mineral Processing and Metallurgical Testing

If mineral processing or metallurgical testing analyses have been carried out, **discuss**

- (a) **the nature and extent** of the testing and analytical procedures, and **provide a summary of the relevant results;**
- (b) **the basis for any assumptions or predictions regarding recovery estimates;**

Item 13: Mineral Processing and Metallurgical Testing

- (c) to the extent known, the degree to which the test samples are representative of the various types and styles of mineralization and the mineral deposit as a whole; and
- (d) to the extent known, any processing factors or deleterious elements that could have a significant effect on potential economic extraction.

Item 14: Mineral Resource Estimate

A technical report disclosing mineral resources must

- (a) provide sufficient discussion of the key assumptions, parameters, and methods used to estimate the mineral resources, for a reasonably informed reader to understand the basis for the estimate and how it was generated;
- (b) comply with all disclosure requirements for mineral resources set out in the Instrument, including sections 2.2, 2.3, and 3.4;

Item 14: Mineral Resource Estimate

- (c) when the grade for a multiple commodity mineral resource is reported as metal **or mineral** equivalent, report the individual grade of each metal **or mineral** and the metal prices, recoveries, and any other relevant conversion factors **used to estimate the metal or mineral equivalent grade**; and
- (d) include a general discussion on the extent to which the mineral resource estimates could be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors.

Instructions

- (1) A statement of quantity and grade or quality is an estimate and should be rounded to reflect the fact that it is an approximation.*
- (2) Where multiple cut-off grade scenarios are presented, the qualified person must identify and highlight the base case, or preferred scenario. All estimates resulting from each of the cut-off grade scenarios must meet the test of reasonable prospect of economic extraction.*

Item 15: Mineral Reserve Estimates

NEW ITEM

A technical report disclosing mineral reserves must

- (a) provide sufficient discussion and detail of the key assumptions, parameters, and methods used for a reasonably informed reader to understand how the qualified person converted the mineral resources to mineral reserves;
- (b) comply with all disclosure requirements for mineral reserves set out in the Instrument, including sections 2.2, 2.3, and 3.4;

Item 15: Mineral Reserve Estimates

- (c) when the grade for a multiple commodity mineral reserve is reported as metal or mineral equivalent, report the individual grade of each metal or mineral and the metal prices, recoveries, and any other relevant conversion factors used to estimate the metal or mineral equivalent grade;
- (d) discuss the extent to which the mineral reserve estimates could be materially affected by mining, metallurgical, infrastructure, permitting, and other relevant factors.

Item 16: Mining Methods

NEW ITEM

Discuss the current or proposed mining methods and provide a summary of the relevant information used to establish the amenability or potential amenability of the mineral resources or mineral reserves to the proposed mining methods. Consider and, where relevant, include

- (a) geotechnical, hydrological, and other parameters relevant to mine or pit designs and plans;
- (b) production rates, expected mine life, mining unit dimensions, and mining dilution factors used;
- (c) requirements for stripping, underground development, and backfilling; and
- (d) required mining fleet and machinery.

Instruction

Preliminary economic assessments, pre-feasibility studies, and feasibility studies generally analyse and assess the same geological, engineering, and economic factors with increasing detail and precision. Therefore, the criteria for Items 16 to 22 can be used as a framework for reporting the results of all three studies.

Item 17: Recovery Methods

NEW ITEM

Discuss reasonably available information on test or operating results relating to the recoverability of the valuable component or commodity and amenability of the mineralization to the proposed processing methods. Consider and, where relevant, include

- (a) a description or flow sheet of any current or proposed process plant;
- (b) plant design, equipment characteristics and specifications, as applicable; and
- (c) current or projected requirements for energy, water, and process materials.

Item 18: Project Infrastructure

NEW ITEM

Provide a summary of infrastructure and logistic requirements for the project, which could include roads, rail, port facilities, dams, dumps, stockpiles, leach pads, tailings disposal, power, and pipelines, as applicable.

Item 19: Market Studies and Contracts

NEW ITEM

- Provide a summary of reasonably available information concerning markets for the issuer's production, including the nature and material terms of any agency relationships. Discuss the nature of any studies or analyses completed by the issuer, including any relevant market studies, commodity price projections, product valuations, market entry strategies, or product specification requirements.

Item 19: Market Studies and Contracts

(b) Identify any contracts material to the issuer that are required for property development, including mining, concentrating, smelting, refining, transportation, handling, sales and hedging, and forward sales contracts or arrangements. State which contracts are in place and which are still under negotiation. For contracts that are in place, discuss whether the terms, rates or charges are within industry norms.

Item 20: Environmental Studies, Permitting...

