Good Disclosure Practices Under NI 43-101

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Update on proposed changes to NI 43-101

- **Written comment period closed Dec. 10, 2004**
- **60 written comments received**
- **Prepare summary of comments and our response**
- **CSA committee must agree to any additional changes to NI 43-101 based on comments received**
- **Translation of documents**
- **Securities commission and ministerial approval**

Understanding Cross-Border Disclosure Issues

- **Accommodating mining-technical disclosure requirements under SEC Industry Guide 7 and NI 43-101**
- **PDAC General Forum presentation by Greg Gosson**
  - Wednesday, March 9 at 11:15am, Room 104-D
- **Points include:**
  - Mineral reserves and resources
  - Mineralized material
  - Economic analyses

How to avoid this…

As a result of a review by the … Securities Commission, the Company would like to make the following clarification ….

Standards of disclosure for mineral projects

- **Mining specific disclosure regulations**
  - National Instrument 43-101
  - Companion Policy 43-101CP
  - Technical Report Form 43-101F1
- **General disclosure guidelines**
  - National Policy 51-201
- **CIM Best Practice Guidelines for:**
  - Estimation of Mineral Resources and Mineral Reserves
  - Exploration
  - Reporting of Diamond Exploration Results

Stock exchange requirements

- **TSX Company Manual**
  - Timely Disclosure
  - Appendix B: Disclosure Standards for Companies Engaged in Mineral Exploration, Development & Production
- **TSX Venture Exchange Corporate Finance Manual**
  - Policy 3.3 Timely Disclosure
  - Appendix 3F Mining Standards Guidelines
  - Appendix 3E News Release Guidelines

Market Regulation Services Inc.
Services de réglementation du marché inc.



Protecting the Investor in Real Time

- **Independent regulator of equities trading in Canada**
- **Mandate: Foster investor confidence & market integrity**
- **Real-time monitoring of** 160,000 **trades daily**
- **Follows 4,000 issuers**
- **Administers Timely Disclosure Policies**

Market Regulation Services Inc.
Services de réglementation du marché inc.



Protecting the Investor in Real Time

- Timely Disclosure Policies **ensure all investors have access to material information**
- **Announce material information as soon as practicable**
- **Send draft releases to RS first**
- **RS may halt trading**
- When RS calls – take the call

Plain language

- **NI 43-101 Companion Policy**
  - Easy to read, clear, unambiguous language
  - Make use of tables
- **TSX Company Manual – Timely Disclosure**
  - Communicate clearly and accurately nature of information
  - Avoid unnecessary details, exaggerated reports or editorial commentary designed to colour investor's perceptions

A few key principles of news release disclosure

- **All material information must be released immediately**
- **Factual and balanced**
- **Must contain sufficient information to enable investor to appreciate the nature, relevance and impact**
- **Unfavourable news must be disclosed as promptly and completely as favourable news.**
- **Monitor continuous disclosure record**

Example

Linear Gold Corp. – August 25, 2004

Linear also wishes to announce that the option agreement between Meridian Gold Inc. and Linear entitling Meridian to earn an interest in Linear's Reid Gold Property, located in the Botwood Basin of Central Newfoundland, has been terminated. As previously reported on May 12, 2004, the drill results from a nine-hole diamond drill program completed in early 2004, while intersecting wide zones of gold mineralization, did not define a significant deposit in the area. As a result, Linear has opted to terminate the underlying option agreements to acquire both the Reid and Golden Star properties in Newfoundland.

Example

Shear Minerals Ltd. – May 7, 2004

In total five discrete electromagnetic (EM) geophysical targets were drill-tested, three at Aylmer Lake and two at Aylmer Lake West. No kimberlite was intersected. The targets were explained by a thick layer of glacial-lacustrine clays within the overburden sequence. In addition to the drilling program, ground EM surveys were conducted over priority airborne anomalies. The surveys performed did not produce compelling drill targets and no further work is contemplated on these anomalies. Both properties are located approximately 320 km northeast of Yellowknife, Northwest Territories. As a result Indicator Minerals Ltd. has elected to terminate the option agreement on the Aylmer Lake-Afridi Lake East Property.

Requirement to name qualified person in news release

- **NI 43-101**
  - Section 2.1 – all technical disclosure must be based on report or information prepared by QP
  - Companion policy – encourages issuers to have QPs review news releases
- **Toronto Stock Exchange (Appendix B)**
  - Must identify QP responsible for work
  - QP must read and approve news release
- **TSX Venture Exchange (Revised Appendix 3F)**
  - Must identify QP responsible for exploration information
  - QP must read and approve news release

Naming QP in news release What is acceptable?

