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Ms. Sheryl Thomson  
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Re: National Instrument 43-101 (NI 43-101) Changes

Dear Ms. Thomson:

Thank you for the opportunity to comment on the revisions to NI 43-101. I believe that there have been a number of very significant improvements that will make the reports written under the new version of NI 43-101 much more informative and in many cases easier for the readers of these reports to obtain good information about mineral projects. The changes to NI 43-101 F1 are particularly helpful to the writers of these reports. There are, however, a number of changes that I do not agree with and I am bringing them to your attention in the following text.

**Preliminary Economic Assessment.**

The definition of the term Preliminary Assessment has been changed to Preliminary Economic Assessment. This definition now conflicts directly with the guidelines of the CIM Definition Standards on Mineral Resource and Mineral Reserves (CIM Definition Standards) for an Inferred Mineral Resource which warns against using an Inferred Mineral Resource in an economic study. A Preliminary Assessment was originally allowed for **an early stage** project and Inferred Mineral Resources could be used in the economic analysis of the project. Allowing the use of Inferred Mineral Resources in these studies is problematic in that an Inferred Mineral Resource, by definition, has **assumed** continuity, meaning that there is no guarantee that this material exists. Because continuity is **assumed** the definition of Inferred Mineral Resource is fundamentally different from the definition of a Measured Mineral Resource where continuity is confirmed or an Indicated Mineral Resource where continuity can be reasonably assumed. To reflect the above difference, cautionary language was required by NI 43-101 to warn investors of the fact that Inferred Mineral Resources which have a low confidence level were included in the study. With the inclusion of the word **Economic** in the title of the study there is now a direct conflict with the CIM Definition Standards.

Because Preliminary Assessments are done at an early stage when there is very little technical data and limited engineering work on the project, in many cases they are described as back of the envelope type studies. The addition of the term **Economic** to the definition gives these low quality studies much more status than they deserve. If you wish to retain the concept of a Preliminary Assessment I strongly advise that you not include the term **Economic** in the definition.

As mentioned above, the guidance in the CIM Definition Standards warns that Inferred Resources may not exist and should not be used in economic studies. This wording was intentional to ensure that the abuses in the past with the use of Possible Mineral Reserve category were not repeated and to highlight the fact that Inferred Mineral Resource estimates are not reliable.

The new version of NI 43-101 has also been changed to allow a Preliminary Economic Assessment to be done after a Prefeasibility Study or Feasibility Study has been completed. In my view a Preliminary Assessment done at an early stage and a Preliminary Assessment done after a feasibility study use completely different data; after completing a feasibility study there is much more accurate information on the deposit, metallurgy and costs compared to an early stage study. I suspect that this will create a bit of confusion with the average investor.

In a related change, you have defined the term **Advanced Property** as a property supported by a Preliminary Economic Assessment, or by a Prefeasibility Study or Feasibility Study. This indicates that an issuer with only limited project data and an Inferred Mineral Resources may call its property an Advanced Property after completing a Preliminary Economic Assessment on the property. This is inappropriate. As I mentioned above, I think it would be less confusing to retain the term Preliminary Assessment for early stage properties. In either case the cautionary language must be retained.

### **Part 2.3 (1)**

*Part 2.3 (1) c - the gross contained metal or mineral value of a deposit or a sampled interval or drill intersection; or*

- The above sentence is very confusing; do you mean metal value or mineral value or contained metal value and contained mineral value. The word contained might be best omitted but I am still not certain as to what you are trying to prevent, are you trying to stop the reporting of contained metal or metal values

*Part 2.3 (1) (d) a metal or mineral equivalent grade for a multiple commodity deposit, sampled interval, or drill intersection, unless it also discloses the grade of each metal or mineral used to establish the metal or mineral equivalent grade.*

- Please add the metal price or mineral price and recovery factors used. The above wording, as drafted in the new version of NI 43-101, may conflict with the CIM Best Practice Guidelines for the Estimation of Mineral Resources and Mineral Reserves.

### **Part 7.1 Reconciliation to the CIM Definition Standards**

The reconciliation to the CIM Definition Standards must continue. There are several reasons for this. The way the text in NI 43-101 is now worded the countries now listed in Part 7.1 of NI 43-101 can change their Resource and Reserve Definitions and CSA must accept reports using the Resource and Reserve definitions from these countries. While there are attempts being made to standardize the mineral resources and mineral reserve definitions terminology in the various countries we are not there yet and it will be some time before this occurs. Even when it does occur, the similarities among the definitions will likely be at a very high level and they may not be suitable for Canadian Securities purposes. Even then there is no guarantee that the Resource and Reserve Definitions from

countries that you have mentioned will remain the same. The law in each country is different and the definitions have to be written to conform to local law. With the changed wording in the new draft you now have no control over the use of the foreign codes mentioned. The only option you have to maintain any control over this situation is to reconcile to the CIM Definition Standards. I would remind you that there is an agreement between CIM and CSA whereby CIM must give CSA notice of any change to the CIM Definition Standards. This requirement for notification gives CSA an opportunity to review any changes that CIM makes and to comment on them if they choose to do so. There is no requirement for any other country to notify CSA of any change in their reserve definitions that I know of.

In regard to the NI 43-101 F1 I find it easier to check the credentials of the report authors if the certificates are bound into the report. Filing separate certificates is required in certain cases but I don't think it helps the credibility of the report if the reader has to go hunting for the certificates.

I hope the above comments are helpful and can be used to improve the instrument. If you require any clarification on the above views please contact me.

Yours truly

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John T. Postle, P.Eng.