NEW ITEM

Discuss reasonably available information on environmental, permitting, and social or community factors related to the project. Consider and, where relevant, include

- (a) a summary of the results of any environmental studies and a discussion of any known environmental issues that could materially impact the issuer's ability to extract the mineral resources or mineral reserves;
- (b) requirements and plans for waste and tailings disposal, site monitoring, and water management both during operations and post mine closure;

Item 20: Environmental Studies, Permitting...

- (c) project permitting requirements, the status of any permit applications, and any known requirements to post performance or reclamation bonds;
- (d) a discussion of any potential social or community related requirements and plans for the project and the status of any negotiations or agreements with local communities; and
- (e) a discussion of mine closure (remediation and reclamation) requirements and costs.

Item 21: Capital and Operating Costs

NEW ITEM

Provide a summary of capital and operating cost estimates, with the major components set out in tabular form. Explain and justify the basis for the cost estimates.

Item 22: Economic Analysis

NEW ITEM

Provide an economic analysis for the project that includes

- (a) a clear statement of and justification for the principal assumptions;
- (b) cash flow forecasts on an annual basis using mineral reserves or mineral resources and an annual production schedule for the life of project;
- (c) a discussion of net present value (NPV), internal rate of return (IRR), and payback period of capital with imputed or actual interest;

Item 22: Economic Analysis

- (d) a summary of the taxes, royalties, and other government levies or interests applicable to the mineral project or to production, and to revenues or income from the mineral project; and
- (e) sensitivity or other analysis using variants in commodity price, grade, capital and operating costs, or other significant parameters, as appropriate, and discuss the impact of the results.

Instructions

- (1) The economic analysis in technical reports must comply with paragraphs 2.3(1)(b) and (c), subsections 2.3(3) and (4), and paragraph 3.4(e), of the Instrument, including any required cautionary language.*
- (2) Producing issuers may exclude the information required under Item 22 for technical reports on properties currently in production unless the technical report includes a material expansion of current production.*

Item 25: Interpretation and Conclusions

Summarize the **relevant** results and interpretations of the information **and analysis being reported on**. Discuss any significant risks and uncertainties that could reasonably be expected to affect the reliability or confidence in the exploration information, mineral resource or mineral reserve estimates, or projected economic outcomes. Discuss any reasonably foreseeable impacts of these risks and uncertainties to the project's potential economic viability or **continued viability**. A technical report concerning exploration information must include the conclusions of the qualified person.

Item 26: Recommendations

INSTRUCTION:

In some specific cases, the qualified person may not be in a position to make meaningful recommendations for further work. Generally, these situations will be limited to properties under development or in production where material exploration activities and engineering studies have largely concluded. In such cases, the qualified person should explain why they are not making further recommendations.

Additional Guidance in the Companion Policy

Topics for Discussion

- Materiality/Material Property
- Objective Standard of Reasonableness
- Use of the Term “Ore”
- Production Decisions
- Reports Not Required by the Instrument
- Third-party disclosure

CP guidance

(4) Materiality

An issuer should determine materiality in the context of the issuer's overall business and financial condition taking into account qualitative and quantitative factors, assessed in respect of the issuer as a whole.

CP guidance

(4) Materiality

In making materiality judgements, an issuer should consider a number of factors that cannot be captured in a simple bright-line standard or test, including the potential effect on both the market price and value of the issuer's securities in light of the current market activity. An assessment of materiality depends on the context. Information that is immaterial today could be material tomorrow; an item of information that is immaterial alone could be material if it is aggregated with other items.

New CP guidance

(5) Property Material to the Issuer

An actively trading mining issuer, in most circumstances, will have at least one material property. We will generally assess an issuer's view of the materiality of a property based on the issuer's disclosure record, its deployment of resources, and other indicators. For example, we will likely conclude that a property is material if

New CP guidance

(5) Property Material to the Issuer

- (a) the issuer's disclosure record is focused on the property;
- (b) the issuer's disclosure indicates or suggests the results are significant or important;
- (c) the cumulative and projected acquisition costs or proposed exploration expenditures are significant compared to the issuer's other material properties;
or
- (d) the issuer is raising significant money or devoting significant resources to the exploration and development of the property.

New CP guidance

(5) Property Material to the Issuer

In determining if a property is material, the issuer should consider how important or significant the property is to the issuer's overall business and in comparison to its other properties. For example

- (a) more advanced stage properties will, in most cases, be more material than earlier stage properties;
- (b) historical expenditures or book value might not be a good indicator of materiality for an inactive property if the issuer is focusing its resources on new properties;

CP guidance

(5) Property Material to the Issuer

- (c) a small interest in a sizeable property might, in the circumstances, not be material to the issuer;
- (d) a royalty interest in an advanced property could be material to the issuer in comparison to its active projects; or
- (e) several non-material properties in an area or region, when taken as a whole, could be material to the issuer.