- **Explicit statement, for example:**
  - ✓ ***"John Henry P.Geo. is the person responsible for the preparation of the technical information in this news release"***
  - ✓ ***"Martha Stanley is the qualified person, as defined in NI 43-101, and responsible for the preparation the information contained in this news release"***
  - ✓ ***"Joe Blow is the qualified person on the project"***

Requirement to name qualified person other than news releases

- **NI 43-101**
  - Section 3.1 – all written technical disclosure on material properties must identify QP and relationship to issuer
  - Written disclosure includes AIF, MD&A, company website and IR materials
- **What is acceptable**
  - ✓ ***"John Henry P.Geo., the Company's VP Exploration, is the qualified person responsible for the preparation of the technical information in this document."***

Data verification

- **Not just check sampling and assaying by QP**
- **Type of data verification**
  - Adequacy of sampling, sample prep, sample security, qualifications of lab and analytical procedures
  - Inspect outcrops/drill core,
  - Standard and completeness of data archive
  - Review mineral resource estimates -geological model, parameters, key assumptions
- **Must say whether a QP has verified the data, how data verified, and explain any failure to verify**

Example – Data Verification by QP

Kirkland Lake Gold Inc. – Sept. 20, 2004

The results of the Company's underground diamond drilling program have been reviewed, verified (including sampling, analytical and test data) and compiled by the Company's geological staff (which includes a 'Qualified Person', Michael Sutton P.Geo. For the purpose of NI 43-101, Standards of Disclosure for Mineral Projects).

Example – Data Verification by QP

Vedron Gold Inc. – August 31, 2004

Vedron's QP, Kenneth Guy, P.geo (Ont), has reviewed the available data, including drill logs, assay certificates and additional supporting information sources, and believes that the resource calculation was conducted in a professional and competent manner.

TSX Venture Policy

- **TSX-V Policy 3.3, section 4.1**
  - Future Oriented financial information or other operating projections
  - Must pre-file news release with RS prior to dissemination to public

Examples of FOFI and Other Operating Projections

- **Projected cash flows from proposed mining operation (NPV, IRR)**
- **Estimated cash operating costs**
- **Gross metal or in-situ value**
- **Preliminary assessment/Scoping studies**

Good Disclosure Practices for Operating Projections

- **Identify as forward looking**
- **Disclose material assumptions**
  - Metal price, currency exchange rate
  - Mining method and recovery, metallurgical recovery
  - Capital expenditures, operating costs, by-product or co-product credits, taxes
- **Must have a reasonable basis for assumptions**

Additional good practice guidelines:

- **Cautionary language about risks**
  - NI 43-101 cautionary language
- **Monitor against subsequent events**

Example of forward-looking information and assumptions

Novagold Resources Inc. – Aug. 5, 2004

This Preliminary Economic Assessment shows that the Galore Creek project has the potential to recover at least 3.3 billion pounds of copper and 2.4 million ounces of gold over a 23 year mine-life. In the first 5 years the project would produce an average of 270,000 ozs gold, 1.8 million ounces silver and 200 million lbs copper yearly at an average total cash costs of $0.15 per pound of copper with precious metals as credits or negative -$180/oz of gold with copper and silver as a by-product credit using the gold institute guidelines (based on long-term transportation and refining cost projections and metal prices of US$0.90/lb Copper, US$375/oz Gold and US$5.50 Silver).

Example of forward-looking information – cautions

Novagold Resources Inc. – Aug. 5, 2004

This study is the first in a series of development studies for the project assessing the potential viability of a conventional open-pit mining operation on the property using long-term average metal prices. The operating and capital costs estimated in the study were developed to be reasonable estimates within industry benchmarks. The study is intended to quantify the project's cost parameters which will, in turn, be used to guide ongoing exploration and engineering work and to define the optimal scale of the operation for a Feasibility Study.

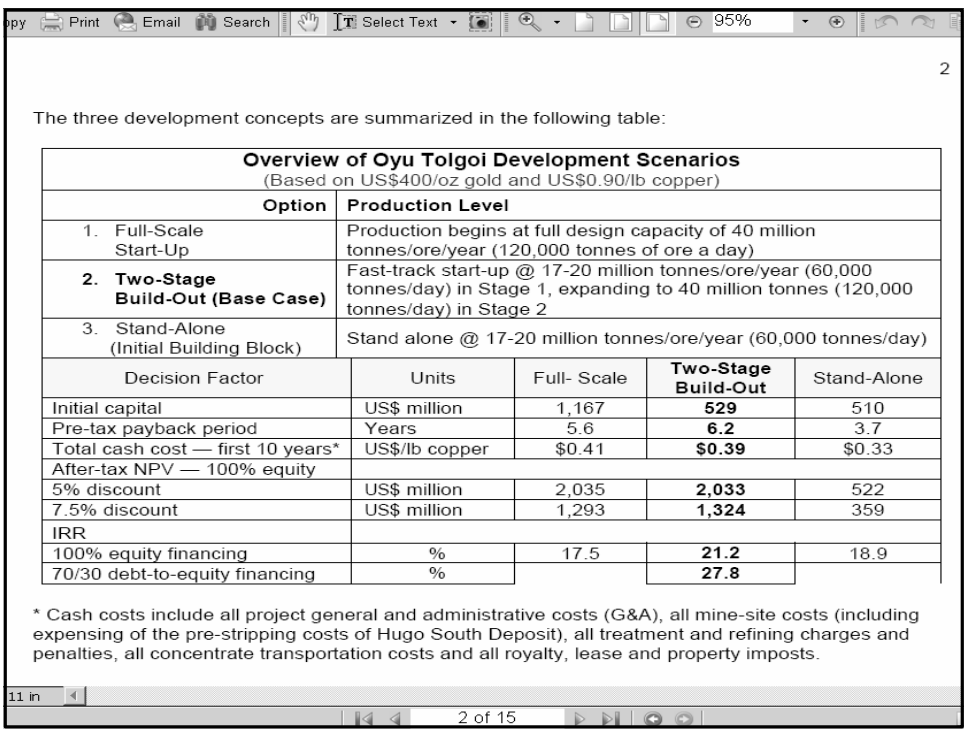
Example of forward-looking information – cautions

