To:
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Autorite des marches financiers
New Brunswick Securities Commission
Registrar of Securities, PEI
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendant of Securities, Northwest Territories
Superintendant of Securities, Yukon Territory
Superintendant of Securities, Nunavut

Thank you for the opportunity to provide comment on the proposed changes to NI 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) and Consequential Amendments. I have the following comments:

As a general statement, the proposed changes to NI 43-101 are a significant improvement over the current version and with the few exceptions noted below, should be adopted:

1. **1.1 Definitions**: The definition of "acceptable foreign code" should include "The SME Guide for Reporting Exploration Results, Mineral Resources, and Mineral Reserves". This code is being used by major mining companies in the USA and SME is lobbying to have this code accepted by the United States SEC. The CSA should include this code as an acceptable foreign code because the SME have members that participate on CRIRSCO, are recognized standard setters for the mining industry in the USA, and promote high standards of professional and ethical behavior of their members and the mining industry in general. They should receive recognition for their contributions to improving mining technical disclosure standards and the efforts they have made to have a USA mineral resource and mineral reserve standard that is consistent with the definitions in section 1.2 and 1.3 of NI 43-101.

2. **1.1 Definitions**: The definition of "advanced property" contains an oversight. There a number of pre-feasibility or feasibility studies that do not result in the declaration of mineral reserves. These properties would then not meet the definition of an "advanced property". I suggest making an adjustment to the definition so that if mineral resources are "supported at least by a preliminary economic assessment" then the mineral property should be considered an "advanced property". This would then capture mineral properties that have a pre-feasibility or feasibility study that do not declare mineral reserves.

3. **2.2 All Disclosure of Mineral Resources or Mineral Reserves**: The CSA did not propose to make a change to paragraph (c), that prohibits the addition of inferred mineral resources to other categories of mineral resources. I recommend this prohibition should be deleted from NI 43-101. This is an impractical rule when disclosing tables showing mine production schedules from Preliminary Assessments, as the annual production amounts will show tonnes and grade of an aggregate of the three categories of mineral resources. NI 43-101 already requires sufficient protection to the market by requiring the tonnes and grade of each category of mineral resources to be disclosed, so there is very low risk of the market being mislead by summing the figures. This particular rule is generally ignored by industry, does not add to the credibility of mining technical disclosure, and does not add credibility to the Canadian capital markets. Foreign jurisdictions with healthy capital markets accessed by the mining industry, such as Australia, South Africa, UK and Europe, do not have this rule and the credibility of their

markets does not appear to be harmed by the practice. The CSA should decide which rules are important and enforce them. Having a rule that is routinely not complied with, undermines the credibility of the important rules in NI 43-101.

4. **2.4 Disclosure of Historical Estimates**: Paragraph (f) should be deleted as it will be impossible for issuers to comply with in many cases. Worse, it may force issuers to make statements that could be misleading and cause more harm than good. Historical estimates frequently do not have sufficient documentation for an issuer to assess what needs to be done to upgrade or verify the historical estimate. This rule will require issuers to make statements on what is required to upgrade or verify the historical estimate. This will require the issuer to make assumptions on the current validity of the historical exploration work when they may not have documentation to do so. This could give the appearance of detailed knowledge by the issuer about the historical estimate than what actually exists. They would have to predict what success they will have with additional exploration drilling, twin hole drilling, or results of additional metallurgical testing, etc. that could actually cause unwarranted credibility about the historical estimate. The CSA should delete this requirement, or make an allowance for this to be complied with only if the information is known to a reasonable level of confidence. Additional guidance in the Companion Policy 43-101CP is also necessary to indicate what is expected the CSA to comply with this rule: will general statements on the type of work necessary to validate the historical estimate, or will specific number of twin holes or infill drill holes, as well as speculation on the success of these holes be required? Please clarify.

5. **4.2 Obligation to File a Technical Report in Connection with Certain Written Disclosure about Mineral Projects on Material Properties:** The short form prospectus trigger in Section 1(b) should be eliminated.

6. In Section 5, the 45 day period should be increased to 60 days. Too often mining issuers meet their timely disclosure obligations and cause a mad scramble to finalize the technical report.

7. **5.1 Prepared by a Qualified Person:** The CSA should consider making the following modification to this section: “Each section or item of a technical report must be prepared by or under the supervision of one or more qualified persons.” Although the proposed revisions to Section 5.1(5) of the Companion Policy 43-101CP states that “section 5.2 and Part 8 of the Instrument require at least one qualified person to take responsibility for each section or item of the technical report …” they don’t. So the this requirement should be clearly stated in section 5.2.

8. **8.1 Certificates of Qualified Persons:** The CSA should include an instruction at the end of section 8.1 that “At least one qualified person must take responsibility in the certificates for each section or item of a technical report.”