CP guidance

(7) Objective Standard of Reasonableness

Where a determination about the definitions or application of a requirement in the Instrument turns on reasonableness, the test is objective not subjective. It is not sufficient for an officer of an issuer or a qualified person to determine that they personally believe the matter under consideration. The individual must form an opinion as to what a reasonable person would believe in the circumstances.

S.2.3 of Companion Policy

(2) Use of Term “Ore”

We consider the use of the word “ore” in the context of mineral resource estimates to be potentially misleading because “ore” implies technical feasibility and economic viability that should only be attributed to mineral reserves.

S.4.2 of Companion Policy

(6) Production Decision

The Instrument does not require production decisions be supported by a technical report. However, to reduce risk and uncertainty, an issuer typically makes a production decision based on the results of a feasibility study of established mineral reserves.

There may be situations where an issuer decides to put a mineral project into production without first establishing reserves and completing a feasibility study.

S.4.2 of Companion Policy

(6) Production Decision

Historically, these projects have a much higher risk of economic and technical failure. The issuer should disclose that it is not basing its production decision on a feasibility study and that there is an increase in uncertainty and risks of economic and technical failure as a result.

Under paragraph 1.4(e) of Form 51-102F1, must also disclose in its MD&A whether a production decision is based on a technical report.

S.4.2 of Companion Policy

(7) Shelf life of Technical Reports

Economic analyses in technical reports are based on commodity prices, costs, sales, revenue, and other assumptions and projections that can change significantly over short periods of time. As a result, economic information in a technical report can quickly become outdated.

Continued reference to outdated technical reports or economic projections without appropriate context and cautionary language could result in misleading disclosure.

S.4.2 of Companion Policy

(7) Shelf life of Technical Reports

Where an issuer has triggered the requirement to file a technical report under subsection 4.2(1), it should consider the current validity of economic assumptions in its technical reports to determine if the technical report is still current.

An issuer might be able to extend the life of a technical report by having a qualified person include appropriate sensitivity analyses of the key economic variables.

S.4.2 of Companion Policy

(12) Reports Not Required by the Instrument

The securities regulatory authorities in most Canadian jurisdictions require an issuer to file any record or disclosure material filed with any other securities regulator, including geological reports filed with stock exchanges. An issuer may also wish to voluntarily file a report in the form of a technical report.

The Instrument does not prohibit filing such reports, provided they comply with the Instrument.

S.4.2 of Companion Policy

(12) Reports Not Required by the Instrument

The issuer is not required to file a consent of the qualified person that complies with subsection 8.3(1). However, the issuer should consider filing either a cover letter or modified consent indicating that it is not filing the report as a requirement of the Instrument.

Consents of Experts

- If the technical report supports disclosure in a prospectus, the qualified person will likely have to provide an expert consent under the prospectus rules (section 8.1 of National Instrument 41-101 *General Prospectus Requirements* and section 4.1 of National Instrument 44-101 *Short Form Prospectus Distributions*), in addition to any consent of qualified person required under the Instrument.

S.6.1 in Companion Policy

Summary of Material Information

Section 1.1 of the Instrument defines a technical report as a report that provides a summary of all material scientific and technical information about a property. The target audience for technical reports are members of the investing public, many of whom have limited geological and mining expertise. To avoid misleading disclosure, technical reports must provide sufficient detail for a reasonably knowledgeable person to understand the nature and significance of the results, interpretation, conclusions, and recommendations presented in the technical report.

S.6.1 in Companion Policy

Summary of Material Information

However, we do not think that technical reports need to be a repository of all technical data and information about a property or include extensive geostatistical analysis, charts, data tables, assay certificate, drill logs, appendices, and other supporting technical information.

S.6.1 in Companion Policy

Summary of Material Information

SEDAR might not be able to accommodate large technical report files. An issuer could have difficulty filing, and more importantly, the public could have difficulty accessing and downloading, large technical reports. An issuer should consider limiting the size of its technical reports to facilitate filing and public access to the reports.

How Big is Too Big?

- Too big is can't be easily downloaded
- Try to keep under 10 MB
- Causes of large file sizes
 - Scanning images and maps
 - Too much high resolution and detail
 - Too many sections, logs and assay sheets
 - Too many colour graphics & photos
 - Inclusion of large appendices

Lithium and Other Brines

OSC Staff Notice 43-704

OSC Staff Notice 43-704

This staff notice provides guidance on the application of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) in Ontario to issuers with mineral brine projects such as lithium.

...the views it expresses do not necessarily reflect the views of the OSC, other jurisdictions, or the Canadian Securities Administrators.

