

August 4, 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")
Modernization of Property Disclosures for Mining Registrants

Dear Mr. Fields:

Dana Willis (a private individual) submits the following comments on the Securities and Exchange Commission's (the "Commission") proposed rules (the "Proposed Rules") to revise the property disclosure requirements for mining registrants 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").

About Myself

I am a US-based economic geologist and have worked in the extractive resources industry for 34 years, in precious and base metals, consulting, and geothermal exploration. For the past 13 years of my career I have been responsible for preparation of technical reports under NI 43-101 rules and as a qualified person ("QP") for my past two employers (both are international mining companies headquartered in the US with operations in the US and overseas). My role in corporate governance is to ensure that my employer is fully aware of, and complies with, US and international regulations regarding disclosure of mineral reserves, mineral resources, and exploration results. The following comments are provided on my own behalf as a professional employed in the mining industry and not as a representative of my employer.

I would like to acknowledge my appreciation for the Commission's proposal to update Industry Guide 7 and provide comparable disclosure requirements to international mining disclosure requirements based on the Committee for Mineral Reserves International Reporting Standards ("CRIRSCO"). I strongly support the Commission's efforts to retire the existing Industry Guide 7 disclosure guidelines, related precedent and informal guidance and to replace such standards with disclosure and technical standards that are consistent with CRIRSCO standards and NI 43-101. I believe the Proposed Rules represent tremendous progress on this point and will provide a more level playing field for US mining companies in global markets.

Notwithstanding the significant progress made by the Commission in the Proposed Rules, I would like to highlight in this letter certain administrative and substantive concerns and recommendations

it has regarding the Proposed Rules. In particular, and as summarized below, in several instances the Proposed Rules are not “aligned with current industry and global regulatory practices and standards” and U.S. reporting companies will continue to be disadvantaged by application of Commission reporting standards unless significant changes are made to the Proposed Rules.

Recommendations for Disclosure

I recommend that the Commission establish the following principles for disclosure:

- The Commission should eliminate the trailing 24-month pricing requirement and allow mineral resource and mineral reserves to be calculated at different prices and the guidance in the CRIRSCO Template should govern commodity prices used for mineral resource and mineral reserve estimation and reporting.
- I recommend the SEC keep its “reserve test” whereby a mine plan is shown to be economic at the average spot or contract price for the previous 36 months.
- The disclosure framework should follow the format of NI 43-101F1 and technical reports filed with the Commission should be viewed as interchangeable with technical reports prepared under NI 43-101.
- Initial assessments without cash flows should be considered resource studies.
- Initial assessments with cash flows should be considered scoping studies and subject to proximate disclaimers saying that the economic viability of the mineral resources has not been demonstrated, value can be attributed to any combination of measured, indicated and inferred resources.
- Required annual disclosure tables should be limited to a list of material properties and statements of mineral resources and mineral reserves.
- The disclosure framework should apply to news releases, website postings, and investor presentations and any other disclosures of exploration results, mineral resources and mineral reserves.
- I believe discussion of exploration targets may be material to the investor and would normally be discussed in a technical report, particularly where the targets are in proximity to mineral resources and mineral reserves. Therefore, the proposed rules should be modified to include exploration targets.
- I recommend that the Commission adopt CRIRSCO standards to allow disclosing exploration results, that are determined to be material by the registrant and in a format designed by the qualified person to be an effective way to inform the investor in a transparent manner.
- I support the requirement for an Initial Assessment for first-time declaration of mineral resources and material changes. For declaration of inferred mineral resources, a qualified person should draw on their experience with analogue deposits in making

assumptions as to the modifying factors, including cut-off criteria, dilution, mining recovery, metallurgical recovery, and marketing (for example typical smelter contracts).

- It is recommended that the Commission allow companies to use a mineral price for mineral resource determinations that may be higher than the price used to define mineral reserves.

