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"Technical Support for Grassroots Public Interest Groups"



September 22, 2016

Brent J. Fields, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Comments on File Number S7-10-16

Introduction

These comments on the proposed revisions to the property disclosure requirements for mining registrants and related guidance are submitted by David M Chambers of the Center for Science in Public Participation. Dr. Chambers is an alternate member of the US Extractive Industry Transparency Initiative multi-stakeholder group.

My experience is primarily with environmental regulation and impacts, and as such only touches a portion of the material covered by the proposed revisions. However, as a long-time and frequent user of the technical reports mandated by the Canadian NI 43-101 system, I fully support the direction the SEC is taking in these proposed revisions, and I believe the revisions should be adopted as proposed with only minor adjustments.

III. General Request for Comments

We request and encourage any interested person to submit comments on any aspect of our proposals, other matters that might have an impact on the amendments, and any suggestions for additional changes.

Bringing US SEC requirements for mineral registrants into line with mining disclosure standards based on the Committee for Mineral Reserves International Reporting Standards (CRIRSCO), especially since SEC requirements have not been updated in over 30 years, is appropriate. I find these proposed changes to be exceptionally well researched, and reasoned. As a frequent user of the Canadian NI 43-101 reports I strongly endorse these changes, and strongly discourage any major changes to the changes. I must note that it is frustrating not to have information similar to the NI 43-101 reports on most US market-based companies.

These changes affect only a small number of companies (SEC estimated that 345 existing mining registrants, of which 113 are currently also reporting under similar requirements in Canada or Australia), but would add significant protection, through transparency and disclosure, to billions of dollars in investments, and thousands of investors.

Specific Requests for Comment

8. *Are there specific qualitative or quantitative factors relating to the environmental or social impacts of a registrant's properties or operations that a registrant should consider in making its materiality determination?*

Mining registrants should disclose whether there are any potential environmental factors that might have the potential to negatively affect the permitting process. These environmental factors could potentially

prevent a company from receiving its necessary permits for a proposed project, and as such could impact the financial viability of both a project and the entire company.

Potential environmental factors include: water contamination from acid mine drainage and/or metals leaching; the need to treat acid mine drainage or metals leaching in perpetuity; dust; noise; destruction of culturally sensitive areas; impacts to recreation and tourism; or, other factors that might lead to the failure of a project to receive a social license to operate from a neighboring community.

22. *Should we, as proposed, require a registrant to obtain a technical report summary from the qualified person, which identifies and summarizes the information reviewed and conclusions reached by the qualified person about the registrant's exploration results, mineral resources or mineral reserves, before it can disclose those results, resources or reserves in SEC filings? Why or why not? Should we instead require a registrant to obtain an unabridged technical report, rather than a technical report summary, before it can disclose exploration results, mineral resources or mineral reserves in SEC filings? Should we require the technical report summary to be dated and signed, as proposed? Why or why not?*

As mentioned, I am a frequent user of the Canadian NI 43-101 technical reports. I find these reports to be essential in evaluating a potential project. At the exploration level, a "technical report summary" as described in the proposed revisions is probably adequate, given the highly changeable nature of mineral exploration. When the project advances to the pre-development or proposed development stage, an unabridged technical report is required because it is at this point that the mining registrant is either implying or proposing to investors that a mine is feasible, and these propositions need to be supported by detailed technical information.

Both technical report summaries and technical reports need to be signed by a qualified person. This is necessary because not only is professional experience necessary to make the evaluation and predictions in these reports, but also because a degree of responsibility should be assumed by the author when making these predictions to investors.

24. *Should we require, as proposed, a registrant to file the technical report summary when the registrant is disclosing mineral reserves, mineral resources or material exploration results for the first time or when there is a material change in the mineral reserves, mineral resources or exploration results from the last technical report filed for the property? Why or why not? Should we instead require a registrant to file the technical report summary more frequently, such as with every Commission filing, or less frequently?*

The requirement to file a technical report summary when the registrant is disclosing mineral reserves, mineral resources or material exploration results for the first time or when there is a material change in the mineral reserves, mineral resources or exploration results from the last technical report filed for the property is an appropriate balance between the need for transparency and disclosure, and the amount of work required to produce these reports.

27. *Should we require a registrant to state whether the qualified person is independent of the registrant? Why or why not?*

If a qualified person is allowed to be an employee of the mining registrant, as proposed in the revisions, then it is especially important for the investor to know the relationship between the mining registrant and the qualified person.

33. Should we define a qualified person to be an individual, as proposed? Or should we expand the definition, in cases where the registrant engages an outside expert, to include legal entities, such as an engineering firm licensed by a board authorized by U.S. federal, state or foreign statute to regulate professionals in mining, geosciences or related fields? Why or why not?

The qualified person should be restricted to an individual. There are too many ways to obfuscate the responsibility for a professional decision or prediction if it cannot be traced to an individual. Allowing firms to be qualified persons would unnecessarily weaken the link between professional competency and responsibility in the reporting process.

70. Should we require that for purposes of the initial assessment a qualified person must provide at least a qualitative assessment of all relevant modifying factors to establish economic potential and justify why he or she believes that all issues can be resolved with further exploration and analysis, as proposed?

Yes. For example, from the standpoint of environmental issues several of these potential limitations, like acid mine drainage and metals leaching, should be apparent from early drill hole evaluation results. In addition, baseline data on water quality and quantity, and precipitation information, should be collected starting at this stage. If this quantitative information is not being collected, or is not available, this would be a significant red flag to potential investors.

109. Should we require the qualified person to include in a technical report summary the 26 items, as proposed? Are there any items of information that we should include instead of or in addition to the proposed 26 sections of the technical report summary?

Potential environmental liabilities, both potential environmental impacts and sensitive environments that might arouse public concern, should be identified because they are a possible threat to permitting a project, and hence a concern to the investor.

114. Should we preclude a qualified person from disclaiming responsibility if he or she relies on a report, opinion, or statement of another expert who is not a qualified person in preparing the technical report summary, as proposed? Why or why not?

Yes, the qualified person should be responsible for all of the information in the report. This is key to obtaining reliable and accurate information on the project. If the qualified person relies on another expert, then obtaining references to the sources of that expert should be readily available.

115. Should we require that the technical report summary not include large amounts of technical or other project data, either in the report or as appendices to the report, as proposed? Why or why not?

References to the information would be appreciated, as long as the information is publically accessible. This would be especially helpful for hydrologic and geotechnical information/reports, but it is not necessary to include them as appendices in the technical report if the information is publically available and accessible.

Thank you for the opportunity to comment.

Sincerely;



David M Chambers, Ph.D., P. Geop.