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## Update: Publish What You Pay - Reporting by the Canadian Mining Industry

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On January 16, 2014, the Resource Revenue Transparency Working Group (comprising the Mining Association of Canada, the Prospectors and Developers Association of Canada and two non-governmental organizations) released its recommendations for the development of a payment transparency standard for all publicly traded mining companies in Canada. This comes seven months after Canada (NRCan) announced that it was committed to establishing new mandatory reporting standards for Canadian extractive companies to improve transparency of payments made to governments worldwide.

The recommendations provide that publicly traded mining companies in Canada would be required to disclose project-level payments to domestic (including national and sub-national authorities) and foreign governments. The recommendations do not address payments made to Aboriginal governments (although inclusion of such payments is anticipated to be part of the NRCan initiative). Large mining companies would be required to disclose all payments above \$100,000 and venture issuers would be required to disclose payments above \$10,000. The types of payments captured by the recommendations include profit taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure payments required by law and transportation and terminal operation fees.

The Working Group's recommendations stipulate that the most appropriate venue for a Canadian disclosure framework would be through securities regulation, making reporting mandatory and extending disclosure requirements to foreign companies seeking to raise capital in Canadian markets. Payment disclosure would be reported on an annual basis and would be publicly accessible. The Working Group strongly recommends alignment with other jurisdictions such as the United States and the European Union and suggests that a Canadian reporting regime would need to include explicit recognition and acceptance of such equivalent reporting regimes. Alignment with the United States may prove difficult at this juncture given that the U.S. Dodd-Frank disclosure rule under section 1504 regarding mandatory reporting was overturned in July 2013 and is currently being redrafted by the Securities and Exchange Commission. NRCan has not taken a position with respect to the Working Group's recommendations but is taking them into consideration. From past announcements, it is expected that NRCan's reporting requirements would cover public and private Canadian companies as well as foreign companies operating in Canada. NRCan has completed its initial consultations and expects that a preferred reporting option will be selected and subjected to public consultation this spring.

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