

Dear Sir/Madam

Thank you for the opportunity to comment on the proposed replacement of Industry Guide 7; this review and updating is long overdue. I appreciate the opportunity to comment in detail, and respectfully submit the following comments.

For your information, Midas Gold Corp. is the parent company of an organization with mineral assets in the US but, as a Canadian reporting issuer, reports under Canada's NI43-101 disclosure system and not US requirements; our investors (including US based investors) find the more robust, comprehensive and staged release of information on our project much more useful than they would under the current US disclosure system.

**Overview:**

The US is out of step with, and well behind, international best practices for disclosure of mineral resources and reserves. Work by the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) has seen almost all Western jurisdictions modernize and align their reporting of mineral resources and mineral reserves, introduce the requirement for a qualified person/competent person ("QP") in respect of such disclosure, and require the provision of a technical report to support such disclosure. These three facets – reporting of reserves and resources, requirement for a QP and reporting in a technical report are the foundations of good disclosure practice, something for which in the current US system is woefully inadequate. The misalignment of the US system relative to most of the rest of the world results in US companies, and investors in US companies, being at a significant disadvantage relative to companies (and investors) in other jurisdictions, and creates confusion in a world where many companies operate in multiple jurisdictions.

1. The disclosure of material exploration results, mineral resources as well as mineral reserves is important information for companies and investors alike. The current US system forces US companies to disclose "mineralized materials" which are poorly defined and poorly understood internationally, and do not meet the CRIRSCO threshold for "reasonable prospects for economic extraction" and are therefore potentially misleading to investors, who often consider them as similar to Canada's NI43-101 mineral resources, which they are assuredly not. Mineral resources are an important stepping stone along the path to (potentially) demonstrating a commercial deposit. Provided appropriate parameters are used (as are mandated under NI43-101 and the CIM definitions in Canada), mineral resources provide valuable information as to the quantum of mineral in the ground that have reasonable prospects for economic extraction at some time in the future. Disclosure of this information allows investors to gain some understanding of the mineral potential perhaps years before a reserve is available.
2. Reporting of mineral reserves at the preliminary feasibility study level aligns with the CRIRSCO guidelines, and so would be positive from that viewpoint alone. However, such disclosure again also provides investors with an incremental perspective on a project before it reaches feasibility study level. Strictly interpreted under Guide 7, US disclosure would mean you have "nothing" until a feasibility study has been completed...yet the company has spent a huge amount of money in the meantime to generate "nothing". For example, my company, Midas Gold, has spent five years and ~US\$130 million on defining its project – under Guide 7, we would have nothing to report, under NI43-101 we have been able to provide several resource reports, a preliminary economic assessment and a pre-feasibility study, as well as exploration results,

therefore providing our shareholders detailed, regular, QP and 3<sup>rd</sup> party verified disclosure that allows them to make an informed investment decision.

3. Introducing requirements for a Qualified Person and written Technical Reports to support disclosure would be a huge step forward for US companies and investors. The SEC requires enormous amounts of disclosure on quarterly and annual financial statements, yet the most valuable asset a company might have is an exploration or development project, for which the SEC requires little or no disclosure, or even prohibits disclosure that could inform an investor. This makes no sense. Ensuring that the disclosure made is reasonable, accurate and verified is the role of the QP and is a cornerstone to investor confidence in the disclosure. This does not mean that QPs are perfect – they can mislead, make errors or commit fraud, but the liability introduced under a QP structure should be a huge disincentive to such behaviour.

Additional points:

- a) As with NI43-101, there should be an obligation that ALL disclosure of material exploration data, mineral resources and mineral reserves be made in compliance with the proposed new regulations by US reporting issuers. This will ensure a level playing field for all registrants, and a consistent framework for disclosure.
- b) The US regulations should permit the use of “Equivalent standards” as NI43-101 for reporting, as resource and reserve estimating is often prepared at the asset level, and the local jurisdiction (assuming acceptable, such as NI43-101, JORC, etc.) has responsibility for the reporting. Forcing overseas entities to report to both local and US codes would be unnecessarily burdensome and provide no benefit to investors, who are already familiar with NI43-101 in particular, given its long history and widespread adoption across the industry.
- c) The lack of a CRIRSCO code in the US is a disincentive for capital funding in the US; while the US has large, liquid capital markets, many companies are dual listed and the more robust disclosure in Canada, Australia, etc. means investors there are more fully informed and therefore better positioned to invest. As a result, financings are often done in a manner that excludes US investors, or allows US institutional investment under an exemption where they are usually relying on disclosure made in Canada or the US. This makes for a non-level playing field for US brokers, investors, and all the supporting infrastructure for those industries and goes a long way to explaining the preponderance of mining financings on the TSX, TSX-V and ASX. See page 11 of <https://www.kpmg.com/Ca/en/industry/Mining/Documents/KPMGMining-country-guide-Canada.pdf> for a 2012 snapshot, as just one example of mining listings and fundings by market (and the US does not even rate a mention).
- d) Consolidation of disclosure, avoidance of duplication and alignment with international practices (per #2 above) would all be positive developments that could facilitate the rejuvenation of markets in the US for mining companies, resulting in gains for all of the supporting industries (legal, financial/accounting, brokers, etc.).
- e) The elimination of Guide 7, and all the staff guidance, and replacement with one location for disclosure requirements would be a positive development by making compliance simpler for registrants.

