



Ordre des géologues
du Québec

Directives for Summary Communications to the Public

Adopted April 22, 2014

Foreword

The Ordre des géologues du Québec publishes guidelines and directives in order to promote quality in the practice of the profession.

Geologists must observe these guidelines and directives to ensure that they are in line with what is defined as standard or good practice. Directives and guides published by the Ordre may be used by the Professional Inspection Committee or the Disciplinary Board to ascertain the acceptability of the professional practice of a Geologist.

Terminology

The following terms are used in the guidelines and directives:

- The word “must” establishes a requirement to be met in order to be in compliance with the directives (*must* means “is obliged to”).
- The word “should” indicates that one option among several is recommended or preferable, without mentioning or excluding others; that a certain course of action is preferred but not mandatory; or, when used in the negative, that a certain course of action is not desirable but is not prohibited (*should* means “is recommended”).
- The word “may” designates that an action is permissible (*may* means “is allowed to”).

Continuing improvement

The Guidelines and Directives of the Ordre des géologues are living documents open to improvement. Any feedback about this document should be sent in writing to the Secretary of the Ordre des géologues du Québec at:

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Contributions

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1 Introduction

The public and regulatory bodies rely on information on the mineral potential of a property (exploration results, evaluation of resources or reserves, etc) in decision making with regards to investments, regulation or for other purposes.

The communication of such information concerning a Quebec property constitutes restricted practice of geology under the Geologist's Act.

1.1 Scope

These directives set forth the rules to follow by Geologists authoring or contributing to summary communications to the public. Such communications may result from an initiative by the emitter (e.g., press release, letter to shareholders, management presentation, web site posting, blog, summary report, etc.) or may result from requirements by regulations (e.g., information circular, notice of material change, regulatory report filing, annual report, etc.).

Technical reports (such as reports on exploration, feasibility study, mineral resource or reserve estimation, etc.) are also subject to public release and are treated separately in another directive (to be published).

1.2 Purpose

These directives are binding for Members of the *Ordre des géologues* and for persons holding a Special Authorization to practice the profession in Quebec issued by the Ordre.

The requirements stated herein express obligations of the Code of ethics of geologists dealing with integrity and professional competence. Other regulatory requirements may also apply to subject communications.

2 Background

2.1 Motivation

Information relating to the mineral potential of a property may be communicated in response to legal requirements or on a voluntary basis. The public, enterprises, public authorities and other stakeholders use this information in making decisions relating to investment, regulation or other issues.

2.1.1 Compulsory communication

Compulsory communication of such information (for conformity with securities regulations) is done in accordance with set procedures for the submittal of documents with securities regulatory agencies and stock markets. Canadian standard SEDAR 13-101 has been implemented in all jurisdictions of Canada for electronic submittal of documents pertaining to new issues with Canadian securities authorities. In addition to various forms of periodic information publication imposed on public companies (e.g., annual reports), these are compelled to inform the public of any situation likely to materially affect the value of their stock.

2.1.2 Voluntary communication

Voluntary communication of information concerning the mineral potential of a property is mainly done in the course of promotional activities aimed at creating public interest in the issuer stock. Voluntary communications is also done in two other instances when the company releases information for public relations purposes or when information is shared with a potential investor in exercise of due diligence.

Such communications may provide information such as exploration results, progress in resources assessment, or results of mining operations and may also provide the public with other information on material facts.

Communication of such information must be done fairly without discrimination.

2.2 Process

The geologist is an essential contributor in the process of communication but is generally not in control thereof. Nevertheless, especially for Junior mining companies, the geologist may sometimes be responsible for the communication.

The role of the geologist is generally to provide and validate the technical information relating to the mineral potential of a property to be included in a broader communication (e.g., an annual rapport) by the issuer.

In all communication situations, the geologist is called upon to prepare or validate the information to be published. Summary communications take many forms and their production varies accordingly. The traditional format is the « *press release* » largely used by issuers to inform the public and stock owners. Communications by publicly traded companies are the subject of surveillance by the *Autorité des marchés financiers*. Many other formats of summary communications exist which are little controlled, including:

- letters to shareholders;

- corporate presentations to the public or on internet portals and documents accessible through these portals;
- promotional material presented in booths at events or trade shows;
- electronic media material such as blogs, LinkedIn, FaceBook, videoclips, etc.;
- Newsletters, sponsored articles in media, etc.

