

DENTONS

Dentons Junior Mining Solution

Grow | Protect | Operate | Finance

December 2024

The challenge

Junior mining companies are facing significant challenges as the pandemic continues to affect supply chain, access to capital and exploration. More and more companies are requiring specialized advice for both routine business matters and larger scale exploration projects, but do not have a dedicated in-house legal team or general counsel. To properly address these issues during these challenging times they will need an advisor that understands the business realities and environments in which junior mining companies operate, while delivering services outside the constraints of the traditional “billable hour” fee arrangement to fit varying budgets.

In particular, many junior mining companies are faced with some or all of the following challenges when seeking legal services:

Cost transparency: As a junior mining company, you want to ensure the capital raised from your investors are invested “in the ground”, rather than on large legal bills. You are looking for a legal service provider that is able to provide pricing transparency and budget certainty.

Scale: Junior mining companies need a legal solution that is able to scale up or down in accordance with the needs of its business, the stage of the mining life cycle the state of the broader mining industry and commodities market as a whole.

A legal advisor who understands junior mining: You need a legal advisor that has experience working with junior mining companies, and understands the realities of the markets and industries in which they operate. You want an advisor who provides the best value and actionable advice that you can trust.

International legal issues: More than ever, junior mining companies are investing in international projects and are having to navigate complex foreign laws and regulatory regimes. Identifying experienced legal counsel in a foreign jurisdiction that also understand North American business practices, and are available when you need them, is often a challenge.

Tax legal services: Provincial and federal tax incentives are often available to junior mining corporations. You want an advisor who will help you navigate the tax world to claim available tax incentives and optimize your financial situation. As a junior mining company, if you are reassessed, you will need a trusted and reliable advisor to assist you at every step of your dispute process from the audit to the trial.

Our solution

Here at Dentons, we know that junior mining companies are the corner stone of the mining industry in Canada. Our Dentons Junior Mining Solution (JMS) has been developed to provide you with access to our services on a fixed fee basis, eliminating concerns about seeking advice or being “on the clock”. Our team meets with you to identify and understand your business objectives and corresponding legal needs. In doing so, we are able to develop a customized legal service model to support those objectives at an agreed upon fixed fee, which results in predictability and savings on your legal spend.

Dentons JMS operates on a fixed fee model engagement, where the types of services required, the budget and schedule of payments are all tailored to the actual needs of your business. As a result, you will experience budget certainty and cost savings over your legal expenditures and never have to worry about picking up the phone to call us for fear of being “on the clock”.

We recognize that no solution is “one size fits all”, so our engagement starts with a detailed discussion of your objectives, legal requirements, “pain points”, and success metrics for our work together. This is an integrated service model that has us operating as part of your business in a collaborative and proactive, rather than reactive, manner.

The following are among a few examples of the core legal services available for inclusion in your customized legal service model.

- Assistance with continuous disclosure requirements
- Assistance with stock exchange and regulatory compliance filings (e.g., stock option reporting and registry filings)
- Assistance with annual shareholder’s meetings
- Assisting with private placement financings
- Assistance with corporate governance and corporate preparedness (e.g. planning for unsolicited takeover activity)
- Assistance in determining eligible expenses for tax incentives
- Assistancess in tax litigation matters from the audit to the trial





How clients benefit

Cost Certainty: Dentons JMS operates on a fixed fee basis, providing you with certainty around your legal budget and ensuring you are receiving maximum value on your legal spend.

Flexibility: With Dentons JMS, you have on-demand access to a full service law firm that you can rely on to provide the particular skill set you need, when you need it. We offer tailored services to meet the specific objectives and business needs.

Customized and scalable: Dentons JMS is completely customizable to your business, and can be scaled up for cross-jurisdictional organization, or scaled down for businesses who operate in one or two jurisdictions across Canada.

