RESOURCES COMPUTING INTERNATIONAL LTD
TEL: +44 (0)1629 58 14 54
FAX: +44 (0)7092 145875
EMAIL: stephen.henley@resourcescomputing.com
185 Starkholmes Road
Starkholmes, MATLOCK, DE4 5JA
Derbyshire, United Kingdom

Company registered in England no. 2847563, VAT registration: GB 629461227 Directors: S.Henley, T.P.Ivanova-Henley
Registered office: 185 Starkholmes Road, Starkholmes, Matlock, Derbyshire DE4 5JA, UK

SUBMISSION TO CSA BY
RESOURCES COMPUTING INTERNATIONAL LTD
14 OCTOBER, 2011

Proposed Amendments to National Instrument 41-101 General Prospectus Requirements and Companion Policy 41-101CP to National Instrument 41-101 General Prospectus Requirements, and other proposed amendments, dated July 15, 2011.

1. INTRODUCTION

Resources Computing International Ltd (RCI) is a small independent geological consulting firm based in England. We have carried out a wide variety of resources estimation projects and prepared many reports either independently or as team members, as Qualified Persons (in Canada) and Competent Persons (elsewhere).

I refer to paragraph (g) on page 7 and the related request for comments on page 13 of the CSA consultation document. I am concerned that the proposed amendments to NI 41-101 conflict with the evolving international system of mutual recognition of professionals acting as "Qualified Persons" (in Canada) or "Competent Persons" (in many other jurisdictions), and in particular are also inconsistent with both previous and new provisions of NI 43-101.

I also consider that the proposed additional requirements on “Qualified Persons” are unnecessary given that satisfactory legal safeguards already exist to protect Canadian investors. I fear that the changes, if implemented, will give rise to serious unintended consequences relating to the availability of properly qualified and experienced professionals to prepare and sign off these vital reports, and may also lead mineral companies to choose to list elsewhere.

2. COMMENTS IN DETAIL

1 - The proposed amendments would effectively put serious hurdles in the way of any consultant from outside Canada, and in particular from those consultants who are in small firms like RCI or are independent and who do not have existing offices or agents in Canada for whom the requirement to register or set up an agent there, perhaps for a single consulting assignment, is simply an unacceptable financial burden.

2 - Furthermore the concept of direct legal liability of "Qualified Person" (QP) consultants runs counter to the well established principle that it is the Issuer who is liable. The risk that a foreign QP could be sued in a Canadian court could additionally impose severe financial burdens whether he or she wins or loses the case.

I consider that the proposed requirement for QPs to sign a paper accepting Canadian jurisdiction, and appoint an agent in Canada, is unnecessary and provides no greater protection or access to

RESOURCES COMPUTING INTERNATIONAL LTD
TEL: +44 (0)1629 58 14 54
FAX: +44 (0)7092 145875
EMAIL: stephen.henley@resourcescomputing.com
185 Starkholmes Road
Starkholmes, MATLOCK, DE4 5JA
Derbyshire, United Kingdom

Company registered in England no. 2847563, VAT registration: GB 629461227 Directors: S.Henley, T.P.Ivanova-Henley
Registered office: 185 Starkholmes Road, Starkholmes, Matlock, Derbyshire DE4 5JA, UK

justice for a Canadian investor. For a civil case, if the QP is resident overseas it could still be very difficult for a Canadian plaintiff or prosecutor to ensure that the QP actually turns up to answer charges. For a criminal case (e.g. fraud) there are extradition treaties that can already be invoked. Most cases would be civil, and I therefore don't see how the proposed amendments would do anything beyond imposing additional costs on the QP and providing a false sense of security for the Canadian investor.

A very carefully conceived system is in place through the CRIRSCO reporting codes to ensure that the QP/CP is personally responsible to the issuer/company for the reliability of his/her reporting (i.e. liable to be sued in the civil courts for misconduct or negligence) and subject to disciplinary sanctions from their professional body if they transgress. The principal legal responsibility for a report should be with the issuer/company that commissioned it. Clearly, if a CP/QP were to commit fraud, they would already be liable to criminal prosecution in any event without the proposed new arrangements - and the issuer/company too.

