

National Instrument 43-101: What Issuers Need to Know About Historical Estimates

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National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (NI 43-101) restricts disclosing information about a mineral resource or mineral reserve unless the disclosure, among other requirements, uses only the applicable mineral resource and mineral reserve categories in the CIM Definition Standards for Mineral Resources & Mineral Reserves adopted by the CIM Council. However, there is an exception from this requirement with respect to "historical estimates." This article discusses historical estimates and how a mining issuer can make use of this exception.

Historical estimates are often used incorrectly and therefore it is important that mining issuers understand what a "historical estimate" is, which is:

- 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
- that was prepared before the issuer acquired, or entered into an agreement to acquire, an interest in the property that contains the deposit.

Historical estimates are **NOT** previous estimates by a current property holder or new estimates using historical data.

The idea behind this exception is that many properties have estimates that pre-date NI 43-101 or were prepared under non-CIM estimation criteria or may have been prepared under NI 43-101 but are no longer current due to changes in various factors. The acquisition of such a property will bring with it this historical estimate which may have been the primary justification for the acquisition. If this information is material, it should be disclosed, which results in a mining issuer making public a non-NI 43-101 estimate. Therefore, NI 43-101 provides a framework with which to report this historical estimate.

NI 43-101 permits the disclosure of historical estimates using the original terminology if the disclosure is accompanied each time it is disclosed with the following additional details:

- the identity of the source and date of the historical estimate, including any existing technical report,
- comments on the relevance and reliability of the historical estimate,
- to the extent known, the key assumptions, parameters and methods used to prepare the historical estimate,

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- whether the historical estimate uses categories other than the applicable mineral resource and mineral reserve categories required by NI 43-101 (and noted above),
- any more recent estimates or data available to the issuer,
- comments on what work needs to be done to upgrade or verify the historical estimate as current mineral resources or mineral reserves, and
- a statement with equal prominence that:
 - 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.

This disclosure needs to be included in each instance when a historical estimate is disclosed. Failure to include such details could result in a technical report being triggered as regulators could view such disclosure (if missing the applicable cautions) as treating the historical estimate as current. The following circumstances, in particular, are considered circumstances in which a mining issuer is treating a historical estimate as a current mineral resource or mineral reserve and should be avoided:

- using the historical estimate in an economic analysis or as the basis for a production decision,
- stating it will be adding on or building on the historical estimate, or
- adding the historical estimate to current mineral resource or mineral reserve estimates.

It is important to understand that the exception in NI 43-101 that permits the disclosure of an economic analysis, such as a preliminary economic analysis (PEA), based on an inferred mineral resource, does not extend to the use of a historical estimate. NI 43-101 strictly prohibits issuers from disclosing the results of an economic analysis using a historical estimate. This includes disclosing a prior economic analysis from a pre-existing technical report, even if such report/analysis was prepared in accordance with NI 43-101. This is because historical estimates have not been demonstrated or verified to the standards required for current mineral resources or mineral reserves.

Compliance with these requirements may result in more comprehensive, lengthy disclosure, however, it is importance for mining issuers to comply as failing to comply may result in increased costs and delay related to triggering an obligation to file a technical report or the necessity to retract certain public disclosure.

For more on NI 43-101, find our previous articles in this series [here](#).

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