From: Terry Hennessey [mailto:micon05@micon-international.com]
Sent: Friday, July 16, 2010 10:44 AM
To: Sheryl A Thomson
Subject: Comments on the proposed amendments to NI 43-101.

Sheryl Thompson:

I am a consulting geologist who writes or edits a lot of NI 43-101 reports for Micon International. I have reviewed the proposed amendments to the instrument and believe that most of them are improvements. I do however have a few comments.

1) Our firm, having worked in China a Russia a lot, are pleased to see the changes in the historical resource section which will now allow clients to disclose the reasons for their having acquired certain properties, specifically non compliant resource estimates made post Feb, 2001.

2) Section 4.2 1 (f) appears to say that a Technical report must be filed to support an AIF that includes any scientific or technical information. All of the remaining language about material scientific or technical information and information not previously included in other specified documents has been struck. I do not understand why this has been done. It seems to me that this change forces a company with any even-slightly active projects to file annual Technical Report(s) with every AIF it produces. This seems to be an onerous task. Is the company's continuous and timely disclosure record not sufficient for the results of basic exploration results such as mapping, grab samples or a few drill hole results? If a company geologist spends one day on a property and takes a few grab samples does the company need to file a new technical report? Why was the materiality test removed? (Or does the reference to "a property material to the issuer" in the opening paragraph to section 4.2 (1) cover this?) Also, why was the ability to rely on a previously filed technical report removed?

3) In NI 43-101F1 the instructions for item 22 say that producing issuers need not supply this information (specifically cash flow forecasts, NPV and IRR) for properties in production as long as there is not a material expansion of current production.

This item still has the potential to cause serious problems for some issuers. I brought this point up during the consultation period for the revised instrument because of an experience I had with a Technical Report. An issuer I represented (who was not at the time a producing issuer) was trying to purchase a minority interest in a large operating mine in Latin America. We included a cash flow in the Technical Report which we were shown during the site visit. The local state/provincial level government read the report and were surprised at the amount of free cash flow predicted in the analysis. They were very displeased with the limited amount of money they had received to date in royalties and taxes (due to a scheme which allowed deduction of Capex from royalties due). The government demanded a large payment from the company which operated the mine. For this reason the mine operator (a Major) was not pleased with our disclosure on behalf of the junior partner and, during a subsequent visit to update the report, refused to show us the current data on cash flow projections. We therefore had no cash flow to put into the updated report.

Requiring disclosure of this sort of information, whether by a producing issuer or a non-producing issuer can work against the interests of the issuer, its joint venture partners and their share holders. As can be seen from our example it is sometimes impossible to obtain the data if you are not the operator of the project. What is a non-operating partner in a JV to do if the operator of the mine refuses to provide cash flow projections for the operation?

I think that the wording here needs to be modified and certain additional exemptions made available. An issuer should not be forced to suffer economic loss by the instrument nor should it create a situation which causes friction with joint venture partners. I believe that, for an operating mine, a cash flow projection is not really needed by the investor if real operating cost data, cut-off grades and reserves are available. The instrument should not force an issuer to suffer economic loss.

Regards

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