Kensington Resources Ltd. – September 28, 2004

The reader is cautioned that the grade and value estimates are conceptual in nature and were determined by MRM using statistical diamond size distributions combining both microdiamonds and macrodiamonds, and application of resulting grade forecasts to valuations of small parcels of macrodiamonds to determine modeled (average) values. Confidence levels for these figures are low and additional testing of macrodiamond content is required to increase confidence levels in the grade forecasts, especially for kimberlite bodies 122 and 148 as their grade forecasts were based primarily on extrapolation of microdiamond size distributions only. The reader also should be aware that insufficient geological control and quantity of sampling has been obtained to permit rigorous application of economic considerations and that there is no certainty that these preliminary assessments will be realized . In short, the figures presented in Table One are utilized as an exploration tool and their primary value is for comparison of diamondiferous kimberlite targets …

Preliminary assessment

- **What are they?**
  - Scoping study that includes inferred mineral resources in the economic analysis
- **What must you say when you disclose them?**
  - Cautionary statements
  - Basis, qualifications, and assumptions
- **Pre-file in Ontario**
  - Five day no objection period
- **Pre-file with RS (TSX Venture)**
  - Future-oriented financial info



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The three development concepts are summarized in the following table:

Overview of Oyu Tolgoi Development Scenarios
(Based on US$400/oz gold and US$0.90/lb copper)

Option	Production Level
1. Full-Scale Start-Up	Production begins at full design capacity of 40 million tonnes/ore/year (120,000 tonnes of ore a day)
2. Two-Stage Build-Out (Base Case)	Fast-track start-up @ 17-20 million tonnes/ore/year (60,000 tonnes/day) in Stage 1, expanding to 40 million tonnes (120,000 tonnes/day) in Stage 2
3. Stand-Alone (Initial Building Block)	Stand alone @ 17-20 million tonnes/ore/year (60,000 tonnes/day)

Decision Factor	Units	Full- Scale	**Two-Stage Build-Out**	Stand-Alone
Initial capital	US$ million	1,167	**529**	510
Pre-tax payback period	Years	5.6	**6.2**	3.7
Total cash cost — first 10 years*	US$/lb copper	$0.41	**$0.39**	$0.33
After-tax NPV — 100% equity				
5% discount	US$ million	2,035	**2,033**	522
7.5% discount	US$ million	1,293	**1,324**	359
IRR				
100% equity financing	%	17.5	**21.2**	18.9
70/30 debt-to-equity financing	%		**27.8**	

* Cash costs include all project general and administrative costs (G&A), all mine-site costs (including expensing of the pre-stripping costs of Hugo South Deposit), all treatment and refining charges and penalties, all concentrate transportation costs and all royalty, lease and property imposts.

11 in

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Example of Preliminary Assessment cautionary statement

Ivanhoe Mines – February 2, 2004

The Preliminary Assessment Report includes Inferred resources that have not been sufficiently drilled to have economic considerations applied to them to enable them to be categorized as reserves. Until there is additional drilling to upgrade the Inferred to Measured and Indicated resources, there can be no certainty that the preliminary assessment will be realized.

Example of Preliminary Assessment cautionary statement

Novagold Resources Inc. – Aug. 5, 2004

Approximately 17% of the resources within the ultimate pit are Inferred Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. These Inferred resources will require further exploration to upgrade them to the higher Measured and Indicated categories.

