



COMMITTEE FOR MINERAL RESERVES INTERNATIONAL REPORTING STANDARDS

23 September, 2016

VIA EMAIL (rule-comments@sec.gov)

Mr. Brent J. Fields, Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

**Re: File Number
Release Number 33-10098; File No. S7-10-16 (the "Release")
Update of Property Disclosures for Mining Registrants**

Dear Mr. Fields:

The Committee for Mineral Reserves International Reporting Standards (CRIRSCO) welcomes the fact that the Securities and Exchange Commission has decided to update the Property Disclosure requirements for Mining Registrants. You are to be congratulated for the manner in which the review has been undertaken and the seeking of external comment. The depth of the study and development of options and conclusions is to be applauded.

We note that there has been a considerable acceptance of the features of the CRIRSCO Template and the Codes and Standards of the 10-member National Reporting Organisations of CRIRSCO. For this we are grateful as we believe that adopting common market related reporting standards for mining registrants will be beneficial for dual listed registrants and will enhance understanding of the CRIRSCO common reporting system in the USA and worldwide.

There are some matters which we feel obliged to comment on and so submit the following comments on the Securities and Exchange Commission's (the "SEC") Proposed Rule to revise the property disclosure requirements for mining companies and related guidance currently set forth in Item 2 of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Industry Guide 7 ("Guide 7").

We appreciate the opportunity to provide these comments and would be pleased to discuss them further with the SEC or its staff. Any questions regarding our comments may be directed to the undersigned Ian Goddard the Chairperson of CRIRSCO at [REDACTED]

Objective of CRIRSCO

CRIRSCO was formed in 1994 to develop common standards for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves and now has ten members. CRIRSCO is a Strategic Partner of the International Council for Mining and Metals, based in London UK.

The principal objective of CRIRSCO is to promote best practice in the international public reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves. CRIRSCO is an international advisory body without legal authority, relying on its constituent members to ensure regulatory and disciplinary oversight at a national level.

The continued and rapid globalisation of the minerals industry requires consensus on a common set of definitions and reporting standards. Investors considering Exploration Results, Mineral Resources and Mineral Reserves in any corner of the globe must have the confidence that the estimates provided are consistent and comparable.

CRIRSCO believes it has made considerable progress towards widespread adoption of consistent reporting standards throughout the world. These standards are now embodied in the similar codes and guidelines and have been adopted by the relevant professional organisations in Australasia, Brazil, Canada, Chile, Kazakhstan, Mongolia, Russia, South Africa, USA and Western Europe. Discussions are ongoing with representatives in Argentina, China, Colombia, India, Indonesia, Mozambique, Philippines and Turkey with the objective of their alignment with the CRIRSCO standards.

The codes and standards have been accepted by most of the securities administrators around the world with the notable exception of the Securities Exchange Commission in the USA. We see the announcement that the SEC is proposing to align itself with CRIRSCO standards as a major step forward in the true globalisation of the minerals industry giving investors the confidence in public reports irrespective of their country of origin.

Principles

The International Reporting Template for the public reporting of Exploration Results, Mineral Resources and Mineral Reserves published in 2013 (the Template) is the foundation on which all CRIRSCO codes and standards are based. It is a principle-based framework consisting of standard definitions and guidelines. The majority of the CRIRSCO aligned codes and standards are enabled by recognition in securities legislation. Codes in some jurisdictions, for example Chile and Mongolia, are enabled by specific statutes. Canada is differentiated by the fact that the securities legislation National Instrument 43-101 (NI43-101) prescribes reporting standards and refers to the Canadian Institute of Mining Metallurgy and Petroleum (CIM) standards.

The principles on which the CRIRSCO aligned codes and standards are based are as follows;

Transparency

Requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, so as to understand the report and not be misled.

Materiality

Requires that a Public Report contains all the relevant information, which investors and their professional advisors would reasonably require and reasonably expect to find in a Public Report, for the purpose of making a reasoned and balanced judgement regarding the Exploration Results, Mineral Resources and Mineral Reserves being reported.