2.2.1 Communications by persons other than geologists

Two other types of communications happen in parallel and often simultaneously with the formal voluntary communications described above where the geologist is an essential contributor: on one hand, promoters orally transmit information directly to limited audiences of investors or potential investors; on the other hand, third parties, either in finance or in the media, transmit information orally or in writing to audiences of varying sizes. These communications generally share three common characteristics: the information presented is taken from documents prepared by geologists, the persons responsible for the communications do not have the competences of geologists, and the geologists who prepared the initial technical information are generally not consulted nor present to correct any erroneous information.

2.2.2 Challenges of effective communication

All communication requires a source, a medium and a receptor. Excluding technical communications between professionals, the target public for summary communications is relatively ignorant with respect to geology and mineral resources. Also, mining promoters sometimes have limited or insufficient technical knowledge. Notwithstanding their acquaintance with the documents prepared by the geologist, their enthusiasm may move the promoters to exaggeration or to make inappropriate comparisons or other forms of misleading declarations.

Remembering that technical information is complex and marked by subtleties, summary communications must therefore be written in a language adapted to the technical sophistication of the general public and of the investors or potential investors the geologist is addressing. This makes for a very considerable challenge in communication.

2.3 Obligations of the geologist

2.3.1 Responsibility

Publication of information regarding the mineral potential of a property is construed as giving advice to the public and as such is restricted professional practice of geology as defined in the Geologist's Act. Only a Geologist is legally authorised to give advice pertaining to the geological aspects of a project dealing with minerals resources or reserves or a mining property. This task must be accomplished with competence, integrity and objectivity.

When such information is published by a joint stock corporation, regulations 43-101 and 51-101 require that a qualified person (geologist or engineer) take responsibility for the technical content of the communication. When multiple qualified persons intervene in the same project, the role of each one must be clearly stated.

Nevertheless, any geologist contributing to the communication is bound by the obligations stated in the present directive in the same manner as the geologist designated as qualified person.

2.3.2 Professional competence

The *Code of ethics of Geologists* requires that geologists accept only work for which they are qualified or for which they can obtain the necessary support from competent professionals. The *Code* also requires that they express opinions on professional matters only when based on sufficient and appropriate knowledge.

2.3.3 Integrity and objectivity

In application of the duty of integrity, the geologist ensures that communications prepared under his/her authority or with his/her contribution neither contains misleading declarations nor inappropriate comparisons. All important information must be impartially communicated and important negative information must be communicated as quickly and exhaustively as favorable information.

The relation between the geologist responsible for the communication and the issuer must be clearly stated and any conflict of interest must be denounced.

The geologist must remain objective and must not allow any unfounded technical opinion or any undue pressure to influence his/her contribution to a communication.

2.3.4 Confidential information

The geologist must take the necessary steps to ensure that collaborators or employees do not divulge or use confidential information obtained in the course of their work. The first step to be taken therefore is to inform them of the obligation to protect the confidentiality of this information.

2.3.5 Illicit or dubious situations

A geologist, who observes that communications on a project are made with the effect of misleading the public, must so inform the appropriate authorities. The obligation of confidentiality would become null if an illegal act is being perpetrated; in such a situation, it is recommended that the geologist consult a lawyer. In dubious or unclear situations, the geologist may also seek advice from the Syndic.

3. Standards for writing or editing

3.1 General rules

Effective and appropriate communication presents information in a clear and unequivocal manner using language selected so as to be easily understood by the target audience. A professional communication must avoid unfounded statements or misleading omissions. In addition, the geologist must ensure that constraints or important limitations concerning the quality or signification of divulged information are clearly outlined.

3.2 Quality and extent of documentation

It is understood that a summary communication does not permit exhaustive treatment or presentation of information such as would be expected in a technical report. Notwithstanding, a geologist has the obligation to provide representative or pertinent information in his/her communications. The geologist must ensure the collection of all necessary information and include all pertinent information in his/her communication. To this end, a geologist must provide documentation on the information forming the basis for the communication¹, and, if the information to communicate merits clarification, the possibility of including a discussion in appropriate terms on one of the following subjects must be considered:

- the quality and thoroughness of the information used;
- the geological model developed, the technique and parameters utilised for estimation of resources and reserves and any restriction affecting the accuracy or reliability of the information communicated;
- the rationalisation of contradictions or incoherent facts;
- the analytical technique(s) utilised and quality controls;
- any geological, metallurgical or technical factor that could have an impact on the estimation of resources or des reserves and on the inherent project risk factors.