Other Economic Analyses

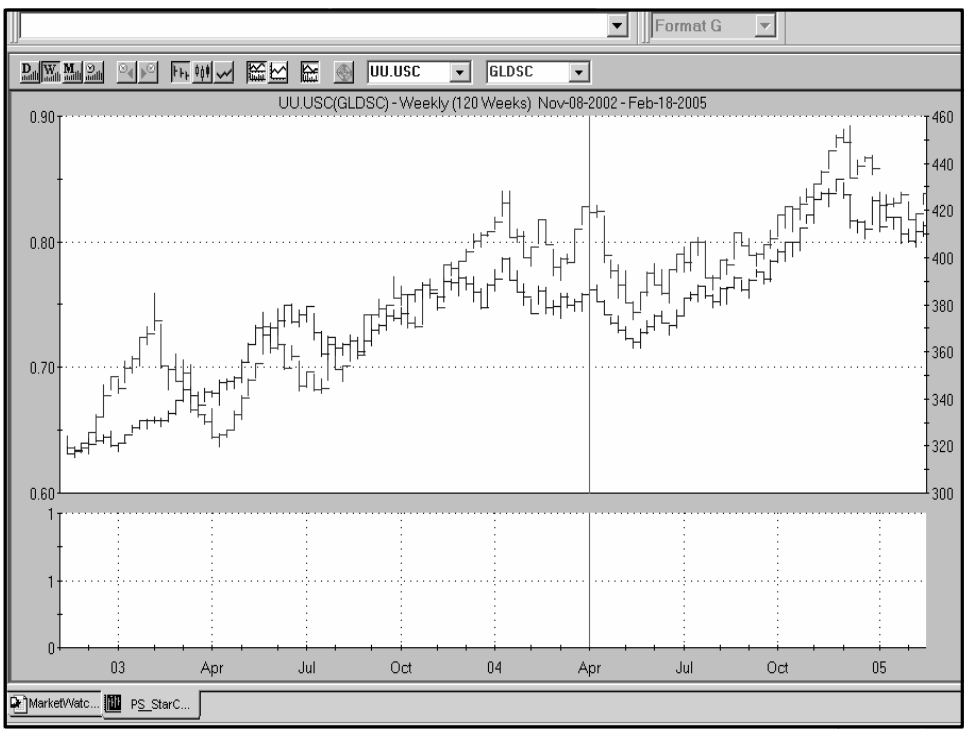
- **Should you disclose economic analyses of "conceptual" deposits or exploration targets?**
- **No!!**
- **Section 2.3 - Prohibited disclosure of:**
  - tonnes or grade of deposit not classified as a resource
  - economic evaluation using inferred resources
- **SEC doesn't allow disclosure of economic analyses except for reserves**

Disclosing mineral resources and reserves

- **Effective date of each estimate**
- **Quantity and grade of each category**
  - Contained metal okay with tonnes and grade
  - Use only the five allowed categories
  - Okay to add measured/indicated and proven/probable
  - Keep inferred resources separate
- **Key assumptions, parameters and methods**
- **Discuss issues that could impact estimates**
- **Resources do not have demonstrated economic viability**

Disclosing mineral resources and reserves

- **Effect of different cut-off grades on mineral resource estimates**
  - Table with different cut-off grades and resulting resource estimate
  - Bold the base case and make clear in text
  - Lowest cut-off should be realistic
- **Pre-file with RS**
- **Acceptable metal prices**
  - Canada vs. SEC
  - Currency exchange rate



A series of mineral resource estimates for the overall Ho Gan deposit, using different c
were also prepared and are presented below.

Ho Gan Total - Range of Mineral Resource Estimates
(using a 10.0 g Au/t top cut)
Prepared by Olympus - Audited and Reclassified by WGM (August 2004)

Cutoff Grade	Measured and Indicated Resources			(*) Inferred Resources		
g Au/t	Tonnes	g Au/t	Contained Gold (oz)	Tonnes	g Au/t	Contained Gold (oz)
2.5	334,500	3.86	41,500	8,800	3.31	950
2.0	487,200	3.35	52,500	9,400	3.24	980
1.5	688,100	2.88	63,700	11,500	2.98	1,100
1.0	973,000	2.40	75,000	18,500	2.01	1,200
0.5	1,116,700	2.20	79,000	22,800	2.01	1,500

(*) Inferred resources are in addition to measured and indicated resources

The flat-lying Ho Gan deposit occurs on surface and extends to a known vertical depth

The Bong Mieu Gold Property also hosts two other deposits, Ho Ray, a potential open
Kem, an underground deposit. Nui Kem was the site of a small mine that operated fron
historical mineral resource estimates for the Bong Mieu Gold Property are shown by d

summarized in the following table:

	TONS	GRADE (ounces per ton)	OUNCES
Reserves			
Proven	586,400	0.42	248,900
Probable	735,200	0.52	381,200
Total Proven + Probable	**1,321,600**	**0.48**	**630,100**
Resources			
Measured	923,300	0.37	337,300
Indicated	2,329,500	0.30	708,800
Total Measured + Indicated	3,252,800	0.32	1,046,100
Total Proven + Probable + Measured + Indicated	**4,574,400**	**0.37**	**1,676,200**
Inferred Resources	642,800	0.30	191,300

