



Mining companies raising capital in Canada

As an industry innovator, Canada is home to unparalleled mining and metals knowledge and expertise. The Canadian market attracts mainstream public mining companies from around the world who are looking to raise capital through listing on the Toronto Stock Exchange (TSX) or the Toronto Stock Venture Exchange (TSX-V). The world's largest annual mining conference, hosted by the Prospectors and Developers Association of Canada, takes place in March of each year in Toronto. This four-day event is attended by tens of thousands of delegates and global leaders from the mining and mineral exploration industry.

Mining and mineral exploration companies in Canada must follow specific guidelines for public disclosure of information on their mining and exploration projects. TSX and TSXV require mining companies to disclose technical information about its mineral projects in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101). The report must be prepared by a "qualified person" and in some circumstances that person must be independent of the issuer company and the property. Canada has developed the world's leading resource stock market, partially, because under NI 43-101, resource companies are eligible to disclose, both mineral reserves and resource estimates. For comparison purposes, in the United States the SEC only permits resource companies to disclose estimates on mineral reserves.

There are several ways of taking a company public on the TSX or TSX-V, including (i) an initial public offering (IPO); (ii) a reverse acquisition of an existing TSX or TSX-V listed issuer; and (iii) a transaction known as a "qualifying transaction" with a capital pool company (CPC) listed on the TSX-V. Listing requirements, how long the process takes and how much it costs depends on the option chosen. Foreign companies aiming to go public in Canada typically assemble a team of professional advisors consisting of an agent, a securities lawyer, an external auditor and an investor relations specialist. The team will work together to achieve the desired goal at a minimum cost for the issuer company.

It is important to keep in mind the risks associated with the mining industry, as it's cyclical in nature and dependent on commodity prices. Mining companies are forced to remember this reality and need to be able to adjust to risks as they arise. The Canadian mining industry had another sobering year in 2013. Major mining companies are still facing significant challenges as indicated by an overall decrease in cash position and in equity raised as well as the significant write-downs of mining properties





and assets. In particular junior exploration companies were amongst the hardest hit, some of which have been forced to halt development and exploration work on properties due to cash constraints. After a challenging year in 2013, mining industry participants desire an increase in capital market financing and merger and acquisition activity during 2014. Much will depend on the global economic environment and investor interest in mining companies.

How we can help you

With more than 60 years of experience in providing accounting and business advisory services to consulting resource companies in Canada and overseas, Manning Elliott is recognized as one of the best choice for reliable business advice. We have considerable experience assisting companies with the transition from a private enterprise to a public company which includes an audit of the financial statements incorporated in the filing prospectus, review of the prospectus disclosure, advice on restructuring of management and establishment of stronger internal controls.

It is also important to remember the continuous regulatory requirements and filing deadlines that will be in place once a company goes public. From environmental obstacles to challenging economic conditions, our team of experienced accountants and business advisors can assist you with a financial statement audit or review, consult with you regarding complex business and accounting issues. Currently we service a variety of mining and exploration companies listed on Canadian stock exchanges. A number of these companies are registered with the United States Securities and Exchange Commission. As we are registered with the Canadian Public Accountability Board and the Public Company Accounting Oversight Board in the United States, we are able to perform audit and related services for public companies in both countries.

To learn more about how Manning Elliott can benefit your business, give us a call at 604-714-3600.