Single point of contact: For companies with international operations, we provide you with a single point of contact to access Dentons' global team of legal professionals wherever you are doing business around the world, eliminating the need to coordinate with multiple lawyers and law firms across different countries.

Creating a partnership: We will work to gain your confidence in a low-risk collaborative way and take a proactive approach to better support you in the case that a larger legal issue should arise.

Scope of work

Type of Task

Category #1: Reviewing Continuous Disclosure Filings

Quarterly financial statements, MD&A and CEO/CFO certifications

Annual financial statements, MD&A, CEO/CFO certifications

Annual Information Form

Press Releases

Material Change Reports

Reviewing NI 43-101 Technical Report and QP consents and certificates

Category #2: Filing of Documents on SEDAR and SEDI and other related matters

Quarterly financial statements, MD&A and CEO/CFO certifications

Annual financial statements, MD&A, CEO/CFO certifications and preparing ASC Form 13-501F1 and ON Form 13-502F1, as applicable, re: Participation Fee

Annual Information Form

Disseminating press releases on the news wire and filing on SEDAR

Material Change Reports

Meeting Materials (e.g., management information circular, notice of meeting, form of proxy)

Report of Voting Results

Documents affecting rights of Security holders

Material Documents/Contracts

NI 43-101 Technical Reports and QP Consents

Creation of SEDI insider profiles

SEDI Insider Reports

Authorization to file on SEDAR (one time process)

Category #3: AGM

Reviewing meeting materials (e.g., management information circular, notice of meeting, form of proxy)

Preparing chairman's script for AGM

Preparing AGM meeting minutes



Type of Task

Coordinating AGM process (e.g., preparing meeting calendar, coordinating with transfer agent and printer)

Attend AGM

Category #4: Non-Brokered Private Placement Financing

Preparing form of subscription agreement, form of warrant certificate, authorizing board resolutions and treasury direction

Preparing and submitting application for stock exchange acceptance of Private Placement (e.g., TSXV Form 4B, TSXV Price Reservation)

Preparing press releases (announcement and closing of Private Placement) and material change report

Reviewing completed subscription agreements and coordinate closing of Private Placement (e.g., communication with transfer agent, DAP closing, etc.)

Preparing and filing Report of Exempt Distribution

Category #5: Review of Corporate Governance Documents

Review of Board Mandate or Board Committee Charters

Review of position descriptions

Review of corporate and board policies (e.g., board diversity, ethics & business conduct, insider trading and disclosure, majority voting, etc.)

Category #6: Stock Exchange Filings

Stock option reporting (e.g., TSXV Form 4G)

Change of directors / officers (e.g., PIF)

Investor relations, promotional or market-making activities reporting (e.g., TSXV Form 3C and PIF)

Category #7: Tax

Assistance to determine the eligibility of expenses for the purposes of:

- provincial income tax credits
- federal and provincial income tax incentives for investors under the flow-through share regime

Review of regulatory filings (e.g. 43-101) and press releases from an income tax perspective



Type of Task

Review of flow-through share agreements from a tax perspective

Assistance to junior mining corporations should they be subject to a tax audit at the provincial or federal level with respect to income tax or mining tax

Where a junior mining corporation which has been reassessed by the federal and/or provincial tax authorities with respect to income tax or mining tax:

- Study of the tax audit report to determine whether there are grounds for an objection;
- Draft the notice of objection.

Category #8: Other Matters

Attend regular board / committee / senior management meetings

Ongoing strategic consultation and advice

We gain your confidence in a low-risk collaborative way and take a proactive approach to better support you in the case that a larger legal issue should arise.



Experience highlights

OCIM Precious Metals/OCIM Metals and Mining:

Counsel on over 15 financing arrangements involving prepaid precious metals arrangements, precious metals loan agreements and related transaction documents with junior exploration companies and producing mid-tier mine operators.

Monetary Metals: Counsel on several rounds of silver loan transactions to a junior pre-production exploration company.

Monetary Metals: Counsel on several rounds of physical silver bond offerings.