- f) In order to avoid confusion, the SEC should just adopt the same language as NI43-101, so use “Technical Report” as opposed to “Summary Technical Report” and in the guidance just say it has to be a summary; similarly, use “Preliminary Assessment” or “Preliminary Economic Assessment” as is used globally as opposed to “initial assessment”. There is no benefit to investors from introducing a new term when there is widespread adoption of existing terms; in all probability, the SEC will just be confusing investors it is trying to protect, as those investors are invariably familiar with the existing and widely adopted terminology.
- g) There can be no possible benefit, and more likely confusion, from the SEC diverging from CRIRSCO practices, such as excluding inferred resources from a preliminary assessment - provided appropriate cautionary language is used (see below) – this would create two different paradigms for the same assets reporting under different jurisdictions. Further, the SEC is unlikely to be the driver on industry practice, given the overwhelming preponderance of mining registrants being in located in non-US jurisdictions. In all probability, mining companies would likely continue to select reporting jurisdictions that provide a framework for their disclosure needs, leaving the US as a relative backwater for mining listings, which leaves most US investors unable to participate in the sector, and not providing business opportunities for supporting industries, such as legal, accounting, brokers, etc.

**Specific Responses to SEC requests for comments (numbered according to the request number):**

With respect to the specific requests for comments:

1. Has the current US disclosure regime caused uncertainty for mining registrants? As per the comments above, absolutely. A single, comprehensive set of disclosure requirements (similar to NI43-101) would greatly enhance registrant’s ability to ensure compliance.
2. See #1 – a single set of guidance is preferable.
3. Yes, there should be a materiality threshold – some companies could hold hundreds of immaterial properties (a company I worked for in the past had interests in over 120 different mineral projects). As a result, a threshold of materiality will ensure the focus is on what matters to investors.
4. The quantitative and qualitative factors are relevant, based on my experience.
5. The proposed materiality approach of assets, and the 10% threshold are reasonable, as well as the use of qualifying factors discussed. The additional factors are potentially important to address new discoveries that rapidly become material, and could be driving share price but have no disclosure without the additional factors.
6. Aggregating assets is a bad idea, it does not allow investors to determine the significance of a property, or understand that asset. The 10% limit ensures that such reporting is not too burdensome on any entity, as the maximum theoretical reporting would be 10 projects.
7. Yes, reporting should be comprehensive, from exploration to first point of sale, as NI43-101 does – this is the benchmark for mineral project reporting and the US should not have lesser standards. The comprehensive, end-to-end reporting provides investors with the information

they require in order to understand the project. As with NI43-101, Technical Reports should be summary in nature, ensuring reporting remains manageable.

8. Environmental and social factors should be discussed, as they are in NI43-101. These can be key determinants of value and potential – whether a property has completely lost its social licence to operate or has an overwhelming environmental issue that could preclude future development.
9. Vertically integrated companies should report – as noted in (a) above, and #5 above, if the assets are immaterial (<10%) then there is no obligation to report.
10. Yes, a registrant should be required to report if they have multiple properties, subject to the materiality threshold in #5 above for each individual property. Aggregation should not be used.
11. If the threshold is set at 10% of assets, and subject to the additional factors noted in #5 as well. Not every property should be reported – onerous and unnecessary if the property is immaterial.
12. Only material properties should require disclosure, and then in a comprehensive technical report as in NI43-101. If a registrant chooses to provide summary level information on other properties, that should be allowed, but they must make it clear that this property is not a material asset.
13. While I agree that royalty companies should provide disclosure on material assets, sometimes it can be very challenging and potentially impossible to do so, as the project owner may have no obligation to provide information or access to the royalty holder.
14. Allowing a royalty holder to only provide information on producing assets may alleviate some of, but not all, of the issues in #13.
15. I would not agree with allowing a royalty company to rely on someone else's disclosure – that would add significant derivative liability to the QP and mine-operator registrant, which they have not agreed to.
16. The exploration stage and development stage definitions are fine, but the definition of "production stage" needs to include "current" or "on-going" as opposed to past production. The definitions also need to deal with suspended operations – what if production is suspended due to low commodity prices for a period of time, does it get reclassified as exploration or development stage? Likely not for a while, but what if shut down for 5 years or 10? Likely needs to be reclassified as a "suspended mine" after one assumes the reserves are no longer reserves as they are obviously no longer economic.
17. One producing mine should classify the registrant as a producing issuer, one development property would classify the issuer as a development issuer, both comprising more than 10% of the issuer's assets. Making it more complicated would be too confusing for investors as all kinds of anomalies can be hypothecated.