Recommendations Related to the Qualified Person

I recommend the Commission adopt the following rules related to qualified persons that are not contained in the proposed rules:

- At a minimum the qualified person should have a university degree in geosciences, mining engineering, metallurgy, mineral processing, or have a university degree in civil or chemical engineering and postgraduate experience in the minerals industry would qualify.
- The registrant should determine if an independent qualified person is required.
- The recognized professional organization to which the qualified person belongs must have jurisdiction to discipline the qualified person, no matter where the qualified persons resides, practices, or where the mineral deposit is located.
- Qualified persons should be able to include a limited disclaimer of responsibility when relying on experts in fields in which the qualified person could not be expected to have professional training, such as legal and marketing or social and political issues.
- Multiple qualified persons are allowed to author a technical report to the extent that all aspects of a technical report are covered by a responsible qualified person; for simple properties one qualified person may be sufficient but for more complex properties multiple qualified persons may be appropriate. In all cases qualified persons should be named, the sections for which they are responsible identified, and their signatures attached in consent and certification statements.
- The qualified person should have a minimum of seven years of postgraduate experience in the mineral industry with at least three years in positions of responsibility and have a minimum of five years of relevant experience in the style of mineralization and type of deposit under consideration and in the type of activity the person is performing.
- Qualified persons should be satisfied in their own mind that they can face their peers and demonstrate competence in the commodity, type of deposit, and situation under consideration.

I strongly endorse the need for qualified persons because:

- The requirement that disclosures of exploration results, mineral resources, and mineral reserves be based on a technical report prepared by one or more qualified person(s). Because technical report summaries prepared by (a) qualified person(s) will disclose and discuss the risks of the project(s) that are the subject of the technical report, these disclosures and discussions assist investors in their understanding of the project(s) at each phase.
- Registrant is responsible for determining that the qualified person(s) meet(s) the qualifications under the proposed definition of “qualified person”. Registrant determines if an independent qualified person is needed and the suitability of the nominated qualified person to be considered independent.
- Independence of the qualified person(s) should only be required in specified circumstances (e.g. initial disclosure, material change from previous disclosure, etc.) and that where the author(s) of the technical report(s) are not independent, that independent qualified person(s) should review the technical reports filed in connection with the specified circumstances.
- Require that the registrant obtain written consent(s) from the qualified person(s) who prepared an identified technical report or technical report summary.
- Disclosure of the qualified person(s) status as employee(s), or affiliates, or that the qualified person(s) are independent of the registrant. The definition of independence should be the same as that used in Canada’s NI 43-101 for international uniformity in mining disclosures.
- Material conflicts of interest is disclosed as is required by professional ethics codes.
- I do not support the provisions in the Proposed Rules that do not permit a qualified person to include a disclaimer of responsibility if they rely on a report, opinion, or statement of another expert in preparing the technical report.

Reporting of Mineral Reserves

I take exception to the Commission proposal to define mineral reserves as the “economically mineable part of a measured or indicated resource, net of allowances for diluting materials and for losses that may occur when the material is mined or extracted” because the Commission proposal conflicts with the CRIRSCO definition of mineral reserves.

Commodity Pricing

As proposed by the Commission, the price used to calculate both mineral reserves and mineral resources could not be higher than the average spot price during the 24-month period prior to the end of the fiscal year, calculated based on an unweighted average of the daily closing price for each trading day within such period, except in the cases where sales prices are determined by contractual agreement. The Proposed Rules represents a material departure from CRIRSCO standards, which could result in material differences in reporting between registrants required to

