

October 15, 2011

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

Attention: Ms. Alex Poole
Senior Legal Counsel, Corporate Finance
Alberta Securities Commission
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Calgary, Alberta T2P 0R4
Fax: (403) 297-4482
Email: alex.poole@asc.ca

Dear Ms. Poole:

Re: Request for Comments – Proposed Amendments to NI 41-101

The Society for Mining, Metallurgy and Exploration (SME) is a professional society whose nearly 14,000 members represent professionals serving the minerals industry in more than 85 countries. SME members are engineers, geologists, metallurgists, educators, students, and researchers. SME advances the worldwide minerals community through information exchange and professional development. Within the society, we have a membership class, Registered Member, that is an Accepted Foreign Association in the updated Canadian NI43-101 legislation that allows Registered Members to act as Qualified Persons for Mineral Projects. This Registered Member class has over 500 members enabled to act as Competent/Qualified Persons within the international mining industry.

The Canadian Securities Administrators have requested comments on Proposed Amendments to National Instrument 41-101 General Prospectus Requirements and Companion Policy 41-101CP, and other proposed amendments, dated July 15, 2011.

This letter responds to issues the SME has identified with the proposed amendments that we believe will be potentially harmful to the alignment of international reporting standards as embodied by the CRIRSCO template with which our SME Guide for Reporting Exploration Information, Mineral Resources and Mineral Reserves and the Definition Standards of our sister society the CIM are aligned.

INTRODUCTION

SME is a founding member organization of CRIRSCO, the Committee for Mineral Reserves International Reporting Standards. CRIRSCO founding members also include the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), Joint (Australasian) Ore Reserves Committee (JORC), the South African Mineral Resources and Mineral Reserves Committee (SAMREC), the Comision Minera de Chile, and the Institution of Mining and Metallurgy reserves committee in the UK, now succeeded by the Pan-European Reserves & Resources Reporting Committee (PERC). CRIRSCO's goal is to define standards and promote best practice in public reporting of Exploration Results, Mineral Resources and Mineral Reserves. CIM Best Practice Guidelines are referenced in the Companion Policy of NI 43-101, and definitions from the CIM Definition Standards for Mineral Resources and Mineral Reserves have been incorporated by reference into NI 43-101. These standards are aligned with CRIRSCO standards as set forth in a Template to which all of the committees mentioned above have subscribed.

Our response is focussed on paragraph (g) of page 7 and the related request for comments on page 13 of the CSA consultation document. We share concerns as have other CRIRSCO members, that the proposed amendments to NI 41-101 will conflict with the evolving international system of mutual recognition of professionals acting as "Qualified Persons" (in Canada) or "Competent Persons" (in many other countries).

COMMENTS

In the SME's opinion, the proposed amendments will likely create significant hardship for non-Canadian consultants, particularly from small firms or independents acting as Qualified Persons (QPs) or experts. This hardship will result from the proposed requirement for appointing an agent for service in Canada in multiple jurisdictions. The proposed requirement could have the following consequences:

1. Foreign QPs and experts could decline to author technical documents that may be filed with Canadian securities regulators. For many mineral deposits, particularly those located outside Canada, the best qualified QP or expert may be a foreign professional. The proposed requirement could result in use of less qualified QPs and in the degradation of the quality of NI43-101 compliant technical reports that may be harmful to investors, their financial advisors and government.
2. If they did agree to author expert reports that could be referenced in future prospectus filings, QPs would have to find and appoint agents, pay fees and possibly register themselves or their firms with provincial professional associations and government agencies. This will add costs to preparation of technical reports and possibly would delay their issuance while suitable agents and/or registrations are sought.
3. Where foreign QPs are involved, they could reasonably expect their clients to handle finding and appointing agents in various Canadian jurisdictions. In response companies could well decide it would simply be easier to list and/or raise capital in other countries. The proposed requirements could therefore reduce Canada's competitiveness and leadership role as a favoured jurisdiction for mining companies to be listed and to raise capital for mining projects.

We strongly believe that the concept of the QP or Competent Person (CP) embodied in the family of CRIRSCO compliant codes provides a great deal of assurance that public disclosure will be transparent, material and accurate. All QPs/CPs must have a university degree in geosciences or mining/metallurgical engineering and at least five years of relevant experience and must be members of a professional association with disciplinary powers, including the power to expel a member. These values and safeguards are designed to achieve (and in practice do achieve) a proper chain of accountability. Complaints against QPs are rare, and resort to legal action is even rarer. Given this, the benefits of finding and appointing agents in Canadian jurisdictions do not justify the costs and may result in unintended consequences detrimental to the Canadian capital markets as related above.

The SME is a strong supporter of CRIRSCO's efforts to bring consistency and stability within mining markets through promulgation of standard reporting practices for Exploration Information, Mineral Resources and Mineral Reserves, using QPs that can freely practice within many countries. The CSA's

proposed requirements could likely result in retaliatory regulations elsewhere, further eroding the CRIRSCO reporting systems in both countries with existing CRIRSCO codes and in emerging markets which are looking to CRIRSCO and its members for assistance in developing their own reporting codes.

ANSWERS TO QUESTIONS POSED IN THE CSA REQUEST FOR COMMENTS

(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 we do not believe it is appropriate. Our reasoning is explained 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?

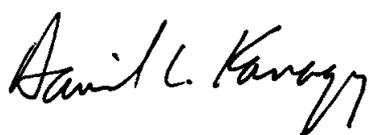
Answer: We believe the obligation will impose significant practical and financial burden on both the experts and the issuers employing the experts. Our reasoning for this is explained above.

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.

CONCLUSION

We recommend that the proposed requirement for submission of QPs and experts to jurisdiction and appointment of agents for service should not be enacted.



David L. Kanagy, CAE
Executive Director, SME

Cc: John Murphy, 2011 SME President