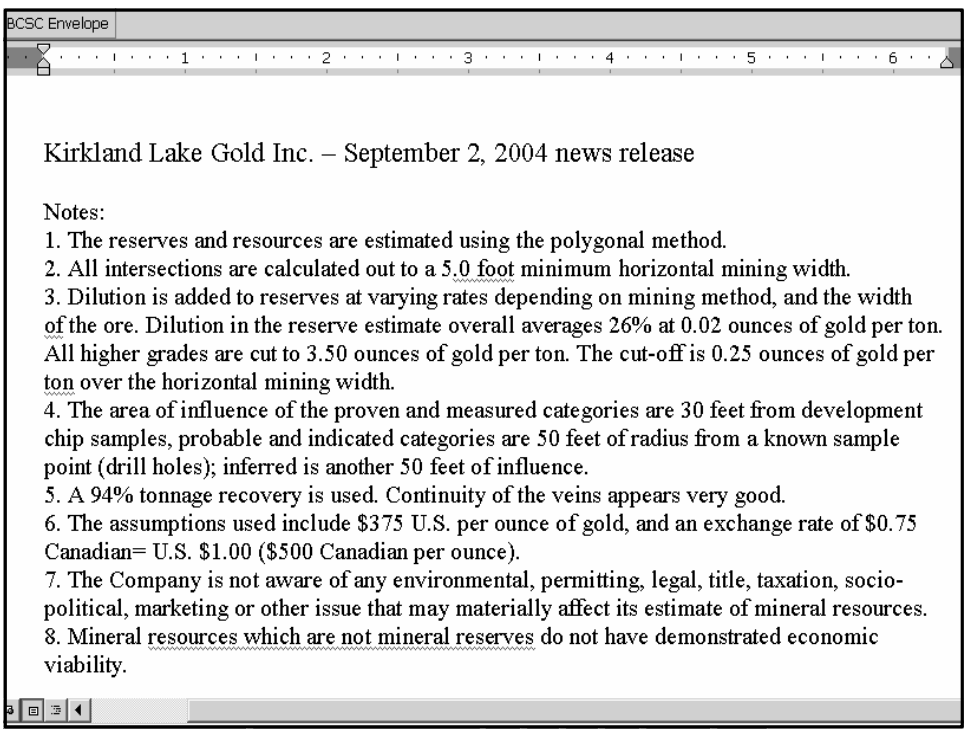
Notes:
1. The reserves and resources are estimated using the polygonal method.
2. All intersections are calculated out to a 5.0 foot minimum horizontal mining width.

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Key assumptions, parameters and methods

Type of information we are looking for:

- **Key assumptions**
  - Cut-off grade and basis; cutting factors; S.G.
  - Geological model
  - Conceptual mine method and production rate
  - Conceptual metallurgical recoveries
- **Parameters**
  - Search distances and minimum samples per block
  - Interpolation distances and directions
  - Economic parameters
- **Methodology**
  - Polygonal, cross-sectional, block-model
  - Geostatistical methods


BCSC Envelope

Kirkland Lake Gold Inc. – September 2, 2004 news release

Notes:
1. The reserves and resources are estimated using the polygonal method.
2. All intersections are calculated out to a 5.0 foot minimum horizontal mining width.
3. Dilution is added to reserves at varying rates depending on mining method, and the width of the ore. Dilution in the reserve estimate overall averages 26% at 0.02 ounces of gold per ton. All higher grades are cut to 3.50 ounces of gold per ton. The cut-off is 0.25 ounces of gold per ton over the horizontal mining width.
4. The area of influence of the proven and measured categories are 30 feet from development chip samples, probable and indicated categories are 50 feet of radius from a known sample point (drill holes); inferred is another 50 feet of influence.
5. A 94% tonnage recovery is used. Continuity of the veins appears very good.
6. The assumptions used include $375 U.S. per ounce of gold, and an exchange rate of $0.75 Canadian= U.S. $1.00 ($500 Canadian per ounce).
7. The Company is not aware of any environmental, permitting, legal, title, taxation, socio-political, marketing or other issue that may materially affect its estimate of mineral resources.
8. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Key assumptions, parameters, and methods

Patricia Mining Corp. – February 2, 2005

Notes

1. *High assays cut to 75g/t Au.*
2. *Approximately a 6 g/t Au cut-off was used to construct resource outlines on longitudinal sections for each zone.*
3. *The 6g/t Au cut-off grade is based on a US$400/oz (C$475/oz) gold price, C$90/tonne operating cost, and a 94% gold recovery.*
4. *A minimum horizontal thickness of 1.0m and 2.90 tonnes/m^3 tonnage factor were used.*
5. *Gemcom Software Resource Evaluation was used.*

Acquisition of property with current mineral resources and reserves

Interest in property acquired – have not had time to prepare independent technical report to support first-time disclosure of mineral resources and reserves. One option – reference other company's website with cautionary statement.

Guyanor Ressources SA – December 7, 2004

Guyanor has not independently verified any of the information concerning the Rosebel mine reported by Cambior on its website. Guyanor's reference to such information should not be taken as an endorsement by Guyanor of its accuracy.

Foreign resource codes

- **What are acceptable foreign codes?**
  - JORC, IMMM
  - SAMREC, Industry Guide 7 (pending)
- **When can foreign codes be used?**
  - foreign incorporated companies
  - Canadian companies on their foreign properties
- **Still have to reconcile to CIM categories**
- **How to disclose Chinese or Russian resource codes?**
  - Convert to CIM categories
  - Disclose as historical (if they qualify)
  - Classify as an exploration target

Historical resource estimates

- **What qualifies as "historical"?**
  - Prepared prior to Feb.1, 2001
  - For another company
- **Usually related to acquisition of mineral property**
- **Required disclosure**
  - Identify source
  - Confirm relevance
  - Comment on reliability
  - Compare to CIM categories
    - May not have sufficient information to allow this
    - Down-grade reserves to resources
  - Recent estimates or data

Section 3.4 applies to all mineral resources and reserves

Points to consider when discussing relevance and reliability:

