

Additional Disclosure Guidelines for Issuers Engaged or to Be Engaged in Significant Mining Operations

If issuers are engaged or to be engaged in significant mining operations, the disclosure specified in this Disclosure Guide should be included in the issuer's response to Item V of the Disclosure Guidelines.

(a) *Definitions.* The following definitions apply to issuers engaged or to be engaged in significant mining operations:

(1) *Reserve.* That part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination.

Note: Reserves are customarily stated in terms of "ore" when dealing with metalliferous minerals; when other materials such as coal, oil, shale, tar, sands, limestone, etc. are involved, an appropriate term such as "recoverable coal" may be substituted.

(2) *Proven (Measured) Reserves.* Reserves for which (i) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (ii) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

(3) *Probable (Indicated) Reserves.* Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measure) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

(4) (i) *Exploration State* — includes all issuers engaged in the search for mineral deposits (reserves) which are not in either the development or production stage.

(ii) *Development Stage* — includes all issuers engaged in the preparation of an established commercially minable deposit (reserves) for its extraction that are not in the production stage.

(iii) *Production Stage* — includes all issuers engaged in the exploitation of a mineral deposit (reserve).

Instruction to paragraph (a). Mining companies in the exploration stage should not refer to themselves as development stage companies in their disclosure, even though such

companies should comply with Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 7, "Accounting and Reporting by Development Stage Enterprises," if applicable.

(b) *Mining Operation Disclosure.* Furnish the following information as to each of the mines, plants and other significant properties owned or operated, or presently intended to be owned or operated, by the issuer:

- (1) The location and means of access to the property.
- (2) A brief description of the title, claim, lease or option under which the issuer and its subsidiaries have or will have the right to hold or operate the property, indicating any conditions which the issuer must meet in order to obtain or retain the property. If held by leases or options, the expiration dates of such leases or options should be stated. Appropriate maps may be used to portray the locations of significant properties.
- (3) A brief history of previous operations, including the names of previous operators, insofar as known.
- (4) (i) A brief description of the present condition of the property, the work completed by the issuer on the property, the issuer's proposed program of exploration and development, and the current state of exploration and/or development of the property. Mines should be identified as either open-pit or underground. If the property is without known reserves and the proposed program is exploratory in nature, a statement to that effect shall be made.

(ii) The age, details as to modernization and physical condition of the plant and equipment, including subsurface improvements and equipment. Further, the total cost for each property and its associated plant and equipment should be stated. The source of power utilized with respect to each property should also be disclosed.
- (5) A brief description of the rock formations and mineralization of existing or potential economic significance on the property, including the identity of the principal metallic or other constituents insofar as known. If proven (measured) or probable (indicated) reserves have been established, state (i) the estimated tonnages and grades (or quality, where appropriate) of such classes of reserves, and (ii) the name of the person making the estimates and the nature of his relationship to the issuer.

Instructions to paragraph (b)(5):

1. It should be stated whether the reserve estimate is of in-place material or of recoverable material. Any in-place estimate should be qualified to show the anticipated losses resulting from mining methods and beneficiation or preparation.
 2. The summation of proven (measured) and probable (indicated) ore reserves is acceptable if the difference in degree of assurance between the two classes of reserves cannot be readily defined.
 3. Estimates other than proved (measured) or probable (indicated) reserves, and any estimated values of such reserves shall not be disclosed unless such information is required to be disclosed by state law; provided, however, that where such estimates previously have been provided to a person (or any of its affiliates) that is offering to acquire, merge, or consolidate with, the issuer or otherwise to acquire the issuer's securities, such estimates may be included.
- (6) If technical terms relating to geology, mining or related matters whose definition cannot readily be found in conventional dictionaries (as opposed to technical dictionaries or glossaries) are used, an appropriate glossary should be included in this report.
- (7) Detailed geographic maps and reports, feasibility studies and other highly technical data should not be included in the report but should be, to the degree appropriate and necessary for understanding the issuer's presentation of business and property matters, furnished as supplemental information.

(c) Supplemental Information.

- (1) If an estimate of proven (measured) or probable (indicated) reserves is set forth in the report, furnish:
 - (i) Maps drawn to scale showing any mine workings and the outlines of the reserve blocks involved together with the pertinent sample-assay thereon;
 - (ii) All pertinent drill data and related maps; and
 - (iii) The calculations whereby the basic sample-assay or drill data were translated into the estimates made the grade and tonnage of reserves in each block and in the complete reserve estimate.

Instructions to paragraph (c)(1):

Maps and drawings submitted should include:

- (a) A legend or explanation showing, by means of pattern or symbol, every pattern or symbol used on the map or drawing; the use of the symbols used by the U.S. Geological Survey is encouraged;
 - (b) A graphical bar scale; additional representations of scale such as "one inch equals one mile" may be utilized provided the original scale of the map has not been altered;
 - (c) A north arrow on the maps;
 - (d) An index map showing where the property is situated in relationship to the state or province, etc., in which it was located;
 - (e) A title of the map or drawing and the date on which it was drawn;
 - (f) In the event interpretive data is submitted in conjunction with any map, the identity of the geologist or engineer that prepared such data.
 - (g) Any drawing should be simple enough or of sufficiently large scale to clearly show all features on the drawing.
- (2) Furnish a complete copy of every material engineering, geological or metallurgical report concerning the issuer's property, including governmental reports, which are known and available to the issuer. Every such report should include the name of its author and the date of its preparation, if known to the issuer.
- (3) Furnish copies of all documents such as title documents, operating permits and easements needed to support representations made in the report.