Mineral Brines and NI 43-101

OSC Staff Notice 43-704

- Application of NI 43-101
- CIM definitions
- Technical report considerations



Economic Geology

- *The Evaluation of Brine Prospects and the Requirement for Modifications to Filing Standards*
- Houston, Butcher, Ehren, Evans, and Godfrey, *Economic Geology*, v. 106, pp. 1225–1239



OSC Staff Notice 43-704

- In our view, brine projects are “mineral projects” as defined under NI 43-101. CIM Definition Standards for mineral resources and reserves do not provide the same clarity.
- The issuer should disclose how it will comply with the technical report triggers in section 4.2 of NI 43-101 if it takes the view that a resource or reserve on a mineral brine project falls outside the CIM definitions.
- *CIM is considering whether to support this and has struck a committee to consider best practice guidelines for brine projects.*

Technical report considerations for brine projects

- Mineral Rights** → Brine “ownership” uncertainties
- Sampling** → Controls, protocols and key variables
- Resource Estimate** → Brine volume and grade, effective porosity, specific yield
- Reserve Estimates** → Fluid flow model, recovery, grade over time
- Mining Method** → Well field design, pumping rate, extraction response

Technical reports on mineral brine projects

Issue	Form 43-101F1 Item	Considerations for Mineral Brines
Mineral Rights	Item 4: Property Description and Location	Nature of the mineral tenure and any potential risks and uncertainties regarding "ownership" of the brine.
Climate	Item 5: Accessibility, Climate, Local Resources, Infrastructure and Physiography	Relevant meteorological data such as solar radiation, precipitation, wind, etc.
Geology and Mineralization	Item 7: Geological Setting and Mineralization	Hydrological aspects of the property such as surface and groundwater, water balance, and geology of the aquifer; characteristics of the brine body such as its geometry, chemical composition, variability, grade, etc.
Deposit Types	Item 8: Deposit Types	Characteristics of the host salar (salt flat), associated hydrogeology, aquifer boundaries, physical properties, etc.
Sampling	Item 11: Sample Preparation, Analyses and Security	Controls and protocols for brine sampling and preservation and determination of key variables such as porosity, specific yield, permeability, etc.
Mineral Resource Estimates	Item 14: Mineral Resource Estimates	Key variables such as brine volume and grade, aquifer geometry, effective porosity, specific yield, flow rate, recoverability, etc. in order to meet the definition of reasonable prospects of economic extraction.
Mineral Reserve Estimates	Item 15: Mineral Reserve Estimates	Key variables such as hydraulic conductivity, recovery, brine behaviour and grade variation over time, etc. and fluid flow simulation models in order to demonstrate that economic extraction can be justified.
Mining Method	Item 16: Mining Methods	Relevant information related to the design of the well field, infrastructure, pumping rate, brine body response to extraction, etc.

CIM Definitions and Best Practice Guidelines

Topics of Discussion

1. Reasonable prospects for economic extraction
2. Estimation of Mineral Resources and Mineral Reserves
3. Pre-feasibility and feasibility studies
4. Uranium
5. Potash
6. Coal

Reasonable Prospects of Economic Extraction

CIM Definition Standards

Reasonable prospects for economic extraction

The phrase “reasonable prospects for 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. A Mineral Resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions might become economically extractable. These assumptions must be presented explicitly in both public and technical reports.

CIM – Additional guidance

Reasonable prospects for economic extraction

The above guidance indicates that when assessing reasonable prospects for economic extraction:

- It is the responsibility of the Qualified Person
- It requires judgment based on the Qualified Person's experience
- The methods used and assumptions made to determine if the project has “reasonable prospects” must be presented explicitly in both public and technical reports

CIM – Additional guidance

Reasonable prospects for economic extraction

The Committee considers that the use of mine planning tools, such as open pit design algorithms, to limit the extent of mineralization is valid for advanced Mineral Resource statements and Mineral Reserves but it may not be appropriate, or required, for earlier stage Mineral Resource statements. For early stage assessments the QP may choose to demonstrate “reasonable prospects for economic extraction” by comparing the deposit’s attributes to analogous mine operations.

Mineral Resource and Mineral Reserves

MR/MR Best Practice Guidelines

4. Mining and Economic Requirements Geological Interpretation & Modeling

- Cut-off grade or cut-off net smelter return (NSR) used for Mineral Resource and Mineral Reserve reporting are largely determined by reasonable long term metal price(s), mill recovery and capital and operating costs relating to mining, processing, administration and smelter terms, among others.
- All assumptions and sensitivities must be clearly identified.

MR/MR Best Practice Guidelines

5. Mineral Resource Estimation

Economic parameters:

The cut-off grade or economic limit used to define a Mineral Resource must provide “reasonable prospects for economic extraction”. In establishing the cut-off grade, it must realistically reflect the location, deposit scale, continuity, assumed mining method, metallurgical processes, costs, and reasonable long-term metal prices appropriate for the deposit. Assumptions should be clearly defined.