- **Effective date of each estimate**
- **Quantity and grade of each category**
  - Use the historical categories as given
  - Contained metal okay with tonnes and grade
- **Key assumptions, parameters and methods to the extent known**
- **Discuss issues that could impact estimates**

Historical resource disclosure

- **Does this trigger a technical report?**
  - Yes - Section 4.2(1)10 does not distinguish between historical and current resources
- **FAQ 4.12 Cautions to avoid technical report**
  - Have not verified the historical resource estimate
  - Not treating as current mineral resource estimate
  - Should not be relied upon
- **Keep current mineral resource estimates separate from historical estimates**
- **Economic evaluation only on current estimates.**
- **Careful about SEC Disclosure**
  - Historical mineral reserves downgrade to mineralized material
  - No historical mineral resources

Disclosure of historical resource not triggering technical report

Energy Metals Corporation – February 18, 2005

All resource estimates quoted herein are based on prior data and reports obtained and prepared by previous operators and information provided by the State. The Company has not completed the work necessary to verify the classification of the mineral resource estimates. The Company is not treating the mineral resource estimates as NI 43-101 defined resources verified by a qualified person. The historical estimates should not be relied upon. These properties will require considerable further evaluation which EMC's management and consultants intend to carry out in due course.

Required disclosure for historical resources

Vedron Gold Inc. – August 31, 2004

The historical resource was calculated by Robert Bennett P.Eng. in 1993 prior to the implementation of National Instrument 43-101. The historic resource includes proven, probable, possible and drill indicated Reserves. The estimate was based upon extensive diamond drilling, and underground sampling as well as a bulk sample. Vedron believes that the reserves would correspond to 190,585 tons at 0.298 oz./ton of Indicated Resource and 602,889 tons at 0.221 oz./ton of Inferred Resource as per CIM standard on Mineral Resource and Reserves, August 20, 2000. Vedron's QP, Kenneth Guy, P.geo (Ont), has reviewed the available data, including drill logs, assay certificates and additional supporting information sources, and believes that the resource calculation was conducted in a professional and competent manner.

Example of relevance and reliability of historical estimates

Cline Mining Corporation – February 15, 2005

Certain exploration results and coal resources referred to above are historical in nature and were compiled before NI 43-101. Cline has not independently analyzed the results of the previous exploration therefore the historical results should not be relied upon. Cline Mining believes these historical results provide an indication of the potential of the properties and are relevant to ongoing exploration.

Example of relevance and reliability of historical estimates

General Minerals Corporation – September 22, 2004

GMC has a copy of the report that includes the resource estimate signed by a professional geologist but does not have the original assay sheets or details of the estimation methodology. Therefore, the Company cannot verify the resource or comment on whether the estimate made prior to National Instrument 43-101 is in the categories presently required and may not be in compliance with the current standards and GMC is not relying on these estimates.

Alternative disclosure of historical resource estimate

Canadian Royalties Inc. – August 24, 2004

Several resource estimates have been prepared on the Expo deposit over the past 30 years which indicate the contained tonnage varies from 3 million tons to as much as 20 million tons depending on the parameters used and assumptions made with respect to Ni-Cu grades, limits of the mineralization and geometry of the mineralized body. None of these resource studies is NI 43-101 compliant. For this reason, and in conjunction with Strathcona Mineral Services Limited, the Company has completed part of a due diligence and fill-in diamond drill program to provide sufficient reliable information to complete a NI 43-101 compliant resource estimate of the Expo area mineralization by the end of the second half of 2004.

Exploration targets

- **What are they?**
  - Potential size and grade of mineral deposit
- **How should they be disclosed?**
  - Express as range of tonnes and grade
  - Include proximate cautionary language
    - Potential quantity and grade is conceptual
    - Insufficient exploration to define a resource
    - Uncertain whether further exploration will result in resource
  - Discuss basis for target
- **SEC does not allow tonnes and grade**

Example of exploration target and cautionary statement

Bema Gold Corporation – February 3, 2004

Management believes that the ultimate target at Kupol is up to, or in excess of, 16 million tonnes with similar gold and silver grades to those stated in the preliminary mineral resource. …

The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define this target at this time and it is uncertain that further exploration will result in further discoveries on the property. The target referred to is based on follow up to currently untested, known strike length and down dip potential.

Disclosing tonnage that is not a resource

Ashton Mining of Canada Inc. – February 22, 2005

Wardrop Engineering Inc., a geological and engineering consulting firm, on behalf of the joint venture, has calculated the estimated tonnage of Renard 2, 3, 4 and 65. The estimated tonnage for the four bodies does not constitute a mineral resource. Instead, this calculation is simply an order-of-magnitude estimate of the potential tonnage of the four bodies.

Disclosing sample results

- **Level of detail expected**
  - Location and dimensions of area sampled
  - Location, number, spacing and type of samples
    - Channel, grab, select, chip
  - Sample widths with analytical values
  - State true widths; if unknown – state that
  - State average or range of values – not just highest value
  - Effect of sample/core recovery
  - Name of lab and analytical procedures
  - QA/QC procedures
- **SEC has its own set of disclosure rules**

Disclosing Visible Mineralization

- **Visual estimate of grade prohibited**
- **Can report visible gold and other minerals**
- **Good practice to include cautionary statements if assays pending**
- **RS may challenge news release if don't include cautions**

Disclosing sample values

Geologix Explorations Inc. – August 17, 2004

Forty-two percent of the 100 samples collected to date contain greater than 0.10 g/mt gold with concentrations up to 18 g/mt gold.

