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Attention: CSA Members
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23rd July 2010

FORMAL SUBMISSION
FOR
COMMENTS ON
NI 43-101
BY
VENMYN
(SOUTH AFRICA)

Dear Madams

This formal submission is presented to you in order to provide specific feedback on a number of issues that we have identified as a result of the following:-

- Andy Clay has been involved in the preparation of the SAMREC Code, SAMVAL Code and the deliberations surrounding them;
- Venmyn is a practical preparer of Technical Reports, CPRs and Competent Valuations in the minerals and oil and gas industry to the extent that they use all of the various Mineral Resource and Reserve Disclosure Guides and have comprehensive checklists which compare them;
- Venmyn also reports into most international Securities Exchanges and is familiar with the Listing Requirements for the various Exchanges and their relationship to the Mineral Resource and Mineral Reserve Disclosure guides and Valuation principles;
- Andy Clay has also been intimately involved with the JSE and the evaluation of ongoing reporting problems and contradictions that the various international Disclosure Guides and Listing Requirements create;
- For the past ten years, he has been actively involved in consideration of the implications of the IASB Extractive Industries Discussion Papers and the difficulties of Mineral Asset reporting, Valuation and incorporation into Balance Sheets of mineral companies; and
- Andy Clay has been heavily involved in the evaluation of Oil and Gas Codes and in particular collaboration with John Etherington in this regard.

At the outset, please note that we have been strongly suggesting to the South African SSC and to the JSE that the NI 43-101 methodology and simple itemising of reporting requirements should serve as the template against which SAMREC/JORC checklists should be aligned.

It would be enormously rewarding if you could help to take the lead in rationalising your headings to serve as the global template for writing of Technical and Valuation Reports. I should tell you that, whilst there might be resistance to this, there should be a logical inevitability that movement towards NI 43-101 will take place since you are the only Code which essentially identifies the Technical Report content and therefore the way to write a report.

With respect to the above I have approval from Mike O'Brien, the Chairman of the SAMREC/SAMVAL Committee (SSC) Working Group to include drafts of the latest position papers on valuing Inferred Resources, Inclusive and Exclusive Reporting and the registration of Competent Person's (CP's) and Competent Valuators (CV's).

1. INTRODUCTION

The Canadian Securities Administrators (CSA) adopted in the Current Mining Rule in 2001 and it has been monitored it since then. The last update of the Current Mining Rule came into effect in 2005. In 2009, the CSA proposed changes to the Current Mining Rule in order to address a range of issues relating to the Current Mining Rule.

The purpose of the change is to:-

- eliminate or reduce the scope of certain requirements;
- provide more flexibility to mining issuers and qualified person's in certain areas;
- provide more flexibility to accept new foreign professional associations, professional designations, and reporting codes as they arise or evolve;
- reflect changes that have occurred in the mining industry; and
- clarify or correct areas where the Current Mining Rule is not having the intended effect.

The changes to the mining rule were proposed because of issues identified through reviews, public comment and consultation. The proposed changes are meant to represent more efficient and effective regulation that will reduce issuer's costs without compromising investor protection.

This document intends to address some issues regarding the National Instrument documentation as well as compare it to the SAMCode documentation and will attempt to find a standard that can include all important features in a logical order that is easy to use and understand.

2. LONG FORM REPORTS

Good communication has made the world a smaller place and this creates the necessity of making certain that compliance codes are followed and that the information reported on is accurate. Regulations are becoming more global and this aids companies in listing on various exchanges without significant costs. It aids the investors and exchanges by moving towards compatible, compliant and easily comparable documents. Venmyn supports any movement towards an internationally accepted rule and a move towards standardised report styles.

Venmyn is supportive of the National Instrument and considers the Canadian National Instrument compliance code to be industry best practice due to the emphasis on verification of results. However, there are some comments that we feel should be considered in order to improve the current code.

2.1. Structure of Report

The National Instrument documentation is prescriptive about ordering of Items within the report. One concern is that the current order of reporting can become confusing. For example, the history of a project (Item 8) details prior ownership, exploration, type, amount, quantity and results of development done previously, historical resource and reserve estimates and any production. However, the geological setting, deposit type and mineralization have not yet been discussed. The reader gets a great deal of detail about the project, which has not yet been introduced except in the summary. In this example, the reader cannot get a good idea of the suitability and accuracy of past exploration, as they have no knowledge of the deposit at that stage.

