

Section iii. Treatment of royalty companies and other companies holding economic interests in mining properties

Request for Comment

13. Should we require a royalty company, or a company holding a similar economic interest in another company's mining operations, to provide all applicable mining disclosure if the underlying mining operations are material to its operations as a whole, as proposed? Why or why not? Should disclosure for such companies be required under other circumstances?

*Comment: No. It is not reasonable to require a royalty company to prepare technical reports about companies that they do not control. The royalty company cannot be responsible for the actions of a company that it does not operate. There are too many complicated situations where it becomes impossible for a royalty company to provide information from an operation that it does not control. Clear areas of conflict occur when a royalty company holds an interest in a privately owned mining company that is not trading in the U.S. and has no disclosure regulation. Additionally, under the proposed disclosure, there will be cases where material royalties are derived from mines that are not material to the owner, whereby they are excused from preparing a technical report, and the royalty company will be unable to prepare a technical report. Furthermore royalty companies often own interests in foreign mining companies that are not registered in the U.S. jurisdiction,*

14. Should we permit a royalty company, or other similar company holding an economic interest in another company's mining operations, to provide only the required disclosure for the reserves and production that generated its royalty payments, or other similar payments, in the reporting period, as proposed? Why or why not? If not, what additional disclosure should be required by such registrants?

*Comment: No. There are too many complicated situations where it becomes impossible for a royalty company to provide information from an operation that it does not control. Clear areas of conflict occur when a royalty company holds an interest in a privately owned mining company that is not trading in the U.S., or for royalties that are derived from mines that are not material to the owner.*

15. Should we require a royalty company, or other similar company holding an economic interest in another company's mining operations, to describe its material properties and file a technical report summary for each such property, as proposed? Should we allow a royalty or other similar company to satisfy the technical report summary requirement by incorporating by reference a current technical report summary filed by the producing mining registrant for the underlying property, as proposed? Are there circumstances (e.g. when a royalty company purchases a royalty agreement and is not reasonably able to gain access to such information) in which a royalty or similar company should not be required to file a technical report summary concerning the underlying property?

*Comment: No. It is not reasonable to require a royalty company to prepare technical reports about companies that they do not control. See Above*

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