A geologist must communicate information in a clear and comprehensible language. Figures (tables, maps, plans, sections) must communicate clear and unequivocal information.

Appropriate prospective statements may be part of a communication but must not serve to dress up or omit important information.

When a geologist is called upon to produce a communication in a language other than his/her usual language, he/she must ensure that the translation is true to the original².

A geologist's communication should provide the source of information to allow any third party to validate or research the subject as the case may be (e.g., a link to the technical report).

¹ The keeping of this documentation as per the *Regulation on file keeping ...*, a geologist will be able to respond on any question arising from his/her communication.

² See section 3.2.7 of *Directives for document authentication*, OGQ, 2010

3.3 False precision and misleading information

A geologist must ensure that his/her communication presents information in a manner that is true the actual state of knowledge about a situation. The precision of information provided in the communication must not be presented in a misleading fashion.

Many common forms of misleading communication are to be proscribed such as:

- inappropriate or baseless comparisons;
- claiming discovery of a significant mineral discovery based on insufficient data;
- claiming prospective mineral potential based solely on proximity to a known ore body or on scientifically groundless hypotheses;
- inappropriate use of geological parameters, such as :
 - inappropriate emphasis on the length of a mineralised intersection in a borehole, e. g., when the borehole follows the axis of a vein;
 - use of a « mean » value on a section strongly influenced by a nugget effect;
- technical mystification or play on words using arcane technical language with empty or misleading statements;
- Failing to publish significant negative results or data from a portion of the property that could lead to a different interpretation of results effectively divulged in the communication; to this end, les figures must present the available information in a manner that is clear and true to reality.

Finally, language used must be appropriate and avoid using superlatives embellishing groundlessly the potential of a showing or an ore body. In this vein, there seems to be a fantastic multiplication of “World class” ore bodies in the recent past!

3.4 Explicit external standards

When preparing exploration results for publication, geologists must conform to relevant standards and guidelines, as the case may be, such as:

- Guidelines by the Autorité des marchés financiers³;
- Guidelines of the TSX Venture exchange⁴;
- Guidelines on mineral exploration practices by CIM⁵ ;
- OGQ Directives on authentication of documents

In case of publication outside of Canada, geologists are to use whatever standards apply in the subject jurisdictions and clearly indicate this fact in their publication, as the case may be⁶.

³ *Règlement 43-101; Règlement 51-101; Norme canadienne SEDAR 13-101*

⁴ *Guide du financement des sociétés, Annexe 3E : Lignes directrices sur les communiqués et Annexe 3F : Lignes directrices sur les normes relatives aux sociétés minières Bourse de croissance TSX, 2010.*

⁵ *Exploration Best Practices Guidelines, CIM, 2000. et Guidelines for the Reporting of Diamond Exploration Results, CIM, 2003.*

⁶Thanks to CRIRSCO and partners in participating countries (JORC; ICM; Chili; Peru; SAMREC; UK/ Ireland / EU & SME), important progress has been achieved towards an international code for exploration results, resources and mineral reserves. *International Reporting Template for the Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves, CRIRSCO, 2006.*

4.0 Other considerations

4.1 Limited release and rumors

The geologist who learns that an important information (that was not public before) has been divulged to a person or limited group, must take appropriate measures to have this information rapidly released to the public. The appropriate measures will vary according to circumstance and could consist, for example, of informing his/her superior or the corporate person responsible for such things.

A geologist, who learns of a rumor or misleading information published by a third party, should consider the potential obligation to take appropriate action to make necessary corrections.

In such case, it is advised to document on file any action undertaken to obtain the desired corrections.

4.2 Excerpts

The geologist issuing a summary communication on mineral potential is advised to include therein a disclaimer stating that he/she will not be responsible for publication by a third party of any excerpt or incomplete portion of the communication.

DEFINITIONS & ACRONYMS

The following acronyms are used in this document:

CIM: *Canadian Institute of Mines, Metallurgy and Petroleum*

CRIRSCO: *Committee for Mineral Reserves International Reporting Standards*

JORC: *Joint Ore Reserves Committee, Australian Institute of Mining and Metallurgy*

SAMREC: *South Africa Mineral Resource Committee*

SME: *Society for Mining, Metallurgy & Exploration*

TSX: *Toronto Stock Exchange*

SEDAR: *System for Electronic Document Analysis and Retrieval*