Competence

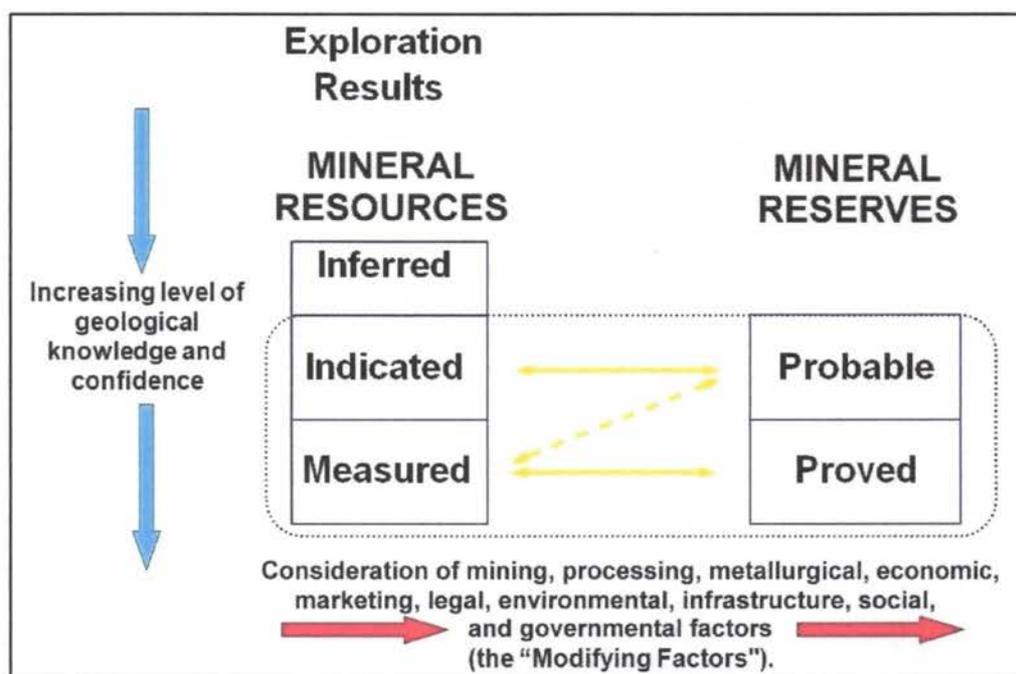
Requires that the Public Report be based on the work that is the responsibility of suitably qualified and experienced persons who are subjected to an enforceable professional code of ethics and rules of conduct.

We believe that adherence to these fundamental principles is preferable to prescriptive rules and legislation, as prescription does not encourage or ensure full transparency or materiality of disclosure to the investing public.

Fundamental Framework

The fundamental framework shown below as Figure 1 is contained in the International Reporting Template 2013 and is contained in each of the CRIRSCO aligned codes and standards.

Figure 1. General Relationships between Exploration Results, Mineral Resources and Mineral Reserves



The fundamental framework is supported in the Template by 15 standard definitions (see below) which are incorporated into all of the 10 codes or standards which are aligned with CRIRSCO and which can be found in the Template. We believe that the adoption of the 15 standard definitions by the SEC would be a significant step in ensuring consistency and comparability across world securities markets.

Specific comments

The following are specific matters which CRIRSCO wishes to draw to the attention SEC in a general way, while acknowledging that many of these matters are dealt with more specifically in many of the individual member submissions.

CRIRSCO Standard Definitions

CRIRSCO has 15 Standard Definitions, which have been incorporated into the Codes and Standards (Including the 2014 SME Guide in the USA) of 9 of the member National Reporting Organisations (NROs) including the 2014 SME Guide), with one member (Canada) having most of them.

The standard definitions are (details in the Template):

Public Reports	Measured Resource
Competent Person	Mineral Reserve
Modifying Factors	Probable Reserve
Exploration Target	Proved Reserve
Exploration Results	Scoping Study
Mineral Resource	Pre-feasibility Study
Inferred Resource	Feasibility study
Indicated Resource	

We note that the SEC proposal has included most of the standard definitions, but not Exploration Target. We feel that reporting of such Targets is important for companies, so that investors are more aware of the prospects of the company. It is crucial that a range of tonnes and grade are given and suitable cautionary language is placed proximately.