Maximus Ventures Ltd. – October 19, 2004

Grab samples are selected samples collected to determine the presence or absence of mineralization and are not intended to be representative of the material sampled. Channel sampling or drilling are required to determine representative grades.

Number, type, dimensions, values, widths, spacing

Pure Gold Minerals – August 16, 2004

A total of 15 channel samples were collected from along the 50 metre vein exposure at the Silver Bullet showing with an average grade of 11.8 gpt gold. …

Channel samples were collected by making two passes with a rock saw perpendicular to the strike of the vein … Sample lengths varied according to the vein width from 0.4 to 1.3 metres. … Where exposed, the vein was sampled at three metre intervals along the vein.

SEPTEMBER 22, 2004
FOR IMMEDIATE RELEASE

DEFINITION DRILLING ON UPPER PORTION OF ZONE 113
COMPLETED AT AURIZON'S CASA BERARDI PROJECT

urizon Mines Ltd. is pleased to report that sufficient information has been obtained from close-spaced definiti rilling on the upper portion of Zone 113, above 700 metres, for the preparation of detailed mining plans, whi ill be incorporated into the revised feasibility study, scheduled for completion in the fourth quarter of 2004.

esults from 73 holes drilled in Zone 113 are listed on the attached table. Some of the more significant results a eported below:

Hole ID	Gold grams/tonne (assays uncut)	Length (metres along the hole)	True Thickness (metres)	Hole ID	Gold grams/tonne (assays uncut)	Length (metres along the hole)	True Thickness (metres)
U359	26.2	24.8	24.0	U367	10.2	15.2	12.3
U289	52.4	7.5	7.1	U291	15.5	8.5	7.7
U368	30.1	18.1	11.0	U270**	4.4	26.5	25.4
U362	12.0	36.5	24.3	U358	10.1	12.6	11.0
U188	7.8	38.6	32.7	U356	9.3	12.5	11.9
U369**	15.7	26.1	14.7	U219	28.9	7.3	3.7
U220	40.8	5.2	5.1	U234**	17.0	9.2	6.0
U366	17.1	10.4	9.7	U286	12.6	8.5	7.5
U361	10.1	17.6	14.6	U227**	20.9	5.5	4.4
U357	14.3	9.4	9.4	U295	15.6	26.9	5.3

**Drilled outside of the previously known limits of Zone 113.

We are extremely pleased that the Zone 113 definition drill program has successfully accomplished our goal

True widths

Canadian Gold Hunter Corp. – August 25, 2004

True widths are about 80% of the reported lengths.

Evolving Gold Corporation – February 18, 2005

Insufficient information is available to determine true width of drill intercepts.

Name of lab, QA/QC, and sample security

DESERT SUN MINING CORP. – January 19, 2005 news release

Assaying for the program was carried out by Lakefield Geosol, an ISO 9001, 2000 laboratory based in Brazil, using fire assay on 50 gram pulps. Check assaying is routinely carried out, by ALS Chemex in Vancouver, on 10% of sample pulps and 5% of sample rejects. Independent standard reference samples are also inserted at regular intervals into each batch of analyses. Security is maintained at the core logging and sampling facility.

Sampling procedures and sample security

Minco Mining & Metals Corporation – December 8, 2004

Drilling, core logging and sample splitting were done under the supervision of Qualified Person, Peter G. Folk, P.Eng. The sample intervals reported consist of NQ-2 and BQ core sizes which were split by diamond saw under close supervision. Samples were stored in a secure, locked storage area and then transported by company truck to Baotou, Inner Mongolia where the samples were shipped by train to the Institute of Geophysical & Geochemical Exploration in Langfang, Hebei Province.

Use of metal equivalents

- **NI 43-101 requirements**
  - Must also present individual grades
  - State assumptions for metal equivalent
    - Metal prices
    - Recovery factor for each metal
- **TSX Appendix B**
  - Not permitted prior to disclosure of resources or reserves
  - Then only as permitted under NI 43-101
- **TSX Venture**
  - In accordance with NI 43-101

Metal equivalent disclosure

Drill Hole Number	From M	To M	Width M	Gold g/t	Silver g/t	Copper %	Gold Equiv g/t	Copper Equiv %
GC04-465	37	61	24	0.30	5.4	0.69	1.52	0.92
	94	147	53	0.26	8.8	1.20	2.36	1.43

Note: Gold and Copper equivalent calculations use long-term average metal prices of US$375/oz for gold, US$5.50/oz for silver and US$0.90/lb for copper. Gold and Copper equivalent calculations reflect gross metal content and have not been adjusted for metallurgical recoveries.

