

# Reporting Mineral Resources under National Instrument 43-101

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National Instrument 43-101 (NI 43-101) Standards for Disclosure for Mineral Projects was introduced on February 1, 2001 and amended on December 30, 2005. The Instrument addresses how mining and exploration companies disclose information about their projects. The Instrument's approach to disclosure is both descriptive and prescriptive. For example, the Instrument does not prescribe the type of data that a qualified person (QP) may use for resource estimation or the appropriate estimation method or drill spacing for a specific mineral resource class. Instead the instrument stipulates that the QP follows the Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum. The Instrument is, however, prescriptive on who can be a QP and how mineral resources and mineral reserves are to be disclosed.

## **Reporting Current Mineral Resources**

Current mineral resources are those that have been estimated since the Instrument became law on February 1, 2001. Estimates, prepared on behalf of the reporting company, must be reported as stated in Section 3.4 of NI 43-101 and include:

- The effective date of each estimate of mineral resources and mineral reserves;
- Details of quantity and grade or quality of each category of mineral resources and mineral reserves;
- Details of the key assumptions, parameters, and methods used to estimate the mineral resources and mineral reserves;
- A general discussion of the extent to which the estimate of mineral resources or mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues;
- A statement that mineral resources that are not mineral reserves do not have demonstrated economic viability, must be included if the results of an economic analysis of mineral resources are included in the disclosure;
- Only measured, indicated, and inferred categories are allowed;
- Inferred mineral resources must not be added to the other categories of mineral resource; and
- At least a pre-feasibility study is required to convert mineral resources into mineral reserves.

## **Reporting Historical Mineral Resources**

If a company acquires a mineral project that contains a mineral resource that has been prepared before February 1, 2001, the company may disclose this historical estimate using the historical terminology if the disclosure also includes:

- The source and date of the historical estimate;
- Comments on the relevance and reliability of the historical estimate;
- A statement as to whether the historical estimate uses categories other than those set out in NI 43-101 and, if so, includes an explanation of the differences; and
- Any more recent estimates or data available to the company.

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To assure that the company does not trigger a technical report by the release of the historical estimate in a news release, the company should also include the following statements in the news release:

- A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves;
- The company is not treating the historical estimate as current mineral resources or mineral reserves as defined in NI 43-101;
- The historical estimate should not be relied upon.

### **Reporting Current Mineral Resources Not Prepared For The Reporting Company**

If a company acquires a mineral project that contains a mineral resource that has been prepared after February 1, 2001, in compliance with NI 43-101, the company can not quote the NI 43-101 compliant mineral resources prepared for the vending company unless it first contacts the author of the report and engages him/her to re-issue the technical report and resource estimate under the acquiring company's name. The company may report the estimate as an exploration target using ranges of grades and tons as stipulated in Section 2.3(2) of NI 43-101.

### **Reporting Mineral Resources Using Foreign Codes**

A company that is from a foreign jurisdiction or if its mineral property is located in a foreign jurisdiction, may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, the SEC Industry Guide 7, the IMMM Reporting Code or the SAMREC Code if a reconciliation to the mineral resource and mineral reserve categories set out in NI 43-101 is disclosed in the technical report.

Companies should note that reporting standards of Russia or China are not acceptable reporting standards, these must be reported as historical if they pre-date NI 43-101 or as exploration targets as stipulated in Section 2.3(2) of NI 43-101.

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*The above article is not intended to constitute legal advice. Companies should contact their legal counsel prior to making public disclosure to assure that the disclosure complies with all securities laws.*

*Wardrop is a full-service consulting company with extensive expertise in NI 43-101 and has prepared numerous NI 43-101 compliant reports for a wide variety of mining projects. Please contact us for assistance.*