CRIRSCO does not accept the category of In Situ Reserves and suggests that this concept is not introduced in the SEC Proposed Rules. Mineral Reserves must take into account the effects of mining, so that the published figures show what is expected to be able to be extracted from the mine.

Inferred Resources are important early stage assessments of a project and critical for the investors' understanding of a project. It is acknowledged that there is lower confidence in the estimate, but there is a requirement that it is reasonably expected that the majority of Inferred Mineral Resources could be upgraded Indicated Resources with continued exploration. Further, there are reasonable prospects for eventual economic extraction. For these reasons, it is hard to understand why they should be excluded from initial economic analysis.

A Scoping Study is a defined CRIRSCO term, which is used for a study on Resources, to ascertain whether there is justification to continue with investigation to proceed to the higher level study of a Pre-Feasibility Study to determine if Reserves are present. This concept should

be permitted, but Reporting must contain suitable cautionary statements that highlight the uncertainty inherent in its outcomes.

Competent Person

As noted above, the Competent Person is a fundamental component of the CRIRSCO family of Codes. Eight of the 10 members use this term and one uses the term Competent Qualified Person. Only Canada uses Qualified Person. The preference for Competent Person is because the focus is then on Competence rather than just qualifications, in line with one of the three principles of the Codes and Standards.

To be a Competent Person you must have academic qualifications and also sufficient work experience in the type of mineralisation and the activity being reported on. This demonstrates your qualifications, but you must be able to justify your competence in the role to your peers. The professional society you belong to must have a Code of Ethics and an effective disciplinary procedure. We recommend the policies and practices of the SME Guide (2014) in the definition of the Competent Person.

The emphasis must be on Competence so that investors have confidence in the Report.

Because of the requirements for a Competent Person (e.g. qualifications, statement of approval of inclusion, declaration of conflicts) and the need for transparent disclosure, we do not believe that they must be independent (i.e. not employees) in most circumstances.

Recognised Professional Organisation.

Each NRO establishes a list of Recognised Professional Organisations (RPOs) either on its own or in conjunction with regulatory authorities in its jurisdiction. This means that the particular NRO will accept that a qualifying professional member of a Recognised Professional Organisation is acceptable to be a Competent Person to report under its Code or Standard.

It is recommended that the SEC accepts the RPOs that the SME recognises (in conjunction with the SEC if necessary) to be RPOs for the purposes of the SEC regulations.

Prices

The suggestion that prices used in studies should be backward-looking is not recommended. The Proposed Rule has the requirement that the prices used to estimate both mineral resources and mineral reserves be limited to less than or equal to the average spot price in effect over a 24-month period preceding the date of the estimate unless prices are defined by contractual arrangement. The prescriptive use of a trailing average price forces unrealistically optimistic price assumptions in a declining market and unrealistically pessimistic prices in a rising market. The CRIRSCO approach is to leave it to the Competent Person to decide on the appropriate prices to use. However, it is essential that such a selection be transparently described and the reasons for them outlined. There is no reason to believe that trailing 24 month prices are more appropriate indicators of future prices than others. It is also common practice to use different prices for Resources from Reserves, partly because of different time frames but also for different levels of confidence.

This approach is recommended in other areas as well. The Competent Person must exercise judgement and be prepared to provide sufficient information to the investor, so that they can make an informed decision. Reasons why some factor was not considered may be just as important as why another was. This is the “if not, why not” approach of the JORC Code in Australasia.

If the historical price approach is pursued, it will mean that dual listed companies will have to maintain and publish two sets of Reserves, which can lead to confusion. In fact, CRIRSCO would be concerned if there is ultimately variation in the SEC requirements from those in the other major mining countries, such that companies are forced to duplicate work causing inefficiencies.