18. Having two sets of definitions – one for the property, and one for the issuer should be simple if #17 above is followed, as they will be identical.
19. Requiring the issuer to stick to the classification proposed would ensure clarity and consistency, which would protect investors.
20. Yes, technical disclosure should be prepared or supervised by a qualified person, which is consistent with CRIRSCO (ensuring uniformity of approach across jurisdiction), and has been proven to ensure disclosure is more robust and reliable (although it will never be 100%). Adding the requirement for personal responsibility also ensures a degree of caution by the QP.
21. The registrant should be able to rely on the QPs certificate or statement of qualification, after reasonable due diligence. It would be overly burdensome and repetitive to professional bodies, universities, etc. to repeatedly have to provide certification of a QPs education, registration, experience, etc.
22. It need not be a requirement to have a summary report or full technical report before disclosure, but the registrant should be required to obtain sign off on the first time disclosure of the information and consent before releasing information. Complete technical reports can take time to prepare and, in the meantime, potentially material information is out there, increasing the risk of leaks or accidental disclosure.
23. Technical reports (which are, under NI43-101 a comprehensive summary, and should be under the SECs new rules) should be publicly filed. This supporting information to the disclosure of exploration information, resources or reserves allows investors and other market players (brokers, analysts, etc.) to evaluate the reasonableness of the information that supports the resource or reserve estimates.
24. Technical reports should be filed within 45 days of first time disclosure and whenever there is a material change in information. They should not be filed more frequently, as the reports would have to be updated at each filing which, in the case of a resource or reserve estimate, could be weeks of work for immaterial changes. More frequent reporting would be unnecessarily burdensome and costly.
25. Written consent for disclosure of the QP's name and summary of his report should be required for first time disclosure and filing of a technical report. After that, no additional consents should be required, as QPs move on, join other firms which may prohibit him continuing to sign off on reports for 3<sup>rd</sup> parties, etc.
26. Yes, the identity of the QP must be disclosed for the liability aspect to have real clout, and the QPs relationship with the issue should be clearly stated. This allows investors to judge the information in the light of the independence of the QP. The QP's employer should also be disclosed, an any relationship with the registrant or an entity with an interest in the property should be disclosed.
27. There should be a rigorous independence test, so it is clear to the investor whether or not the QP is fully independent. This should be fully disclosed, so that the investor is aware of any relationships, which may colour the investor's perception of the QP's report. However, given

the detailed knowledge a QP who is also an employee has of a project (likely better than anyone else's) the test of independence should not prevent the party from acting as a QP, provided his relationships are fully disclosed.

28. The requirement for independence should be limited. The approach taken under NI43-101 is reasonable and something similar should be considered. For example, non-producers (exploration or development companies, as discussed above) could be required to have independent QPs but producers (who should have reached a level of experience and maturity) should not need to use independent QPs – a level of annual cash flow (as in NI43-101 requires annual revenue of \$30 million in the last year and \$90 million over the prior 3 years) threshold is appropriate to ensure the producer status is not misused or abused. Defining a material change as 100% change in mineral resources or reserves is reasonable, and aligns with NI43-101.
29. Given #28 above, by requiring independence for exploration and development companies, and not for producers, this point is moot.
30. Conflicts of interest go back to independence, and is discussed in #27 and 28 above. Material conflicts (such as an ownership interest in the project) should be disclosed. One additional point to consider is prior relationships – for example, an employee of a registrant resigns from the company and then acts as an independent QP because that is required for say an explorer...that should likely be a cause for defining as not being independent.
31. Filing of technical reports (as summaries of technical information, as per NI43-101) is not unreasonable burden for material properties (as defined above) and on the basis discussed in #24 above.
32. Yes, the QP should have a minimum of 5 years relevant experience; this is consistent with CRIRSCO and is a reasonable level of experience. Consistency is better for investors as it would be common across all CRIRSCO jurisdictions.
33. The QP should be a person, not a firm, in order to ensure the appropriate personal responsibility is taken. This is consistent with CRIRSCO and a fundamental principal to ensuring quality and integrity.
34. Yes, the proposed instructions are adequate.
35. Yes, the QP should be part of a recognized professional organization during the time the report is prepared, when the information is released and when the technical report is filed with regulators. The definition of the QP should include the QP being in good standing with the recognized professional organization at the time the report is prepared, when the information is released and when the technical report is filed with regulators, and not prohibited or restricted from practicing his profession. Professional development should be encouraged but not required, especially if the QP is practicing his profession full time.
36. The recognized professional organizations should be specified (see #37) and apply to the SEC for recognition, which will ensure a level of compliance with required standards and consequences for failure to uphold the requirements.

37. The recognized professional organizations should be specified, after application by such organizations to the SEC for approval, with a set of criteria along the lines proposed and annual reporting that the organization continues to meet the criteria. This provides a clear guide as to which organizations are recognized, and would force those organizations to ensure they continue to meet the criteria. The application need not be long or complex – set out the essential principles and a formal statement by the executive of the organization that the organization is structured to meet those criteria should suffice. This provides clarity and certainty to investors, registrants and QPs, and ensures the organizations maintain the required criteria.
38. Yes and Yes.
39. For exploration results, resources and reserves, a minimum relevant bachelor's degree should be required as it is difficult to imagine how a person could act as a QP without such qualifications.
40. The definition of the QP (including #32 and #39 above) is appropriately restrictive, and is essential to ensuring the protection of investors. Allowing unqualified or inexperienced people to act as QPs would go completely against the principal (and definition) of “qualified” or “competent” person.
41. The qualified person should provide a certificate in the technical report stating the key facts on his experience, qualifications, independence, etc. as is done in NI43-101.
42. Yes, registrants should provide exploration results for material properties. This is important information for investors, particularly in respect of exploration or development companies, where exploration results might be all or a significant portion of the information on the company's properties. Exploration information can be provided in summary form but technical reports should be required when a property first is deemed material and thereafter on a material change in the exploration information.
43. Exploration results are correctly defined as not forming part of a mineral resource or mineral reserve. Additional examples of exploration information might include geophysical and geochemical surveys, remote sensing information, bulk sampling, test mining (not for commercial purposes).
44. Unreasonable promotion based on exploration results (extrapolating unsupported conclusions...e.g. drilled 2 holes 1 mile apart with gold says there could be a deposit 1 mile long) but the responsibilities of the QP outlined above should prevent that in most cases. Prohibiting the release of results of exploration would be detrimental to investors understanding the company and its projects and so such release should be allowed. Appropriate required PROXIMAL PROMINENT cautionary language (i.e. in the same area as the disclosure of the exploration results and equal in prominence) saying something along the lines of “*no resources or reserves have been defined based on these exploration results, and there is no demonstrated commercially viable deposit*”.
45. Materiality should be decided on two factors: technically material, which means the results materially change the potential of a mineral property (positively or negatively) or material that

they may affect share price – 30+ years has shown that even individual drill holes with significant intercepts in a well drilled mineral property can spark investor interest by signalling potential for a material change in the future. The judgement of materiality should be left to the registrant. Materiality should not be tied to development, as that is a huge leap from exploration and would leave investors uninformed. Registrants should not be restricted to only disclosing material exploration results, but also permitted to disclose results it believes would be beneficial to understanding the future potential of the mineral property.