MR/MR Best Practice Guidelines

5. Mineral Resource Estimation

Economic parameters:

Variations within the resource model (rock characteristics, metallurgy, mining methods, etc.) that may necessitate more than one cut-off grade or economic limit in different parts of the deposit model must be an ongoing consideration.

Further CIM guidance (Nov/09)

- It is important for the QP to explain the level of support used and the reasons for the selection of the cut-off grade.
- For a Mineral Resource estimate, the parameters that are used to determine the cut-off grade have to be discussed. The QP is expected to use experience and comparisons to similar deposits to arrive at an appropriate cut-off grade in early stage testing of properties. For the determination of a cut-off grade for early stage (Inferred) Mineral Resources, completion of a scoping study may not be required.

Further CIM guidance (Nov/09)

On reporting estimates at multiple cut-off grades

- CIM Definition Standards and the CIM Best Practice Guidelines refer to one estimate of the Mineral Resources and Mineral Reserves of a deposit
- Industry practice is also to report one estimate of Mineral Resources or Mineral Reserves for the deposit
- Reporting of a table of Mineral Resources or Mineral Reserves and omitting to select one estimate is not reporting a Mineral Resource or Mineral Reserve estimate for the property

Further CIM guidance (Nov/09)

- It is reasonable to include variations of the cut-off grade to indicate the relative robustness of the estimate to changes in cut-off grade
- Must make it clear in the report that the other estimates are included only to demonstrate the sensitivity to changes in cut-off grade
- Each estimate reported must be checked to ensure compliance with the “reasonable prospects for economic extraction” definition

Further CIM guidance (Nov/09)

On different categories for different metals

- CIM Definition Standards does not allow multiple grade classifications for the same estimate of tonnage
- Review of the international reporting standards there is no provision to allow multiple classification of grades with the same Mineral Resource tonnage
- must classify the estimate as an Indicated Mineral Resource and explain that silver is present in the deposit but insufficient information is available at this time to estimate a grade with the required confidence

Pre-Feasibility and Feasibility Studies

Further CIM guidance (Nov/09)

The CIM Standard Definitions do not provide a description of the components of a prefeasibility or feasibility study. CIM references papers published by Pincock Allen and Holt and Watts Griffiths and McQuat Limited as examples.

Pincock Perspectives, Issue No. 95 – March 2009

Prefeasibility Study

- an intermediate step in the engineering process
- principal parameters are based on some engineering
- level of accuracy higher than a scoping study at **± 25%.**
- Objectives are to determine:
 - Resource/reserves
 - Mine and mill production, extraction, and recovery
 - Environmental and permitting requirements
 - Capital and operating cost estimates
 - Economic analysis with sensitivity

Pincock Perspectives, Issue No. 95 – March 2009

Prefeasibility study

- Adequate geology and mine engineering to define a resource and a reserve
- Sufficient test work to develop mining and processing parameters for equipment selection, flow sheet development, production and development scheduling, capital and operating cost estimates
- Economic analysis sufficient to assess development options but not final decision making or bank financing.

Pincock Perspectives, Issue No. 95 – March 2009

Feasibility Study

- Last and most detailed step in engineering process
- Evaluating project for a “go/no-go” decision
- Based on sound and complete engineering and test work
- Objectives are similar to those of a prefeasibility study, but with a higher degree of accuracy, typically **± 15%**
- Often the term “bankable” is used for feasibility study
- Defines the level of detail sufficient for financing provided the results are positive

Pincock Perspectives, Issue No. 95 – March 2009

Feasibility Study

- detailed geology and mine engineering...
- detailed test work to develop all mining and processing parameters...
- Capital and operating cost estimates derived from take-offs and vender quotes
- Draft EIS/EA submitted to government or close
- Economic analysis with sensitivities based on cash flow for life of mine sufficient to assess development
- If feasible, a proven and probable reserve statement

CIM Best Practice Guidelines: Uranium

CIM Best Practice Guidelines: Uranium

The General Guidelines for other metals, outlined in the Best Practice Guidelines are also applicable to uranium deposits. However, because of the radioactive nature of uranium, and in some cases the amenability of this metal to In Situ Leach (ISL) mining methods, additional guidelines are appropriate.

CIM Best Practice Guidelines: Uranium

Qualified Person

Must be familiar with:

- radioactive nature of uranium, thorium and potassium minerals, and the characteristics of the radioactive decay series.
- Disequilibrium
- In-situ Leach
- K factor

CIM Best Practice Guidelines: Uranium

Resource Database

- Radiometric data may form much of the grade information from which a MRMR estimate is compiled, however, QC for radiometric data should be as rigorous as that for chemical assays from an analytical laboratory.
- QC of radiometric data can be achieved only through a rigorous, ongoing program of calibration of individual assaying and logging tools.
- Data should be clearly identified as to its derivation (e.g. radiometric, chemical analysis, etc.).

