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

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23 July 2010

RE: PDAC Comment Letter on National Instrument 43-101 Proposed Changes

Dear Ms. Thomson and Ms. Beaudoin:

We are writing this letter in response to a notice and request for comment on the proposed repeal and replacement of National Instrument 43-101 Standards of Disclosure for Mineral Projects issued by the Canadian Securities Administrators on April 23, 2010.

On behalf of the PDAC and its members, I would like to first take the opportunity to applaud the CSA for its work on the revamping of the instrument. We feel that, overall, you have been successful in bringing the instrument up to date and reducing the burden on issuers by providing more flexibility and clarifying and correcting areas where the Current Mining Rule did not have the effect that was intended.

This letter includes a number of recommendations developed by the PDAC Securities Committee on behalf of our association members. The following document summarizes our comments and also provides our answers to the specific questions in your notice and request for comment.

Should you have any questions regarding the enclosed submission, please do not hesitate to contact the undersigned.

Yours sincerely,

Bruce Mcleod
Acting Chair, PDAC Securities Committee

Copy:

Steve Vaughan
Member, PDAC Securities Committee

CSA Questions

1. Do you rely on technical reports when making, or advising on, investment decisions in a short form prospectus offering? If yes, please explain how the content of a technical report, or the certification of a technical report by a qualified person, could influence your investment decisions or your recommendations.

We feel that the majority of investors either make their own investment decisions or receive advice from advisors which are based in part on information within technical reports in short form prospectus offerings. But, issuers qualified to file a short form prospectus must, among other things, have filed all periodic and timely disclosure documents that they are required to have filed, so in all cases the technical information is available from corporate disclosure. We feel that the certification of technical information is more important than it being in the form of a technical report.

2. Do you think we should keep, or eliminate, the short form prospectus trigger? Please explain your reasoning.

The PDAC feels that the short form prospectus trigger should be eliminated. There are other triggers within 43-101 which have more relevance and should take precedence especially considering that most trading takes place in the secondary market.

3. Please discuss how your answers to questions 1 and 2 might change in each of the three cases described in the table.

Neither Case 1 or Case 3 would change our answer to the prior question, as relevant information would be in the public domain, either under the issuers disclosure or under a former technical report in Case 3. In Case 2 we feel that if the new material is a material change and disclosed by the issuer under 43-101 it could be incorporated into a short form without the time and expense of a technical report.

4. If we decide to eliminate the short form prospectus trigger, is the proposed guidance in subsection 4.2(13) of the Amended Companion Policy useful? Do you have any suggestions concerning this guidance?

The PDAC feels that 4.2(13) addresses the issues in a clear and concise manner. We have no additional suggestions for improvement.

5. Is the proposed new exemption relating to an acquired property helpful? Is it reasonable to expect that issuers will use the new exemption in light of the attached conditions?

We feel that the new exemption relating to acquired properties with a current technical report filed by a previous owner are extremely helpful. We feel that issuers will use the exemptions.

6. Do market participants use this exemption? Should we keep it in the Amended Instrument?

Although 6.2(2) and (3) are rarely used, we feel the exemption should be kept in the Amended Instrument. Many jurisdictions now use map staking, and particularly in high altitude and northern climates site visits in winter months can accomplish little and could even give investors a false sense of security.

Comments on 43-101 Amendments

1.1 Definitions

"producing issuer" - means an issuer with annual audited financial statement that disclose (a) and (b)

The producing issuer definition was intended to release operating companies from the necessity and expense of an arms-length, independent report. There is a loophole in that NI 43-101 only specifies a revenue trigger and not an actual production requirement. As the law now reads, a company can have a burst of activity, and close down, yet still be exempt from the requirement to have an arms-length NI 43-101 report. This defeats the intention of the original law. A requirement for this exemption from independence of technical report authors should be for the issuer to have interest in a time where there are continuing operations involving production.

"Specified Exchange" – Additional flexibility is needed to ensure that the NI is kept up-to-date as the capital markets change. For instance, the Mexican, Santiago and Lima exchanges should be considered for addition. This definition is similar to the list of Professional Associations that was just dropped from the law in favour of allowing for the rapid evaluation and possible acceptance of an off-shore professional association, should one apply. If the CSA insists on maintaining a list it should be moved to the Companion Policy.

"qualified person" (c) (iv) B - suggests foreign qualified persons will require "ten years" of experience compared to a Canadian qualified person's which requires 5 years. We do not believe NI 43-101 should require higher experience levels than specified by the foreign codes it recognizes.

1.2 **and 1.3 –** The additions at the end of these two sections do not improve the clarity of the foregoing.

2.3 Restricted Disclosure – an issuer must not disclose:

2.3 (1)(c) – We understand the intent of this clause and agree that it should be added to 43-101 but would advise that the language should be more clear in that it applies only to statements about the gross contained metal value or mineral value, but would not apply to stating the total lbs, oz's or carat etc. contained in a deposit.

2.3 (1)(d) – We would suggest adding that if an equivalent grade is stated, that other assumptions, including but not limited to, recoveries and price assumptions be included for each metal or mineral. There should be allowance for the disclosure of these assumptions to be met using the s 3.5 Exception for written disclosure already filed.

4.2 Obligation to File a Technical report in Connection with certain Written Disclosure about Mineral Projects on Material Properties

The current 45 day period for filing technical reports should be extended to 60 days as it is extremely difficult to achieve the standard of quality work and review required in order to file within 45 days. This is especially the case when multiple reports are required within this time period.

9.2 Exemptions for Royalty Interests

Section 9.2 should be expanded to holders of carried interests in mineral properties as long as they do not have to contribute funds to maintain their interest in the property and do not have access to the underlying scientific and technical information on the mineral property.

NI 43-101F1

The PDAC feels that the new form is more appropriate, however the heading "Adjacent Properties" should be moved back up the list as it applies to both exploration and development properties.

Item 14: Mineral Resource Estimates – Instructions (2)

The wording in the second sentence should be revised to avoid potential confusion. All mineral resources reported for each of the cut-off grade scenarios must meet the test of reasonable prospects of economic extraction.

Item 19: Market Studies and Contract

Requiring an issuer to provide a summary of its market entry strategies could be detrimental to the issuer and to investors. Rather, it is recommended that the Qualified Person should confirm that there is a market entry strategy and that it supports the assumptions in the technical report. The QP should not express an opinion on the market entry strategy and should not be required to reveal proprietary and sensitive information.

NI 43-101CP – General Guidance (6)(c) and (d)

The various best practice guideline documents should not be listed as this list will change from time to time. Alternatively, a subsection (e) could be added: "other relevant best practice guidelines for the mining industry published by the CIM".