3 - The reviewers of NI 43-101 went to great lengths to ensure that all the professional bodies and grades of membership listed there as suitable for QP/CP reporting under NI 43-101 encapsulated the important principle that CPs/QPs could be disciplined by their home organisation wherever in the world they were operating - indeed, I understand that some US state registration/licensing authorities were de-listed this time on the basis that they were not able to discipline members/registrants/licence holders outside their home state. On that point alone, the proposals for 41-101 look inconsistent with 43-101 and they endanger the CRIRSCO values and safeguards, which are designed to achieve (and in practice do achieve) a proper chain of international accountability - which the proposed change would not only fail to achieve but might entirely undermine.

4 - One consequence of the proposed amendments, for the Canadian mining industry, would be a shortage of Qualified Persons to sign off the geological parts of prospectuses – and this could therefore become a serious brake on development of minerals projects in Canada. Foreign mining engineers and geoscientists would be reluctant to take on a role which carries onerous additional registration requirements (for foreign resident QPs).

5 - In terms of the global mining industry, such new and additional restrictions by the Canadian authorities are likely to result in similar retaliatory regulations elsewhere, with a resulting breakdown of the system which has been carefully achieved, of international mutual recognition of professional qualifications. This would lead inevitably to restrictions in international opportunities for Canadian geological consultants.

6 - One direct result of the proposed amendments is that Canada would be less attractive as a jurisdiction under which mining companies wish to be listed. Many minerals companies which might otherwise have listed in Canada would now choose to list elsewhere, such as in London, where requirements are perceived to be less onerous and in particular where there would be less of a disincentive to QPs / CPs to sign off reports. While personally I might benefit from such a transfer of business, I do not consider it healthy that decisions on where best to raise capital should be distorted by what seem to me to be ill-considered regulatory factors.

RESOURCES COMPUTING INTERNATIONAL LTD
TEL: +44 (0)1629 58 14 54 185 Starkholmes Road
FAX: +44 (0)7092 145875 Starkholmes, MATLOCK, DE4 5JA
EMAIL: stephen.henley@resourcescomputing.com Derbyshire, United Kingdom

Company registered in England no. 2847563, VAT registration: GB 629461227 Directors: S.Henley, T.P.Ivanova-Henley
Registered office: 185 Starkholmes Road, Starkholmes, Matlock, Derbyshire DE4 5JA, UK

3. CONCLUSIONS

Should these amendments be enacted without substantial modification, there is a serious probability that it will be the end of the international Qualified Person/Competent Person system as we know it.

The proposed amendments would introduce an unnecessary new financial burden for foreign QPs and as a result there is a risk that many foreign QPs will not prepare technical reports for Canadian companies, reducing the pool of expertise available to these companies. On behalf of my own company I can write with certainty that although RCI accepts and is prepared to work within the new NI 43-101 regime, the proposals for 41-101 go too far and RCI would not be prepared to undertake any future QP assignments if they were enacted.

This is not necessarily a trivial matter. Despite its small size, RCI has an experience/expertise profile which is hard to find and may not be easily replaceable within Canadian firms: a combination of experience with the CRIRSCO and NI 43-101 reporting regimes, many years of work with the Russian mining industry and reporting systems, and fluency in the Russian language. We have advised and carried out work for Canadian-listed companies precisely because of this background. If such companies were in future unable to source specialist expertise wherever in the world it is available, they would be at a global competitive disadvantage.

Another consequence, therefore, might be a progressive transfer of listings from Canadian capital markets to markets elsewhere such as London where regulation is perceived to be less onerous.

ANSWERS TO QUESTIONS POSED (ON PAGE 13)

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement?
Answer: No, I do not believe it is appropriate. My reasoning is explained in detail above.

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers?
Answer: I believe the requirement would impose significant practical and financial burden on both the experts and the issuers employing the experts. My reasoning for this is explained in detail above.

Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?
Answer: No, it would not.

Dr Stephen Henley, CEng, FIMMM, FGS
Managing Director
Resources Computing International Ltd