CIM Best Practice Guidelines: Uranium

Equivalent Assay

- The validity of Equivalent Assays must be demonstrated with chemical assay determinations.

Resource Database

- Disequilibrium problems may be overcome through the use of direct measuring methods such as neutron activation or prompt-fission neutron logging tools.\
- Such use, however, does not obviate the need for data validation through chemical assays.

CIM Best Practice Guidelines: Uranium

Mineral Resource Estimation

- Uranium price used in a resource estimate should be in line with available pricing information (spot, IAEA Red Book, Sask. Mineral Statistics Yearbook, etc.).
- Must take into account variability of deposits (unconformity hosted, pegmatite, etc.)
- In-situ leach methods require different treatment than conventional mining.

CIM Best Practice Guidelines: Uranium

In Situ Leach

- Tonnage, minimum mining width, cut-off grade, dilution, etc. are not necessarily applicable.
- Permeability, hydrologic confinement, amenability of the uranium minerals to dissolution by weak alkaline or acidic solutions; and ability to return groundwater within the mined area to its original baseline quality must all be addressed.
- should be reported in terms of quantity, quality and anticipated recovery

Reporting an ISL MRMR as a quantity of contained U₃O₈ only is not transparent and is not considered appropriate

CIM Best Practice Guidelines: Uranium

Mineral Resource/Reserve Reporting

- Database limitations and special economics considerations.
- use of radiometric determinations, types of equipment employed, possible Disequilibrium, drill hole contamination, and any other pertinent characteristics should be clearly elucidated.
- Economic considerations with respect to political concerns, permitting, pricing, supply/demand projections, transportation and marketing may be of special significance for a uranium project.
- standardized units of pounds U₃O₈

CIM Best Practice Guidelines: Potash

CIM Best Practice Guidelines: Potash

MRMR problem for potash is almost the inverse of that for other mining operations in that much of the exploration effort is directed at defining the location and size of the non- mineable areas within an otherwise continuous Resource.

CIM Best Practice Guidelines: Potash

- Identification and delineation of the non- mineable portions of a deposit may be accomplished through direct observation (mine openings, drill holes) or may be by inference such as through the interpretation of seismic or other geophysical data, or combinations of direct and indirect methods.
- Assumptions should be clearly stated or the relevant report referenced.

CIM Best Practice Guidelines

Potash

- For conventional mining, an ‘Economic Radius’ must be considered when estimating potash reserves.
- Solution mining should follow similar reporting protocols as for ISL uranium projects.
- A cut-off grade does not normally apply, except to define the presence of impurities (such as carnallite), which can contaminate the ore so that the cost of mining and processing is more than the revenue.

CIM Best Practice Guidelines: Coal

CIM Best Practice Guidelines: Coal

GSC Paper 88-21

- Geological Survey of Canada Paper 88-21, “A Standardized Coal Resource/Reserve Reporting System for Canada”, outlines definitions, concepts and parameters used to determine coal resource and reserve quantities, and provide a framework to facilitate consistent categorization of coal quantities found within various depositional and tectonic regimes.
- CIM Best Practice Guidelines refers to GSC Paper 88-21 for coal class and classification

CIM Best Practice Guidelines: Coal

GSC Paper 88-21 vs. CIM Best Practice:

- Resource/Reserve Classification
 - GSC includes a “Speculative Class”
- Economic Evaluation Reports
- The application of mining criteria to coal resource estimation
- Methods and Procedures of Evaluation

CIM Best Practice Guidelines: Coal

Resource Database

- Frequent industry practice to perform coal evaluations using several separate databases (geophysical logging, mapping, drilling, coal quality, geotechnical data, etc.)

Methods of Testing and Analysis

- *ASTM standards Volume 05.06 - Coal and Coke* cover the areas of sampling, sample preparation, assaying and data presentation.

Geological Interpretation

- Categorizing resources is governed by the geological complexity of the seam, and determines the probable mining method, assurance of existence and feasibility of exploitation.

Coal Disclosure

Coal Quality

- NI 43-101 s. 2.2 (d) says the issuer must always disclose the quality of a coal resource: at a minimum, this means coal rank, but calorific value (MJ/kg) is the real measure
- Other quality factors like volatiles, total sulfur, or ash content may be relevant to coal quality and should be disclosed
- Bulk density or other measurements may be “key assumptions [or] parameters” required by s. 3.4 (c)

CIM Best Practice Guidelines: Coal

Production / Reserve Reconciliation

- QP should ensure that in operating mines, appropriate procedures are in place and maintained to monitor production results and reconcile reserves. At least once a year, the QP should review the results of the production monitoring program and re-evaluate the validity of the parameters used in the MRMR estimates.