Large TSX Gold Producer: General counsel to a large Canadian gold producer with international operations.

Avalon Advanced Materials Inc.: Counsel with respect to several joint ventures, transactions and capital markets matters for this advanced stage TSX listed junior mining exploration company.

Canadian North Resources Inc.: Counsel with respect to several transactions, corporate governance and capital markets matters for this TSX-V listed advanced junior exploration company.

Jien International Investment Ltd.: Counsel with respect to general corporate, litigation matters and investments in junior Canadian mining producers.

Livent Corporation: Counsel to the company with respect to its combination with Allkem Ltd. to form Arcade Lithium, a large lithium producer.

Global electronic and technology company: Counsel to the company with respect to its acquisition of a significant position in Canada Nickel Company Inc., a Canadian major exploration company.

Canadian gold mining company: Drafting an agreement on conducting geological studies and pilot production at prospective gold fields in Navoi region (Uzbekistan), drafting government resolution (No. 369 as of May 3, 2019) on the project, liaising with authorized bodies, participating in negotiations, registration of a limited liability company in Uzbekistan and providing administrative support.

Aya Gold & Silver Inc.: Advising Aya Gold & Silver Inc. on its CA\$92 million underwritten prospectus offering of common shares.

Aya Gold & Silver Inc.: Advising client on its CA\$70,007,500 short-form prospectus offering (bought deal) of common shares. The proceeds of the offering are significant for the company in order to continue the optimization of the Zgounder Mine—one of Morocco's most important silver and gold mines—for exploration drilling and general corporate purposes.

Millennial Lithium: Dentons acted as counsel to Millennial Lithium on its acquisition by Lithium Americas Corp.'s proposed plan of arrangement. This transaction is a culmination of a public bidding war for the takeover of Millennial Lithium, including competing bids. Once a definitive transaction was in place, our team worked with the company on tax structuring and consequences of the arrangement. This is a larger public transaction in the lithium space with a combined entity value in excess of \$4 billion.

Ascendant Resources Inc.: Advising the company on the US\$4 million principal amendment to its secured promissory note with Sprott Private Resource Streaming and Royalty (Collector), LP and amendment to its metals stream agreement with Sprott Private Resource Streaming and Royalty (B) Corp.

US Gold Corporation: Advising on its acquisition of Minera Andes Inc. by plan of arrangement with a transaction value at the time of closing of approximately CA\$1.4 billion for the combined company, which was renamed McEwen Mining Inc. Azumah Resources Limited

Channel Resources: Advising on an exploration company with assets in Burkina Faso, in a Plan of Arrangement pursuant to which its entire issued and outstanding share capital was acquired by West African Resources for CA\$1.5million.

Regulus Resources Inc.: Advised in the closing of a strategic partnership with Osisko Gold Royalties Ltd. whereby Regulus agreed to grant certain royalties and royalty ROFR rights to Osisko in respect of its AntaKori mining project in Peru. Cerrado Gold Inc.

Regulus Resources Inc. and Aldebaran Resources Inc.: Advising in respect to the arrangement with Sibanye Gold Ltd. to spin-out Regulus' Argentine assets to a newly created company, Aldebaran Resources Inc., and acquire the Altar copper-gold project from Sibanye, including a US\$30 million private placement financing into Aldebaran by Route One Investment Company, LP. (Canada and Argentina)

Columbus: Advising with respect to tax and legal advice regarding the financing for exploration for a gold mining company and negotiation of a joint venture. (French Guyana)

North American Tungsten Corporation Ltd.: Advising in connection to various mining matters including its project financing requirements. (Canada)



Key contacts



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ABOUT DENTONS

Across over 80 countries, Dentons helps you grow, protect, operate and finance your organization by providing uniquely global and deeply local legal solutions. Polycentric, purpose-driven and committed to inclusion, diversity, equity and sustainability, we focus on what matters most to you.

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