2.2. Exclusions from Main Rule

There is some discrepancy between the main code and the guidelines, amendments and additions. Where such discrepancy occurs, the main code should be used. Materiality and relevance should always be the most important aspect of reporting and should be considered when any inconsistency occurs.

An example of such a discrepancy is that no socio-political risk is required when updating exploration project reports.

Item 3.5 Exception for Written Disclosure Already Filed *- Sections 3.2 and 3.3 and paragraphs 3.4 (a), (c) and (d) do not apply if the issuer includes in the written disclosure a reference to the title and date of a previously filed document that complies with those requirements.*

This means that a company need not declare any socio-political risk if updating a previous report. However, this risk is important especially in early-stage projects that are generally more high-risk (for example during exploration phase). Early stage project results are very volatile and exclusion of certain risks may give the project a very different outlook. Country risk can be a fatal flaw in a project but it is not considered in the National Instrument rule.

In order to clarify confusion, it must be prescribed that a company must disclose relevant information concerning the status and characteristics of a mineral deposit that could materially influence the economic value of that deposit, and promptly report any material changes in its Exploration Results, Mineral Resources and Mineral Reserves and/or project valuations.

2.3. Multiple Projects

The current emphasis amongst exchanges is for ‘‘clear and concise” reporting. It is preferred that reports are not too lengthy or complicated. Venmyn agrees with this move and have developed a fully SAMREC compliant, short form Technical Statement to accommodate this trend.

The problem encountered is the National Instrument prescribes a report structure that exactly matches their Table of Contents. Venmyn has been successfully reporting for companies with up to fourteen assets on other exchanges, in the format shown in Scenario 1 below. An outline for the company, its assets, the proposed transaction and relevant country and market profiles is given under items 1 to 5 and 20 to 26. The individual assets are then described in Items 6 to 19 as a unit. This helps to put the project into perspective and gives an overview of the companies and a detailed look at the individual properties.

However, Canada rejects such an approach.

Some regulators insist that each project be described under each Item as indicated in Scenario 2 below. Under these circumstances, the continuity of each asset is lost, as one has to page through the report, from Item by Item, to acquire the data for that project under each Item. In addition, if any material change on a project requires a report to be filed, the full documentation for the company has to be resubmitted, as the projects are not dealt with asset by asset. This structure can lead to confusion and may have a considerable cost impact. This approach defeats the goal of “clear” reporting.

An alternative proposed by Canadian regulators, is to report each asset separately, as a fully independent documents with Items 1 through to Item 26 for each asset. In this case annual filing is simplified but there is no outline dealing with the nature of any transaction being undertaken in the documentation and this will lead to substantial repetition of material. For example, where assets have similar geological environments, the regional and local geology would be repeated for each asset. Such an approach defeats the goal of “concise” reporting.

Venmyn requests decisions on the form and content that is acceptable for compliance. Hence we face the dilemma of wishing to adhere to the National Instrument code but being forced into reporting styles that are neither “clear nor concise”.

2.4. Preliminary Assessment

The valuation of Inferred Resources is a thorny issue and the Preliminary Assessment process included in NI43-101 is fantastic as it allows for the valuation of early stage Inferred Resources. This means that “demonstrating reasonable and realistic prospects for eventual economic extraction” is absolutely facilitated by Canada.

However it is highly recommended that this clause is taken out of the section marked “Prohibited Disclosure”.

Scenario 1- Single Report With Combined Outline				
Item 1	Title Page			
Item 2	Table of Contents			
Item 3	Summary			
Item 4	Introduction			
Item 5	Reliance on Other Experts			
Item 6	Property Description, Location	Asset 1	Asset 2	Asset 3
Item 7	Accessibility etc			
Item 8				
Item 10				
Item 11				
Item 12				
Item 13				
Item 14				
Item 15				
Item 16				
Item 17				
Item 18				
Item 19				
Item 20	Other Data			
Item 21	Interpretations and conclusions			
Item 22	Recommendations			
Item 23	References			
Item 24	Date and Signature			
Item 25	Additional Requirements			
Item 26	Illustrations			
▪ Overview of transaction clear at beginning ▪ No repetition of information that is applicable to all projects ▪ Continuity of information on each project ▪ Easy to remove sold or dormant projects				