follow the proposed rules and those that do not. Under CRIRSCO standards, the qualified person is allowed to make judgments regarding the proper price to use in the calculation of mineral reserves and resources, and qualified persons routinely use different prices for the calculation of mineral reserves and resources, with mineral resources sometimes using a higher price than the price used for reserves. Based on operational experience I have found that a 24-month average price has more volatility than the existing 36-month average permitted by the Commission staff under Industry Guide 7. The requirement to use a lower price for mineral resources will result in lower mineral resource estimates under the US rules and is at odds with operational experience and investor expectations, and the lower mineral resource price would result in unrealistically devaluing a companies' long-term mineral resource assets upon which investors value the long-term prospects of a company. For these reasons, I believe the Commission should instead adopt the CRIRSCO standard for mineral reserves and mineral resource estimates. CRIRSCO-based codes allow the qualified person to use any reasonable and justifiable price, which is based on the qualified person's or management's view of long-term market trends; however, the qualified person must provide justification for the prices used.

Reporting entities should be required to disclose the mineral prices used in determining mineral resources and mineral reserves, and state that the reported mineral reserves are economic at the stated prices, and that the mineral resources defined have a reasonable prospect for eventual economic extraction based on the prices disclosed.

TECHNICAL REPORTS

Change of Name

The Commission proposal for Property Disclosure for Mining Registrants uses the term *technical report summaries*. This implies that a full technical report would exist as backup. There is no requirement for such a backup technical report. The only requirement is that the technical report summary be based on information and supporting documentation prepared by a qualified person. Having a summary technical report and a full technical report is a duplication of effort and entails additional and unnecessary cost for the registrant. The Commission proposal does require an Initial Assessment in the case of first-time resource declaration and a Pre-feasibility or Feasibility Study to support first-time reserve declaration.

I recommend:

- Technical reports be prepared for material properties;
- Technical reports should be filed within 45 days of news releases containing materially new information; and
- Technical reports should be updated when the qualified person considers a material change has occurred taking into account the Commission proposed guidance for a material change relevant to the investor.

MINERAL RESERVES AND MINERAL RESOURCES

Inferred Mineral Resource

The Commission Proposal has: “As used in this subpart, the term limited geological evidence means evidence that is only sufficient to establish that geological and grade or quality continuity is more likely than not. The level of geological uncertainty associated with an inferred mineral resource is too high to apply modifying factors, as defined in this section, in a manner useful for evaluation of economic viability.”

The proposed definition is too vague and seems to preclude consideration of modifying factors required to establish reasonable prospects for eventual extraction that is required in an Initial Assessment. The CRIRSCO definition of Inferred Mineral Resource and SME Guide are sufficient definitions and in alignment with international usage. I strongly recommend that the proposed definition use the CRIRSCO definition with SME Guide’s added guidance.

Indicated Mineral Resource

The Commission proposal has “An indicated mineral resource is that part of a mineral resource for which quantity and grade or quality are estimated on the basis of adequate geological evidence and sampling. As used in this subpart, the term adequate geological evidence means evidence that is sufficient to establish geological and grade or quality continuity with reasonable certainty”.

There is no definition or guidance as to “reasonable certainty”.

The CRIRSCO Template is more explicit and contains “Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.” This language is more specific, and has been part of the CRIRSCO family of codes and coincidentally the Commission Industry Guide 7 for many years. I recommend that the Commission should adopt the CRIRSCO definition of “indicated mineral resource”.

Mineral Reserve

The Commission’s insistence on use of a price that is at or below the 24-month average spot price is at variance with the CRIRSCO Template, all the derivative national and derivative codes including NI 43-101, and the Commission’s recommended practice for over the past ten years. SME Guide presents clearly the general practice used in the mining industry. I recommend that the Commission should adopt the CRIRSCO definition of “mineral reserves”.

To present a balanced presentation, a discussion accompanying mineral reserve estimates should include opportunities as well as risks.

U.S. Securities and Exchange Commission

August 4, 2016

Page 7

I appreciate the opportunity to provide these comments and would be pleased to discuss them further with the Commission or its staff. Any questions regarding my comments may be directed to me at [REDACTED].

Respectfully yours,

Signed: Dana Willis

Dana Willis, P.G.

[REDACTED]