CAPSTONE MINING CORP.

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To:
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Attention:

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Dear Sirs/Mesdames:

RE Proposed Amendments to NI 43-101

Thank you for the opportunity to comment on the proposed changes to NI43-101; I also appreciated the opportunity to participate in one of the industry review sessions arranged by BCSC – the verbal discussion was a helpful forum in both understanding the proposed changes, and communicating some of the challenges with respect to NI43-101 in its current form.

Following are my comments on specific changes proposed by CSA/ACVM in its *Notice and Request for Comment* dated April 23, 2010. I have restricted my comments to the more significant items where I have comments. In respect of proposed amendments where there are no comments provided below, I am in support of those items.

1. **Foreign Codes**

   I am supportive of the less restrictive definition of acceptable foreign codes. However, I would have serious reservations if this new definition allowed Russian-based codes to become acceptable because they are "generally accepted in a foreign jurisdiction". In my experience, Russian codes are seriously at odds with CIM/JORC level of codes and are misleading to investors.

2. **Professional Associations**

   I have similar concerns with respect to the broadening of the definition of professional associations: I support the concept but would have concerns in respect of weaker jurisdictions opening the potential for unqualified persons to act as Qualified Persons ("QPs").

3. **PEA After a PFS/FS**

   Having been caught in the trap of needing to do a Preliminary Economic Assessment ("PEA") after a Pre-feasibility Study ("PFS") or Feasibility Study ("FS") is completed by prior owners, I am supportive of proposed change. Projects change and sometimes need a radical rethink in concept or approach that can result in a project being pushed "back" to a PEA level of study, but such a study is required to determine whether the new concept or approach has reasonable economics and that information needs to be communicated to shareholders to gain support/financing to advance the project. The recent example I was involved in was conversion of an open pit project to an underground one, but the underground option had insufficient information to support a PFS and required inclusion of inferred material to ensure a sufficiently robust project, therefore necessitating a PEA. Without the PEA, the project would not have gained the support to spend the funds to upgrade the inferred material and do the other work necessary to complete a PFS.

4. **Short form Prospectus Trigger**

   In my opinion, there should not be a requirement to file a technical report as the result of filing a short form prospectus. Financing windows, especially for exploration and development companies, are generally short and provide limited opportunities to raise the cash required to sustain the company and advance its project. Preparation of technical reports in the very short time frame required under a short form prospectus, especially given the need for independent QPs to prepare the report, could and will often result in the financing window being missed, to the detriment of the company and its investors. Further, depending on the QP, their requirements for a site visit, for a detailed review of new data to determine impacts on a previous technical report, the quantity of new data, etc. could make the time delay significant.

   Provided there is a reasonably current technical report and all significant new data on that project has been disclosed by press release by the issuer (which should be and is a requirement), then there is little risk to the investor not being fully informed of material information.

5. Gross Metal Value

I am strongly in support of the prohibition of reporting gross metal value; in my opinion it is highly misleading since it takes no account of economic realities of extraction, recovery, payability, etc.

6. Metal Equivalent Grades

I am similarly strongly supportive of the prohibition of the use of equivalent grades except where individual metal grades are reported. Metal equivalents can be useful in multi-element projects to illustrate economic potential, but can be very misleading when the constituent metals are not disclosed.

7. Mineral Potential

I am supportive of the proposed amendments to 2.3(2) as it is helpful to discuss the scale of the target being evaluated but, recognizing this is something that could be abused, believe that the requirement should be for the statement noted in 2.3(2)(a) be not only of "equal prominence" but be a "proximate statement" relative to the disclosure, so it is not buried on page 10 of a release.

8. Disclosure of Historic Estimates

I am also supportive of the broadened disclosure of historic estimates, as proposed. Often, such information is critical to a property acquisition and therefore needs to be disclosed in order to provide investors with an understanding of the reasoning behind the decision to acquire a property.

9. Disclosure of Exploration Information

I **do not** support the proposed amendment that the information provided in 3.3(2)(b) be provided to the level of detail proposed. While full disclosure of results is important, too much detail can result in unwanted complications. For example, I have experienced analysts attempting to publish their own mineral resource estimates based on information in news releases (where they have collar information, azimuth, etc.), which can be wrong or misleading for a variety of reasons (e.g. hole deviation, zone correlations, etc.) and leave the company in a position of ignoring erroneous or misleading information in the public domain or being forced to counter such information when it is not in a position to say what the correct number is. The obligation on the issuer should be, as is contained in 3.3(1)(b), to provide an interpretation of the results being disclosed; this should be sufficient. There may also be strategic value in not providing too much detail to neighbouring competitors.

10. Preparation of Disclosure as Opposed to Preparation of Report

I am supportive of the amendment that allows a QP to prepare disclosure, say on a technical report, and be responsible for that disclosure, as opposed to having each and every QP sign off on the summary information contained in a press release or other such disclosure.

11. Consequential Amendments – QPs Consents

I am strongly in support of the change that allows an expert consent from the firm that prepared a technical report. A recent feasibility study had over 15 QPs involved and that document remained current for some 2 years, during which a number of those QPs left the firms that assisted in preparing the report, one left the industry entirely, another joined a large mining company that was adverse to having him, as an employee of theirs, provide consents to another company's public disclosure, etc. Further, as noted in the discussion document, trying to track QPs down all over the world on short notice for a prospectus is very challenging.

12. Consequential Amendments – MD&A Amendment

I agree that companies that make a production decision and develop a mine without a technical report should be required to explain the risks, clearly and unequivocally. However, I recommend going further. It is impossible for investors to measure progress, determine risk or manage their investment decision in a complete vacuum of information. There should be an obligation to disclose basic information such as estimated capital cost, contingencies, operating costs per tonne and per unit of metal produced, etc.

13. Six Month Delay to File Technical Report on Acquired Property with Current Technical report

This is a logical step, provided the issuer acquiring the property make a statement that there is no new information that it is aware of that would materially change the conclusions of the prior, current technical report.

14. Format of the Technical Report for Advanced Properties

I am supportive of the proposed changes to the structure of the technical reports. Under the current code, some of the most important information gets dumped in one section "Other Relevant Information", which makes the report loose flow and continuity.

I appreciate the opportunity to participate and contribute to the review of NI43-101 and look forward to the amendments being completed and instituted, subject to the comments above.

Yours truly,
CAPSTONE MINING CORP.

Stephen P. Quin
President