What We Don't Like About Your Disclosure

Topics

- NI 43-101 as a brand name
- Approval of technical reports
- Key assumptions and parameters
- Selective or misleading disclosure of exploration information
- Overly promotional disclosure
- Third-party disclosure

NI 43-101 as a brand name

NI 43-101 compliant

- **If you are advertizing NI 43-101 compliance make sure you are**
 - **you could be painting a target on yourself**
- **Don't over do it**
 - **disclosure must not be misleading**

Clarifying news release

XX GOLD INC. (TSX-V: XXX; Frankfurt: XXX) (“**XX Gold**” or the “**Company**”) announces that, as a result of a review by the British Columbia Securities Commission, the Company is issuing this news release to revise and clarify certain of its previous technical disclosure contained in previously issued news releases or posted on its website.

In the Corporate Presentation and the Investor Fact Sheet the Company used a graphical NI 43-101 branding logo with the words “**RESOURCE ESTIMATE / 43-101 COMPLIANT**”. The use of such branding logo cannot confer compliance to the estimate, and no authority approves technical disclosure to be compliant with applicable law. The company retracts such disclosure and has removed the same from its website.

NI 43-101 compliant estimates

“Company has a NI 43-101 compliant mineral resource” or
“Company’s resource was prepared in compliance with NI 43-101”

- What do these statements mean?
- NI 43-101 provides standards for disclosure
- It does not set standards for mineral resource estimation
 - responsibility of QP using industry best practices
- Disclosure may be misleading if it implies the estimate meets some sort of regulatory standard under NI 43-101

Approval of technical reports

Approval of technical reports

Misconception

- All reports filed on SEDAR has been reviewed and approved by a securities regulator

Arguments

- Our last report two years ago did the same thing and the BCSC did not object
- There are lots of other reports filed on SEDAR doing this, so it must be okay
- The TSX-V approved the report so why does the BCSC have a problem with it (or vice versa)

We tire of repeating this, but...

Just because a technical report has been filed on SEDAR, it does not mean it has been reviewed in any way, or accepted as being compliant by Canadian securities regulators.

Reality:

90- 95% of technical reports on file have not had any form of compliance review by securities regulators

Approval of technical reports

- Issuer is responsible for filing a compliant report
- Issuer is responsible for hiring QP to prepare report
- QP responsible for preparing a compliant report and certifies it is compliant
- Securities regulators have no responsibility or obligation to review filed reports
- Do not assume a technical report is compliant just because it is filed on SEDAR
 - Many are not

Approval of technical reports

- Even if we do review a report, we do not and cannot certify that it is compliant:
 - We do not have the staff resources to conduct comprehensive reviews
 - We do not have relevant experience to opine on all aspects of all reports; no one does
 - Even if we did, we do not have access to the data, data verification, analysis and other important information
 - We rely on the certificate and consent of the QP
 - We are not prepare to accept the liability

Key assumptions and parameters

Key assumptions and parameters

- Assumptions
 - Cut-off and basis; cutting factors; S.G.
 - Geological model
 - Mine method and production rate
 - Metallurgical recoveries
 - Costs and metal prices
- Parameters
 - Search distance, minimum samples/block
 - Interpolation distances and directions

Issues with some assumptions

- Not clear
 - Basis for cut-off grade
 - Open pit or underground
- No reasonable basis
 - Arbitrary or unsupported metallurgical recoveries
 - No evidence of geological and grade continuity
- Unreasonable or inconsistent with peers
 - E.g. metal prices, payable metals

Selective or misleading disclosure of exploration information

Values as high as...

- During the 2011 program on the Justin Project, crew members returned to the POW Zone to conduct follow up mapping and prospecting. Diamond drilling of the zone was prompted by two new zones of alteration and mineralization being found 400 metres west of the original POW Zone, which are coincident with one of the geophysical anomalies outlined in the 2010 airborne survey. In addition to the two drill holes completed into the POW Zone, rock samples collected during the 2011 program returned values ranging from trace quantities to significant gold and silver values **as high as 8.97 g/t Au and 84.10 g/t Ag, extending the known limits of the zone**. To date, work on the POW Zone has outlined a mineralized trend approximately 400 metres long and to a depth of 140 metres below surface coincident with the northern margin of an intrusive stock. The POW Zone is open in all directions and warrants further exploration.

Values up to...

The Kangas Zone represents a north-south trending zone of skarn and replacement style mineralization within siltstone, calcareous siltstone and minor limestone located along the north flank of the central ridge of the Justin property. **Ground sample values up to 1.6 g/t Au over 1.5 metres and 1.2 g/t Au over 1.0 metre were returned** from replacement style arsenopyrite horizons. Mineralization has been traced along a 400 metre by 75 metre north-south extending zone.