Scenario 2- Single Report Many Projects	
Item 1	Asset 1
	Asset2
	Asset 3
Item 2	Asset 1
	Asset2
	Asset 3
Item 3	Asset 1
	Asset2
	Asset 3
Item 4	Asset 1
	Asset2
	Asset 3
Item 5	Asset 1
	Asset2
	Asset 3
Item 6	Asset 1
	Asset2
	Asset 3
Item 7	Asset 1
	Asset2
	Asset 3
Item 8	and so on
Item 19	
Item 20	
Item 21	
Item 22	
Item 23	
Item 24	
Item 25	
Item 26	
▪ Tedious repetition of data ▪ No overview of individual project ▪ Difficult to remove projects	

Scenario 3- Separate Reports			
Item 1	Asset 1	Asset 2	Asset 3
Item 2			
Item 3			
Item 4			
Item 5			
Item 6			
Item 7			
Item 8			
Item 10			
Item 11			
Item 12			
Item 13			
Item 14			
Item 15			
Item 16			
Item 17			
Item 18			
Item 19			
Item 20			
Item 21			
Item 22			
Item 23			
Item 24			
Item 25			
Item 26			
▪ Continuous reading of projects good ▪ Massive repetition ▪ No Item for overview of multiple project reports			

2.5. SAMREC/SAMVAL Committee Workgroups

In South Africa, The SAMREC/SAMVAL Committee (SSC) is currently running a number of workgroups in which discussions of the current SAMCodes are being undertaken. The South African outlook is towards international compliance and improved clear and concise reporting.

The workgroups and discussions are attached for your consideration.

3. SHORT FORM REPORTS

The CSA is currently considering whether to keep, modify or eliminate the short form prospectus trigger for a technical report. It is thought that the requirement to prepare a new technical report imposes extra costs and limits an issuer's ability to complete these offerings on a timely basis. The current issue is whether the reduced costs to issuers by eliminating this requirement would outweigh the benefit to investors of keeping it. Are the extra costs and delays a significant concern to industry or will investors be disadvantaged if the scientific or technical disclosure in a short form prospectus is not supported by a technical report.

Venmyn have found this short form and style of reporting is currently very popular and many companies are preparing Independent Mineral Resources and Mineral Reserves as well as the Technical and Valuation components that are required for SAMCode Compliance as Short-Form Reports. The NI 43-101 Short-Form Reports are also very popular. Some exchanges are insisting on "short and concise documents" for which the short form reports are highly suitable. The process was incorporated into the JSE Listing Requirements, albeit, under the name "Executive Summary".

At Venmyn, we fully appreciate that companies are focusing on cash preservation, and that public reporting on a regular basis, while necessary, can be a costly exercise (both in terms of time and money). Clients may even try to assess the cost-benefit of compliant reporting before a decision is made to engage independent services. We argue that the value of independent reporting and disclosure far outweighs the associated costs. We also believe that the time for short-form reporting has come and we have pioneered this short form of reporting in our Technical Statements.

Technical Statements are highly graphic, client-branded, investor friendly, technical reports, reviewed by a Competent Person, which consider all material aspects of reporting and present these in a highly summarised form. These Technical Statements detail the most significant aspects of any project, clearly identifying upside potential, highlighting recommendations and/or identifying fatal flaws. These documents are simple and leave little room for ambiguity or hiding unwanted truths in long, complex reports. These reports are easily readable to both technical and non-technical investors. A standard template also allows different projects to be more easily compared and assessed on a like-vs.-like basis.

We have found that these Technical Statements are becoming increasingly popular in the market and are used as fact sheets, material change statements, investor brochures, executive summaries, and so on. We have developed various spin-off products such as Valuation Statements, Metallurgical Statements and Environmental Statements etc, all of which are fulfilling our clients reporting requirements but reducing the associated costs.

While there is still a place and need for long form reports, Venmyn feel that these short form reports provide more at less cost, and are often more appropriate. Investor relations should be prominent and disclosure should be a public company's priority.

4. DISCUSSION

The National Instrument and SAMREC compliance code requirements have been attached and their differences are considered. In general, the content of the compliance codes is the same but the structure of the report is different. Both require similar features but the emphasis and structure differ.