46. Material exploration results should be released regardless of the materiality of the property, based on the two step materiality test outlined in #45. The very fact that the registrant has determined that the results are material should be reason enough to release them. A company with a small mine in operation could be conducting exploration on another, unrelated, property and make a new discovery that has potential to be much more significant than the property it is mining; this information will be of great interest to investors.
47. Yes, operating mining companies should disclose mineral resources as well as reserves for material properties (a) in order to align with other CRIRSCO jurisdictions, (b) to provide a level playing field for US registrants as compared to other jurisdictions and (c) to provide investors with important information that supports their understanding of the company and its assets.
48. There is a minor risk that investors could interpret mineral resources as mineral reserves (i.e. imply economic viability) however, (a) the widespread reporting of resources in other CRIRSCO jurisdictions means most investors understand the difference between resources and reserves, and (b) the SEC should require proximal disclaimers similar to NI43-101 along the lines of *“mineral resources are not mineral reserves and do not have demonstrated economic viability...”*
49. No disclosure of mineral resources should be permitted without a QP taking responsibility for the disclosure – this is fundamental to the CRIRSCO system and the US should not diverge from this practice. The risk of allowing such disclosure is that investors would get confused as to whether a resource meets CRIRSCO standards with QP sign-off or are “just a resource”. The requirement for a QP sign off is not overly burdensome and is managed effectively by thousands of exploration, development and operating companies in CRIRSCO jurisdictions.
50. The definition of mineral resource is reasonable and it should be an absolute requirement that a mineral resource include the requirements for “reasonable prospects for economic extraction” as done in CRIRSCO jurisdictions. Not having the economic prospects as a requirement risks misleading investors that a mineral inventory might have commercial potential, whereas it may not. Appropriate cut-off grades should be used that are applicable to the potential extraction method (open pit or underground). **One additional point** not discussed in the proposed rules/guidance from the SEC is that each mineral deposit within an overall mineral property should have its mineral resources reported separately, with an aggregate total for all deposits permitted for reporting purposes, provided the breakdown by deposit is provided. Different deposits at the same property can have different characteristics (strip ratio, mining method, recovery, hardness, etc.) so each deposit needs to be treated individually to avoid the risk of unreasonable assumptions applied to a deposit by using the assumptions from another deposit. **An additional point** not discussed here is that mineral resources should be permitted to be reported **inclusive** of mineral reserves, as is the widely accepted practice in the industry. Mineral reserves are a subset of mineral resources, and disclosure needs to be clear

on that point. Disclosure should clearly include a statement in all resource situations that “Resources are reported inclusive of mineral reserves”. Not permitting this approach will create confusion among investors, given common practice elsewhere, and would require investors to add multiple tables to understand the registrants combined reserves and resources – which is often a key point for investors looking for leverage to a commodity.

51. Dumps and tailings should be included as mineral resources, after all they are just rock that has been moved from one place to another, potentially with some mineral component extracted. I have no opinion, but no objection, to brines and geothermal resources being included.
52. I have no opinion, but no objection to, oil and gas being excluded.
53. Yes, there should be a requirement for the QP to determine a mineral resource based on the parameters listed.
54. Yes, registrants should disclose resources as inferred, indicated and measured to be consistent with CRIRSCO. **One additional point** not discussed, or questioned, is stating the absolute requirement to report each category of resource separately, with a sub-total of measured and indicated permitted provided the measured and indicated are also reported separately. Personally, I believe a grand total of all three categories should also be permitted (as it is under JORC, but prohibited under NI43-101) as all investors and analysts I know do it anyway, so at least with the registrant providing the total, there is a higher probability that the totals will be correct (a lot of people cannot do weighted average calculations!). **Further**, disclosure should be required to include tonnes, grade, and contained metal, with grade and contained metal reported for each metal individually. Equivalent grades should be discouraged, as should 4P reporting (PGMs + gold) as it is often misleading to investors who do not necessarily understand that recoveries and payability can vary enormously between different metals. If equivalent grades and 4P reporting is permitted, it should be an absolute requirement that this information is only provided in conjunction with the individual metal values.
55. Defining an inferred mineral resource as proposed is adequate, and disclosure should be required to be consistent with CRIRSCO jurisdictions. The level of risk should be qualified, as in NI43-101, with a proximal prominent statement along the lines of “*These mineral resource estimates include inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred mineral resources will be converted to the measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.*” Quantification of uncertainty is not appropriate for mineral resource estimates due to the combination of subjective and objective factors that go into resource estimation.
56. The SEC should NOT prohibit the use of inferred mineral resources in assessments of **potential for economic extraction**, with prominent proximal disclaimers along the lines of “*Readers should note that the PEA mine plan and economic model include the use of inferred mineral resources. Inferred mineral resources are considered to be too speculative to be used in an economic analysis except as allowed for by Canadian Securities Administrators’ National Instrument 43-101 (“NI43-101”) in PEA studies. There is no guarantee that inferred mineral resources can be converted to indicated or measured mineral resources and, as such, there is no*

*guarantee the Project economics described in the PEA will be achieved*". Inferred mineral resources should NOT be used to make a determination about the **economic viability** of extraction, and the SEC preclude the conversion of an inferred mineral resource into a mineral reserve, as proposed. It is important that the SEC align its disclosure with other CRIRSCO jurisdictions to avoid conflicting reporting requirements for registrants and mitigate the risk that registrants continue to choose to disclose under another jurisdiction that allows reporting of inferred in economic analysis (such as NI43-101 allowing preliminary economic assessments.

