

Sills Egsgard LLP is a Toronto-based boutique law firm specializing in regulatory compliance issues for both Canadian and foreign enterprises. Our lawyers combine solid legal knowledge and expertise with years of practice in some of Canada's most prestigious law firms. We bring experience living and working in developing countries and a deep knowledge of international trade to our assignments. Our skills and experience are provided to our clients at cost-effective prices owing to our low overheads.



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CONFLICT MINERALS: CHALLENGES & SOLUTIONS



LEGAL COUNSEL
FOR A CHANGING WORLD

PENDING RULES FOR US ISSUERS WILL IMPOSE SWEEPING NEW DISCLOSURE REQUIREMENTS ON MINERS AND USERS OF CONFLICT MINERALS

In 2010, the US Congress passed section 1502 of the *Dodd Frank Act* designating the following minerals as “**conflict minerals**”: gold, cassiterite, columbite-tantalite (coltan), wolframite, and their derivatives including tin, tantalum and tungsten.

The objective is to force public disclosure of the source of conflict minerals to show that proceeds from the sale of the minerals were not used to finance armed conflict in the Democratic Republic of Congo and neighbouring countries.

Sanctions for willful non-compliance can include fines for individuals of up to \$5 million, imprisonment for up to 20 years and in the case of corporations, fines of up to \$25 million.

Sills Egsgard LLP can help your company navigate the complex disclosure requirements set out by this new conflict mineral legislation as it is progressively implemented.

WILL THE CONFLICT MINERALS RULES APPLY TO MY COMPANY?

The conflict minerals rules will apply to any US issuer subject to the reporting requirements of the US Securities Exchange Act where the conflict minerals are necessary to:

- a) the functionality or
- b) the production

of a product that is manufactured, or contracted to be manufactured, by that issuer.

Mining operations are included in the scope of the rule.

RULES WILL AFFECT COMPANIES THAT ARE NOT US ISSUERS

These disclosure obligations may also be required by your customers if your company's products are part of the supply chain for a US-listed company.

HOW CAN SILLS EGSGARD LLP HELP?

Sills Egsgard LLP can work with your company's staff and other professional advisors to navigate the requirements resulting from the conflict mineral legislation, including due diligence requirements emanating from customers in your supply chain. Such steps may include:

- review of company management systems and drafting compliance policies as necessary
- identifying and assessing risk in the supply chain, assisting in preparation of supplier certifications and communications, and revising standard form contracts as necessary
- assisting in the design and implementation of a strategy to respond to identified risks
- assisting in obtaining proper independent third-party audit of supply chain due diligence
- review of reporting procedures and reports on supply chain due diligence

We would be happy to discuss your company's specific requirements further with you.