The CRIRSCO Codes require at least annual reviews of Reserves to see if there have been changes in the Modifying Factors, such that modified Reserves statements are required (apart from depletion). These reviews provide the opportunity to consider prices and ensure that the estimated prices included in the Studies are relevant and sustainable.

Technical Reports

There are many types of Public Reports covered by the CRIRSCO family of Codes. Some require more detail than others. A prescribed form of reporting is not encouraged. It is more meaningful for the Competent Person to provide information in the required detail, with reference to Table 1 of the Codes and Standards, which list various relevant items for discussion. The SEC proposal seems to be focussed on those Technical reports lodged with the SEC. There is also a greater degree of prescription in the format, which is not done in most other places. There, the onus is on the Competent Person to provide the necessary information to satisfy the requirements of the Code or Standard. This could be achieved in the USA by the SEC referencing and including as an appendix the 2014 SME Guide.

Brines and geothermal resources

The CRIRSCO Codes refer to solid minerals. It is not recommended that the proposed regulations include coverage of brines and geothermal resources, as they are fundamentally different. It is suggested that separate requirements are developed which deal with these resources, following the same general principles, but including industry specific considerations. This has been done in other jurisdictions.

Competent Person liability

Fundamentally, the directors and officers of a company are responsible for the public reporting of the company. The CRIRSCO Codes have provisions for the Competent Person, or the Competent Person taking responsibility for the work of a team of Competent Persons, to attest to their approval of that part for which they are responsible for in a Report being presented in the form and context in which it appears. They are liable for this part of the report and might be found to have breached laws of the jurisdiction or ethical guidelines of their professional society. There could be other parts of the Public Report that are the responsibility of other officers of the company.

Cash flows

The mandatory inclusion of cash flows is not supported, as they may affect a company's competitive advantage.

Modifying Factors

We support the consideration of the Climate, Environmental, Social, Safety and Health Modifying Factors, not only in the studies but also in Reporting. Through our relationship with the ICMM, we are promoting more emphasis on these matters. However, we note that most companies provide separate reports to the public covering these matters in more detail, and because of this, Technical Reports should provide information in summary form.

Materiality

While Materiality is one of CRIRSCO's fundamental principles that requires that a Public Report contains all the relevant information, which investors and their professional advisors would reasonably require and reasonably expect to find in a Public Report, for the purpose of making a reasoned and balanced judgement regarding the Exploration Results, Mineral Resources and Mineral Reserves being reported. CRIRSCO recognises that it is also important to determine what material properties to include in a public report.

There are many ways to specify the measurement of materiality of what information to include, in any jurisdiction it might be related to accounting principles; it could be linked to the likely effect of the announcement on the company's share price; or it could be to do with

initial reports on a project or a major change. In the CRIRSCO family, it is left to the Competent Person to make this judgement. However, based on the Commission's proposed metric to measure materiality of a property - 10% of assets - it is possible that many of the mines at the larger mining companies would not meet the percentage of assets test. Specifically, the largest producing mine for an international mining company may not meet the materiality test for disclosure under proposed the proposed Commission guidelines, which is contrary to the Commission's objective of disclosures for mining operations that "are material to its business or financial condition".

Additional burden

The majority of mining companies outside of the USA have had for many years a primary listing on a security exchange which has recognised a CRIRSCO aligned Code or Standard. These companies have therefore been compliant with CRIRSCO aligned reporting standards and are unlikely to be attracted to securities exchanges regulated by the SEC if additional burden is placed on them to comply with a different set of reporting standards.

Concluding Remarks

We compliment the SEC on this initiative to modernise the SEC Rules and Industry Guide 7 and its intention to align with CRIRSCO standards. The adoption of the standards and principles by the SEC will assist in a common understanding of consistent and comparable reporting of Exploration Results, Mineral Resources and Mineral Reserves across the globe.

Many of the National Reporting Organisations (NROs) which are members of CRIRSCO have submitted comments in their own right. We have therefore restricted our comments to basic principles which all our members support.

We are available to discuss the Proposed Rule further should you believe it would be of benefit.



Ian Goddard

Chairperson