57. Yes, a PROXIMAL PROMIENT (i.e. located in the midst of the disclosure and not dumped at the back or in a footnote in tiny font somewhere) cautionary statement along the lines of that in #55 above should be used.
58. Yes, the definition of indicated mineral resource is reasonable and aligns with CRIRSCO. Modifying factors should be considered, and should support preliminary mine planning, but economic viability should be defined as "reasonable prospects for economic extraction" as opposed to demonstrating "economic viability" which should be used only in respect of economic viability. The level of risk should be a qualitative and not quantitative assessment – with all due respect to mining engineers, they are not geologists and mineral resource estimates are significantly driven by the QPs qualitative assessment of geologic continuity; any quantitative assessment such as kriging or other geostatistical methods are secondary to the QPs assessment of the geologic characteristics of the deposit, and mechanical calculations should not be substituted for that expertise (hence the requirement for a QP to have at least 5 years relevant experience (see #32).
59. Yes.
60. Generally the definition for measured resources is good, but the use of "conclusive geologic evidence" suggests a certainty that can never be achieved in the geological world; all resource estimates are exactly that, estimates. Even a measured resource drilled on tight spacing and exposed on one or more sides is based on interpretation and estimation of continuity. No one should assume, and definitions should not imply, that "measured" means 100% accuracy. As with #58 above, the level of confidence should be expressed qualitatively, not quantitatively. While certain aspects of a mineral resource estimate is numerical, a significant aspect is the QPs assessment of the geology and geological continuity of a mineralized area, which is a qualitative assessment and cannot be quantified. Providing a quantified assessment of risk provides an unjustified level of certainty to investors that cannot be supported.
61. Yes.
62. Numerical estimates of levels of confidence should NOT be used, as per the reasons outlined in #58 and #60; qualitative assessment and disclosure of the material assumptions and factors should be required as in CRIRSCO. And yes, conversion of measured resources should be allowed to proven or probable reserves.
63. SEC should NOT introduce the term "initial assessment" in respect of mineral resource estimates; it will undoubtedly lead to confusion with Canada's widely accepted and used term of "preliminary economic assessment" which this is not. Further, requiring something along the lines proposed for an initial assessment before disclosing mineral resources puts the SEC out of

line with the CRIRSCO framework and just adds confusion as opposed to clarity. The CRIRSCO codes require demonstration of “reasonable prospects for economic extraction” and disclosure of “material assumptions and modifying factors” in order to disclose a mineral resource estimate, the SEC should follow the same path. Given the long life, widespread adoption and broad investor exposure to NI43-101, JORC and SAMMRAC and the dominance of non-US mining companies, the SEC will not be leader on this issue and the practice of other jurisdictions will continue to dominate, leaving the SEC as an “odd man out” trailing behind. Disclosure of material risks to a resource estimate and potential for subsequent economic development would provide adequate protection to investors, along with the cautionary language in #55 and #56.

64. As per #63, the SEC should not introduce the term or concept of an “initial assessment”. Mineral resources should be based on the parameters discussed in #63. Adding operational and modifying factors, beyond qualitative considerations of the potential to materially affect the “reasonable prospects for economic extraction” is premature.
65. Reporting of cut-off grades should be required for all mineral resource estimates; they are essential for understanding the “reasonable prospects for economic extraction”.
66. The QP should derive his estimates for cut-off grade on reasonable assumptions for unit operating costs in the location and for the type of mining being used to demonstrate “reasonable prospects for economic extraction”; disclosure of the assumptions provides investors with a basis on which to evaluate the reasonableness of the resource estimate. Requiring a study to evaluate site specific cost estimates is not appropriate and would be inconsistent with CRIRSCO. This step should be undertaken as part of a more comprehensive technical report at a preliminary economic assessment or higher level of study.
67. An assumed mineral price is an essential component of assessing “reasonable prospects for economic extraction” and reporting of mineral resources and should be required. The three-year trailing average provided a degree of conservatism in a rising price environment but the opposite in a falling price environment. A two-year trailing average reduces these benefits and issues to some extent, but there is no perfect mechanism. A black-letter requirement is better than vague guidance that regulators can second guess and reject a report. However, registrants should be encouraged to provide resource estimates at various cut-offs that are reflective of scenarios either side of the required disclosure. In this manner, sensitivity to metal prices and operating costs can be illustrated in both a positive and negative manner, either side of a clearly defined and identified base case. This can be defined as something like +/-10% and +/- 20% of the base case commodity price, or something like that. Rounding to even numbers should also be permitted, to avoid inappropriate projection of a degree of accuracy and precision that is not there (for example, using \$1,100, \$1,250 and \$1,400 per oz of gold is better than reporting at \$1,130.40, \$1,256 and \$1,381. An overriding ceiling is warranted for the base case, and using a 2 year is as good as any other model. The foregoing discussion applies to quoted commodities; commodities under contract should be based on contracts, as proposed, and other commodities should be based on market reporting of pricing.
68. As noted above, a 2 year trailing average is as good as any; three years is too long. However, as outlined in #67, putting in a range of commodity prices (as they affect cut-off grade, and either side of the defined base case) provides investors with the ability to appreciate the sensitivity of

the resource to changing commodity prices. Shorter periods than 24 months would provide too much volatility.