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Canadian Royalties Inc. – January 19, 2005 news release

Mqn DDH	From (m)	To (m)	Width (m)	Ni %	Cu %	Co %	Au g/t	Pt g/t	Pd g/t	PGE g/t	CuEq %
04-80	6.0	99.0	93.0	0.36	0.50	0.02	0.07	0.35	1.29	1.71	2.2
incl.	65.0	98.0	33.0	0.70	1.00	0.03	0.09	0.72	2.81	3.62	4.4
incl.	90.0	99.0	9.0	1.02	1.28	0.04	0.19	1.03	4.46	5.68	6.3

5. Copper equivalent calculations are based on the following metal prices: Ni: US$5.00/lb; Cu: S$1.20/lb; Co: US$15.00/lb; Au: US$400/oz; Pt: US$800/oz; Pd: US$200/oz.

6. Estimated metallurgical recoveries used in the copper equivalent calculation are 70% for Ni, 95% for Cu, 65% for Co, Au, Pt and Pd.

Gross Metal or In-Situ Value

- **Variation of metal equivalent but worse**
- **Includes value per tonne or gross deposit value**
- **Misleading because:**
  - Meaningless dollar values
  - Doesn't include costs and recoveries
- **Strongly discourage without explicit and proximate cautionary language**

De-cluttering news releases

- **Refer to previously filed disclosure documents (section 3.5)**
  - Currently AIF, prospectus, material change report
  - Proposing to include all filed documents
- **Refer to information in previous news release filed on SEDAR (FAQ 6.2)**
  - add important context and detail
  - Meet TSX-V requirements
- **Refer to website (FAQ 6.1)**
  - For supplemental information, reports, maps, and figures

Website Disclosure

- **NI 43-101 Section 1.1 Application**
  - Applies to all written disclosure made by, or on behalf of an issuer on a mineral project of the issuer
- **For example:**
  - Report inferred resources separately
  - Required proximate cautionary language
  - Name QP

Analyst Reports vs. Third Party Newsletters

Can a company distribute these reports or post or link them to its website?

- **NP 51-201 Disclosure Standards**

  5.2 Analyst Reports
  - Could be seen to endorse a particular report
  - Avoid redistributing analysts' reports

- **TSX Company Manual**

  Appendix B
  - If aware of materially misleading info published by others – must correct or make known that doesn't agree, and not responsible for publication

Analyst Reports vs. Third Party Newsletters

- **Suggestions:**
  - If considering distributing report or newsletter make sure you can support the disclosure in the report
  - Make sure your website or hand-out materials contains required disclosure under NI 43-101
  - Including proximate statements and cautionary language
  - Be wary of economic analyses that include inferred mineral resources

Improving your Management's Discussion and Analysis

- **Analysts' comments**
  - MD&A is important disclosure document – particularly for venture companies with no revenues
  - Disappointed when content confined to marketing materials and restating of numbers from financial statements
- **BCSC Continuous Disclosure Update 5r**
  - Useful guide for preparing discussion on overall performance, results of operations, and capital resources
  - Doesn't cover some requirements under NI 51-102F1 MD&A

Form 51-102F1 Management's Discussion & Analysis

Part 1(h) Venture issuers without significant revenues from operations

"Focus discussion and analysis of results of operations on expenditures and progress towards achieving your business objectives and milestones."

- **Consider answering the following:**
  - What did you spend your money on?
  - What did you achieve?
  - What are you planning to do going forward?

Form 51-102F1 Management's Discussion & Analysis

Part 1(k) Resource issuers

- Disclosure must comply with NI 43-101
- Disclosure must be based on a technical report or other information prepared by a QP

Part 1(o) Plain language

- Use plain language and explain technical terms

Form 51-102F1 Management's Discussion & Analysis

Part 2: *1.4 Results of Operations*

(d)"for issuers that have significant projects that have not yet generated operating revenue, describe each project, including your company's plan for the project and the status of the project relative to the plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;"

Instructions

Your discussion under paragraph 1.4(d) should include
(i) whether or not you plan to expend additional funds on the project; and
(ii) any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues

Form 51-102F2 AIF

Section 5.4 Companies with mineral projects

Instruction (ii)

- **You may satisfy the technical disclosure requirements in section 5.4 by reproducing the summary from the technical report and incorporating the technical report into the AIF by reference**

Determining which mineral projects are material

- **An active issuer will typically have at least one material mineral property**
- **Book value is usually a poor indicator of materiality**
- **Has the company raised money for the property?**
- **What is the company saying about the property?**
- **Stage of development relative to the company's other properties**

When does a property acquisition become material?

- **Property may be material long before deal closes or formal agreements are signed.**
- **Market will typically value deals based on MOUs and LOIs.**

Materiality may be influenced by:

- **What the company is saying about the acquisition**
- **The company's ability and intent to move forward with deal**
- **The anticipated and actual market reaction**
- **The company's intention to raise money for the project**

Common misconceptions

1. As long as you say mineral resources or reserves are non-compliant with NI 43-101 it is permissible to disclose them.
2. Once you report historical estimates you can treat them as current mineral resources.
3. Canadian companies registered with the SEC are not allowed to report mineral resources.
4. As long as you report each category, it is acceptable to report mineral resources and reserves by metal content only.
5. The Company's QP must be independent.

Thank you

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