Assay stretching

**XXX Drills 79.50m of 8.66 g/t Gold and 57.67 g/t Silver
Including 11.2m of 60.05 g/t Gold and 362.96 g/t Silver...**

The “Company” is pleased to announce a major gold and silver intercept on its 100% owned Burns Block property in the Rainy River District of north-western Ontario. The Burns Block is situated adjacent to the east and on strike to Rainy River Resources' (TSX-V: RR) multi-million ounce gold deposit.

Rainy River gold properties claims map:

Highlights:

- Initial results from Far North Fence Drilling include 79.50m of 8.66 g/t Au and 57.67 g/t Ag (starting at a down hole depth of 15.5m) including a bonanza grade zone of 11.20m of 60.05 g/t Au and 362.96 g/t Ag in hole RR11-71 (see chart below).

Clarifying News Release

The Company restates certain drill intervals (listed below) reported in news releases dated September 8, 2010, December 14, 2010, February 16, 2011, and June 27, 2011. The original averaged gold and silver grades over these intervals are all correct and the total amount of gold and silver mineralization is the same; however the drill results are potentially confusing as certain larger intervals were reported by diluting high-grade intercepts over longer intervals of lower grade gold and silver mineralization.

DRILL HOLE	FROM (m)	TO (m)	INTERVAL (m)	Au (g/t)	Ag (g/t)	AuEq (g/t)
RR11-70	33.50	59.00	25.50	1.42	44.24	2.47
including	41.00	50.00	9.00	3.25	96.34	5.54
including	45.00	46.00	1.00	17.90	511.00	30.07
	74.00	84.80	10.80	0.87	13.02	1.18
including	81.40	82.80	1.40	4.20	61.10	5.65
RR11-71	38.00	63.50	25.50	26.70	170.69	30.77
including	46.00	61.00	15.00	45.24	281.03	51.93
and	47.80	59.00	11.20	60.05	362.96	68.69

Historic Chart for Cdn:BYV by Stockwatch.com 604.687.1500 - (c) 2012
Thu Jan 5 2012 Op=0.49 Hi=0.52 Lo=0.48 Cl=0.52 Vol=108,200 Year hi=1.02 lo=0.41



Assay Stretching

Zones of good grade mineralization with short intervals of noteworthy grade encountered, including:

- NAM-009: 16m @ 921g/t AgEq from 202m, including 1m @ 14,741g/t AgEq (12,136g/t Ag, 26.97% Pb and 6.06% Zn);

The Math

- $14,741\text{g/t} / 16 = 921\text{ g/t AgEq}$ = no meaningful grade in remaining 15m?

Unsupported and non-compliant

“The geochemical results from Reforma South and El Chapote have **confirmed the potential for a much larger economically viable ore body**”, stated Wally Boguski, president of Victory Resources Corporation. “We always believed that the mining opportunity was much more than the main Reforma property. **We now have three areas as part of our 2nd drill program that have the potential to be economically viable.** We expect to announce the initial results from the drill program in the fourth quarter of this year.”

Clarifying news release

Retraction

With reference to the Company's earlier press release of the same date, the Company wishes to retract the following statement previously made by management: "The geochemical results from Reforma South and El Chapote have confirmed the potential for a much larger economically viable ore body." **The statement and references to economic viability are not supported by a current resource estimate or feasibility study.**

Overly promotional?

Charles (Bill) Reed commented, “The Atlanta Gold and Silver District is a prospective precious metals district with exceptional potential to be one of the most prolific mines in the State of Nevada and we look forward to developing a multi million ounce gold deposit at Atlanta.”

Third-party disclosure

The presentation was also posted on the Company's website and included estimates of mine life and specific timeframes for completion of prefeasibility studies and feasibility studies and commencement of production that are premature for a project with only inferred mineral resources. The presentation did not adequately discuss the risk that results from subsequent work may not justify moving the project to the next stage or ultimately support a production decision. **The Company retracts this disclosure and states that the Company cannot assume that all or any part of an inferred mineral resource will be upgraded to indicated or measured mineral resources or will eventually become mineral reserves that are economically mineable.**

Third-party reports

Two reports about the Company published by independent newsletter writers, links to which were included on the Company's website, contained potentially misleading comments relating to the Company's Baborigame and Cordero reports.

The news letters **misquoted tonnage and grade** from the Company's technical reports and **failed to include the cautionary language** included in the technical reports.

A report by Midas Letter **included projected payback period based on an assumed mill rate. Such economic projections are premature and should be disregarded**, and the reports have been removed from the Company's website.

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