69. Mineral resources do not need to have the same ceiling price as mineral reserves, although they may if both estimates are completed at the same point in time (which is rare). Mineral reserves are intended to represent a subset of the mineral resource that has demonstrated economic viability in a defined set of circumstances, whereas mineral resources are that mineralized material that MAY be economic in certain reasonable circumstances. Too tightly defining a mineral resource could have unintended consequences to a mineral reserve estimate, where the reserve estimation process ends up with somewhat better outcomes than anticipated (input costs are lower, for example) and the mineral reserve would end up larger than the mineral resource, which is not a desirable outcome.
70. A QP should at least consider the proposed modifying factors on a qualitative basis, but it may be premature and not possible to rigorously evaluate all the modifying factors during the early resource estimation stages (e.g. for inferred resources). Underground mining methods should be considered, as costs differences between methods appropriate for different deposit types can be orders of magnitude. Open pit methods should also consider scale, as costs per ton can be very different.
71. The QP will need to make assumptions about the modifying factors in order to assess costs and therefore cut-off grade. These assumptions should be discussed on a qualitative basis. The table should be provided on the basis of “including, but not limited to, the following...”.
72. If the cash flow is allowed then, in effect, the SEC is allowing the NI43-101 equivalent of a preliminary economic assessment but with one important difference: the SEC is proposing to exclude inferred resources. The SEC needs to segregate resource estimates from cash flow modelling and align itself with NI43-101, with two separate stages: resource estimation with disclosure of material assumptions and qualitative assessment of potential modifying factors, and then a preliminary economic assessment with cash flows that ALLOWS use of inferred resources. The SEC should consider disclosure for mineral properties as a continuum from inferred resources to indicated to indicated plus measured to preliminary economic assessment (based on resources) to pre-feasibility study with first time disclosure of reserves to a feasibility study. Each step should be gradual and incremental so investors are informed on a continuous and incremental basis, as opposed to the current approach with Guide 7 which takes an investor from knowing nothing about a mineral property to a feasibility study with reserves in one step – in no way does this allow an investor to judge on a continuous basis the advancement of the mineral property and its potential for success or failure. This approach is similar to the pharmaceutical sector, where drugs are discussed along the way from encouraging results to animal trials to human trials to FDA approval.
73. As noted above, an initial assessment (better called a preliminary economic assessment, as in NI 43-101) SHOULD include inferred resources as that is essential for an investor to understand the potential value of the mineral property; not allowing the use of inferred would be detrimental to investors and would go against the framework of CRIRSCO. Further, the SEC’s exclusion of inferred resources would not be adopted by other jurisdictions and leave the US out of line with other mining jurisdictions.

74. Mineral reserves should only be based on a pre-feasibility or feasibility study, keeping the SEC aligned with CRIRSCO.
75. Yes. The CRIRSCO framework is more robust and appropriate. If bodies like the USGS desire reporting of mineral inventory (mineralization that does not meet the requirements for mineral resource estimation) for some governmental purpose, they can develop their own reporting for such material, on the clear basis that such mineral inventory excludes mineral reserves and mineral resources.
76. Yes, the SEC should adopt the proposed framework for determination and disclosure of mineral reserves, consistent with CRIRSCO and widespread industry practice.
77. Yes, the SEC should adopted the proposed definition of mineral reserves and be consistent with CRIRSCO and widespread industry practice. Definition of mineral reserves based on a pre-feasibility study should be permitted. Operating mines should be excluded from the requirement to complete a pre-feasibility study or feasibility study, but should still be required to provide a technical report detailing their assumptions, costs, assessment of modifying factors, etc. Mineral reserves should be defined as in situ estimates of tonnage and grade to be consistent with CRIRSCO.
78. As a general rule, a life of mine plan should be included, but it should be noted and permissible to disclose that circumstances might change that significantly change the eventual exploitation of a resources. For example a large open pit copper mine may later convert to an underground block caving mine; a registrant should only need to cover the open pit that is used to define reserves, while the underground material might remain as a resource based on potential future extraction.
79. Discounted cash flows are the most widespread and industry accepted approach of evaluation and should be required. A base case commodity price should be used, and a 2-year trailing average is as good as any. As with mineral resources, though, sensitivity reporting at different metal prices (and therefore cut-off grades) should be permitted. Rounding to larger numbers should be permitted. See #67 above.
80. Setting a consistent approach to commodity price assumptions is better for registrants and investors, although it will never perfect. As noted in #79, sensitivities should be permitted.
81. Yes, definitions should be as proposed. This is consistent with CRIRSCO and widely adopted industry practice.
82. Modifying factors should be provided as guidance; see #71. Not all qualifying factors can be defined in advance and suggesting that they can would be misleading and potentially cause QPs to miss factors that should be considered and disclosed.
83. The instructions appear reasonable.
84. The definitions are appropriate.