9. **Form 43-101F1:** In Item 14(b), the CSA should clarify that section 3.5 of NI 43-101 does not apply to the technical report.

10. **Item 14: Mineral Resource Estimates, Instructions:** (2): this instruction contains potentially confusing language. I participated in a conference call discussing the proposed changes where some mining industry technical experts (non-AMEC) had different interpretations of what was meant by “All mineral resources reported **under** the cut-off grade scenarios …”. I suggest the CSA change the wording to read “All mineral resources **resulting from** the cut-off grade scenarios …” to avoid this confusion.

11. **Item 19: Market Studies and Contracts:** The CSA should change the wording in paragraph (a) that requires a summary of market entry strategies. The disclosure of this information would be harmful to a company and its shareholders since it would alert

competitors to the company's plans for capturing market share. This would allow competitors to either copy the strategy or to thwart the strategy. Either scenario would be potentially harmful to the company making the disclosure. The CSA should require the qualified person to state whether there is a market study that includes a market entry strategy. But not be required to disclose what the strategy is.

12. **Item 23: Adjacent Properties:** Paragraph (e) includes the requirement for any historical estimates of mineral resources or mineral reserves be disclosed in accordance with section 2.4 of the Instrument. However, paragraph (f) of section 2.4 requires the qualified person to comment on what work needs to be done to upgrade or verify the historical estimates. Considering this is on an adjacent property that the issuer has no interest, it would likely be an impossible requirement for the qualified person to comply with.

13. **Companion Policy 43-101CP: General Guidance** (1) The CSA should consider adding "brines" to the list of materials that NI 43-101 does not apply, since these commodities are attracting significant attention and the question comes up on a regular basis.

14. (6) **Industry Best Practices Guidelines:** Paragraph (d) references the CIM document on Rock Hosted Diamonds. This is an addendum to the Guidelines Specific to Particular Commodities, which is part of the document referenced in paragraph (c). Suggest re-wording these paragraphs to reflect that.

15. **1.1 Definitions:** (1): The SME Code should be included in this list.

16. **4.2** (1)(c)(iii): It is not clear what would trigger the technical reports after the completion of the transaction. Section 1.1(7) of the proposed changes to the Companion Policy make it clear a technical report filed on SEDAR is not a technical report unless there is a trigger for it to be filed.

17. **4.2** (4): At the end of the last sentence In the second paragraph of the text, the CSA should add the following: "… or adding the historical estimates to current mineral resources or mineral reserves."

18. **4.2** (9): The CSA should change the first sentence of this paragraph to read "… after it has completed a feasibility study (a pre-feasibility study **or Life of Mine plan of a developed mine** that establishes mineral reserves …". This is required since a Life of Mine plan of a developed mine can be used to establish mineral reserves.

    The CSA should add "pre-feasibility study" in the second sentence of this paragraph, when identifying the studies which the issuer must discuss the impact of the preliminary economic assessment.

    The CSA should recognize that a pre-feasibility study or feasibility study is a snap shot in time under a certain set of conditions and assumptions. A feasibility study considering a heap leach gold operation as one means of developing a deposit, may still be valid after the completion of a preliminary economic assessment that re-scopes the project using a mill and CIP process circuit. The key variables will have been modified, but both studies will be valid.

19. **4.2** (12): The second paragraph here contradicts section 1.1(7) (first paragraph) of the Companion Policy.

20. **4.2** (13): In the second paragraph, there should be guidance included for the issuer to consult with the qualified persons that authored previously filed technical reports before including references to the technical reports in the final prospectus. The qualified persons are put under extreme pressure by the issuer to consent to the use of previously filed

technical reports in final prospectuses. Some of the technical reports are years old and have been superseded by more recent technical reports. In many cases it is too late to talk to the qualified persons that authored these reports just before the expert consents under NI 44-101 are required.

21. **5.1** (5): This paragraph states that section 5.2 and Part 8 of the Instrument "require at least one qualified person to take responsibility for each section or item of the technical report". These sections of the Instrument do not specifically state this, but they should.

22. **6.2** (3): This paragraph includes the statement "… the issuer should consider having more than one qualified person conduct current personal inspections of the property …". The CSA should change this guidance to make it clear that the need for a current personal inspection by more than one qualified person should be determined by the qualified persons that are taking responsibility for the contents of the technical report.

23. **8.3** (1): This paragraph includes the statement "… in addition to the consent of qualified person required under the Instrument." However, there would be no consent required under the Instrument for the short form prospectus if the technical report was still current, or if the short form prospectus trigger is removed.

24. Although the numerous proposed changes to NI 43-101 (Instrument, Form, Companion Policy) will take some effort for the mining industry to learn and understand, I believe the result will be a much improved technical disclosure standard and improve the brand of NI 43-101. Well done.

Sincerely,

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