85. Yes, a prefeasibility study should be permitted to support disclosure of mineral reserves, as well as a feasibility study. This is in line with industry practice and the CRIRSCO framework.
86. A feasibility study should not be required to address higher “risk” situations. A pre-feasibility and feasibility study are documents to identify potential economic returns from a project, risk is a separate matter that should be addressed in the qualifying factors, the risks section of the technical report, and by the QP.
87. The instructions are generally reasonable, but the accuracy and contingency ranges should not be set by the SEC, but by the mining company and its consultants and supported by the QP. There is no accepted range for accuracy and accuracies of +/-25% are not uncommon in a pre-feasibility and +/-15% common for feasibility studies. Similarly, contingencies typically range from 15-20% for a prefeasibility and +/-10% for a feasibility study. This is not an area, other than guidance, that the SEC should be mandating as it goes against sound engineering practice to be artificially and arbitrarily constrained by a regulator. Given that these ranges and variabilities have developed over time in a natural and unconstrained environment, the SEC should assume that this is where mining companies, engineering companies and QPs (for NI43-101 and JORC) are comfortable. However, the accuracy and contingency should be clearly stated.
88. See #87.
89. This is acceptable.
90. Summary disclosure should be required but only for all material properties AND properties with disclosed mineral resources and mineral reserves; this combination should reduce the filing requirements (for example the top 20 properties could include 19 properties classified as immaterial by the registrant) and the second requirement (where there are disclosed mineral resources or reserves) would ensure the disclosure of the registrants aggregate mineral resources and reserves. Maps are a good idea and should be required. Disclosure of the proposed information on properties reaching either of these thresholds should be sufficient. Disclosure of all mineral resources and mineral reserves, as noted above, should be required, with the caveat that there is no requirement to recalculate resources or reserves as of the end of each fiscal year unless there has been a significant change. Some mineral resource estimates may remain current for several years if no new significant information is generated; requiring annual updates would be unnecessarily burdensome on the registrant, investor and regulator.
91. Yes, registrants with multiple mines with interrelated operation should be allowed to treat the complex as one property, as separately reporting would be overly burdensome and duplicative reporting as many aspects of a technical report would be the same.
92. The obligation (see #90 above) should be for all material properties, and properties with disclosed resources and reserves, hence if the registrant only has one property, the information can be provided as easily as for 10 or 20 properties.
93. The table form is generally fine. One challenge with Table 2 is the mineral rights description, which can be hugely complex – our title description exceeds 30 pages. As a result, the

requirement should be narrowly defined as “type of mineral rights and aggregate acres” so it could be written as, for example, “Patented and unpatented mineral claims, mill sites that aggregate 2,324 acres in total”. Another challenge is “key permit conditions” which could run into dozens of pages and is hard to summarize. Additional guidance, such as “Permitted for mining operations” or “Permitted for exploration” or “no current permits” would help. Finally, guidance on mine type (e.g. “Open pit or underground?”) would help, whereas “Style of mineralization” could run into challenges on large properties with multiple deposit types. It may not add much value at this summary level.

94. The company should be the one determining materiality (see #90 for proposed alternates for threshold for reporting) and any property (whether one or 50) should be included in the table if there are disclosed mineral resources or reserves.
95. Summary disclosure of mineral resources and mineral reserves in table form is industry practice and widely used; the SEC should require the practice. This provides an easily reviewed and accessible form of disclosure for investors and ensures totals and averages are correctly calculated (as investors often make mistakes). The SEC absolutely should require disclosure by class and totals as proposed BUT disclosure of mineral resources INCLUSIVE of mineral reserves should be permitted as this is common industry practice, and is often what investors want to know. This would argue for two separate versions of Table 3, one for reserves and one for resources. This is the usual practice for most mining companies, and would discourage investors from trying to sum across the table. Individual properties, and often individual deposits within an individual property, should be disclosed individually to allow an investor to determine the quality of each deposit, as opposed to being presented with a basket of apples with most good but some bad hidden in there – that is how sub-prime mortgages were buried in packages and given an A rating, and we know what happened there. Two separate tables is also supported by the fact that many mineral deposits are polymetallic, and reporting each metal individually requires several columns.
96. Indifferent to this requirement. It may be challenging given the different nature of each deposit for different companies.
97. See #96.
98. See #96.
99. Disclosure should be required on individual material properties, or properties with disclosed mineral resources or mineral reserves.
100. Providing latitude and longitude to the centrum of the property to the minute of latitude and longitude should be sufficient, when combined with the map proposed above.
101. Table #4 is OK. The proposed tables 5-8 are problematic. Table 5 could result in hundreds of pages for one property (drilling hundreds of holes in a year, with multiple intercepts per hole). Also it fails to address the polymetallic nature of many deposits, which could have 2 to 5 or more metals per result, and including contaminants and geological descriptions could rapidly become unwieldy. Multiply that by 10 or 20 deposits....a reporting nightmare for all parties. Table 6 is OK, but does not address polymetallic deposits, and likely requires the table

splitting into three for the three levels (in situ, plant feed, saleable) – for commodity price comments, see above on resources and reserves. Table 7 and 8 fail to accommodate the key characteristics of a resource and reserve estimate, which is tonnes, grades for individual metals and contained metals. This table will be unwieldy for most deposits. The reason for the changes is better managed by a qualitative and quantitative discussion below the table of resources and reserves...e.g. *“The contained metal at Property X decreased by X% as a result of mining depletion and additional drilling, with no negative or unexpected changes resulting from this work.”* Or *“The use of a higher cut-off grade related to lower assumed metal prices resulted in a X% increase in grade, an X% decrease in tonnes and an X% decrease in contained metals.”* The word “discrepancy” should not be used, rather use “difference”...mining depletion is not a discrepancy.

102. Of course different criteria should be permitted, the world is a fluid and ever changing one and circumstances change daily. It would be challenging for a registrant operating in multiple jurisdictions, commodities and currencies to pick one set of parameters company wide and then do all the resource and reserve estimates at one time. In reality, such work will be spread over a continuum and will therefore by necessity have some different parameters (the 2-year trailing average changes daily, for example).
103. Aside from depletion from mining, a detailed reconciliation should not be required. Registrants should be required to comment on the reasons for changes in resources or reserve estimates **since the last announcement** (not annually). Detailed reconciliations for 10+ properties that have multiple classes of resources and reserves and are polymetallic would be an overwhelming amount of detail. As previously noted, resources and reserves should not have to be updated annually, only when there is a material change (other than for mining depletion). Annual updating of resources and reserves would be an enormous and unnecessary burden on registrants, all within a compressed time period where resources will be stretched, and then not utilized for months. It needs to be understood that resource and reserve estimates on mineral properties (the latter more so, since reserves have to be based on a pre-feasibility or feasibility study) are hugely complex, time consuming exercises requiring input from a multidisciplinary team; annual updates would be prohibitively expensive to complete. A resource estimate, if no new material information has been developed, should stand for a period of time, the only constantly changing variable being commodity prices – however, this can be addressed by requiring resources to be reported at multiple gold prices (see #67) so that a change in commodity price is covered in the sensitivities reported.
104. First time disclosure of resources and reserves should require the completion, filing and disclosure of a technical report. The disclosure (say through a news release, 10Q, etc.) should include a summary of all material assumptions and criteria, and a reference to a technical report. Material changes in resources or reserves should also require a technical report and disclosure as discussed herein. First time disclosure of material exploration results should also require a technical report, because one now assumes that the registrant deems the property material, and therefore a technical report is required. Updated exploration technical reports should only be required on disclosure of a material change in the previously disclosed exploration information.
105. The proposed thresholds for material changes in reserves and resources are too low; commodity prices and the like can easily result in these kinds of swings. I recommend a 25%

threshold for contained metal in reserves and a 50% change in contained metal in resources for each individual property, with the additional overriding qualitative obligation that any change the registrant deems a material change should be disclosed; this will catch outliers where sub-threshold changes that investors would consider important information get disclosed.

106. Same comments as #96 above.
107. See #96.
108. See #96.
109. As a general comment, yes, the 26 items are appropriate for a technical report (just define the report as a summary of technical information, as NI43-101 does; using “technical report summary” is a mouthful and not grammatically correct, as it is not a summary of a technical report, but a summary of technical information set out in a report, so call it a technical report and be consistent with NI43-101). Adding sections on hydrogeology and geotechnical is applicable for pre-feasibility and feasibility studies but often not for resource estimates as such information is not available. As noted in the discussion, a number of sections may not be applicable to technical reports for exploration results or mineral resources, and the guidance from SEC should note on many sections “if applicable”.
110. In my opinion, proposed Item 601(b)(96)(iv)(B)(19)(vi) is sufficient, but could add “and other significant information that is relevant to the project”
111. The requirement to provide information in the 26 areas should be qualified with “if applicable”.
112. Use the term “Preliminary Assessment” as opposed to ‘initial assessment’ to avoid confusion with NI43-101. And yes, the use of mineral resources should be permitted but qualified as noted in #48, #55 and #56. This should INCLUDE the use of inferred resources in order to align with CRIRSCO and NI43-101, but require the appropriate cautionary language #48, #55 and #56.
113. As noted in #11, just add words “if applicable”.
114. A QP should be allowed to rely on non-QPs, such as lawyers, title experts, etc. for areas where there is non-technical information, and disclaim responsibility to that expert. It should be clear that multiple QPs should be permitted to sign off on different sections of a technical report. It is not appropriate or prudent for a QP, given the level of personal liability a QP is taking on, to assume responsibility and liability for areas outside his expertise – despite comments from engineering publications to the contrary. A metallurgist is not a geologist, or a geotechnical engineer, resource expert, or civil engineer and should not be expected to be the reporting QP for those areas. As with NI43-101, there should be a tabulation in the Technical Report identifying the QP or expert (in the case of say mineral title) responsible for each section. One aspect not mentioned is the requirement for a site visit by a QP – QPs responsible for geology, mineral resources, hydrology, geotechnical and other aspects of a Technical Report should have visited the site at least once each in order to independently verify the attributes they are responsible for.

115. A Technical Report is intended to be a summary and should not include large amounts of detailed technical results (e.g. drill intercepts, metallurgical test results, assay certificates, etc.) in the report or in appendices. However, a Technical Report is, by definition, technical and technical data therefore cannot be completely excluded and technical terms will be required to be used, but should be defined or explained in a glossary.
116. Yes, internal controls should be discussed as they are foundational to good practice and disclosure. Use NI43-101 as good template that is proven in practice.
117. Yes. See #116.
118. Yes.
119. The SEC should consider uses of Form 20F to file in accordance with subpart 1300 of Regulation S-K and Item 601(b)(96), as proposed, **or equivalent specified frameworks such as NI43-101, JORC or SAMREC**. Registrants with assets in other jurisdictions invariably have their technical reports on projects prepared locally, and the local expertise and familiarity for QPs will be in the framework that is locally prevalent.
120. Yes, Canadian issuers should continue to be permitted to use NI43-101 as it is a proven, robust, and enforced system that is widely recognized and used in the industry, and relied upon by investors globally; forcing wholesale abandonment and conversion to a new system would prove unnecessarily burdensome to registrants for no obvious gain for investors.
121. Yes, all mineral technical disclosure should fall under the same rules for consistency purposes.
122. See #121.

Should you require any clarification on any of the above comments, please do not hesitate to contact me.

Yours sincerely,

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