In South Africa, the SAMREC Code prioritises materiality, transparency and competency. The reports and intended for the intelligent layman and must comply with the JSE Listing Requirements in order to be publicly listed. The SAMREC Code does not prescribe a structure but places more emphasis on the contents. However, this compliance code requires annual reporting even for inactive projects and this leads to lengthy reports that may contain a large amount of repetition. Valuation is compulsory even for exploration projects.

In Canada, The National Instrument has a very prescriptive set of Items 1 to 16. The emphasis of reporting is on data verification. There is no reader's panel for Canadian compliance codes and lawyers consider reports before they can be accepted. The compliance code requires a large amount of detail and it must all be included for each project.

In Australia, The JORC Code places emphasis on clear, concise and effective reporting that contains no extra information but must include any relevant and material information in a transparent way. Each report style has a different purpose, structure and size that must be decided and considered before a report can be compiled.

The South African reports can range from a full Competent Person's Report of 300 pages to Short Form Reports of less than five pages. The National Instrument has good data verification but reports are neither clear nor concise. In any compliance code, the four pillars of reporting are fairness, responsibility, accountability and transparency. These should be the most important aspect of reporting.

5. CONCLUSIONS

Venmyn's "passion for compliance" is well known in the industry, as is shown by our involvement in the on-going development of the SAMREC and SAMVAL codes. We have, thus far, favoured the Canadian National Instrument compliance code as the industry best practise, because of the emphasis embodied in the code on the verification of results. We fully support the National Instrument and prefer the prescribed style of Itemisation of rules. Venmyn urges the Instrument to move towards international compliance. Relevance and materiality are the overriding principles that should determine what information should be publicly reported.

Please find below a comparison of NI 43-101 headings (Item 1 – 26) and the cross link to the SAMREC Code. You will notice that, to a large extent the headings are broadly the same.

Yours sincerely

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NI43-101 REQUIREMENTS	
CODE	ASSESSMENT CRITERIA
NI 1	Title Page
NI 2	Table of Contents
NI 3	Summary
NI 4	Introduction/Project Outline
NI 5	Reliance On Other Experts
NI 6	Project Description And Location
NI 7	Accessibility, Climate, Local Resources, Infrastructure And Physiography
NI 8	History
NI 9	Geological Setting
NI 10	Deposit Types
NI 11	Mineralization
NI 12	Exploration
NI 13	Drilling
NI 14	Sampling Method And Approach
NI 15	Sample Preparation, Analyses And Security
NI 16	Data Verification
NI 17	Information On Adjacent Properties
NI 18	Mineral Processing And Metallurgical Testing
NI 19	Mineral Resource and Mineral Reserve Estimates
NI 20	Other Relevant Data And Information
NI 21	Interpretation And Conclusions
NI 22	Recommendations
NI 23	References
NI 24	Date And Signature Page
NI 25	Additional Requirements For Technical Reports On Development Properties And Production Properties
NI 26	Illustrations

SAMREC CODE REQUIREMENTS	
CODE	ASSESSMENT CRITERIA
T1	**General**
T1.1	Purpose of Report
T1.2	Project Outline
T1.3	History
T1.4	Key Plan, Maps and Diagrams
T1.5	Project Location and Description
T1.6	Topography and Climate
T1.7	Legal Aspects and Tenure
T2	**Project Data**
T2.1	Data Management and Database
T2.2	Spatial Data
T2.3	Geological Data
T2.4	Specific Gravity and Bulk Tonnage
T2.5	General Data
T3	**Sampling**
T3.1	Sampling Governance
T3.2	Sample Method, Collection, Validation, Capture and Storage
T3.3	Sample Preparation
T3.4	Sample Analysis
T4	**Interpretation/Modelling**
T4.1	Geological Model and Interpretation
T4.2	Estimation and Modelling Techniques
T5	**Techno-Economic Study (Inc. Modifying Factors)**
T5.1	Governmental
T5.2	Environmental
T5.3	Social
T5.4	Mining
T5.5	Treatment/ Processing
T5.6	Infrastructure
T6	**Risk Analysis**
T7	**Resource and Reserve Classification Criteria**
T8	**Balanced Reporting**
T9	**Audits and Reviews**
T10	**Other Considerations**
T11	**Qualification of CP(s) and Key Personnel. Date and Signature Page**

6. REFERENCES

THE 2007 SAMREC CODE FOR REPORTING OF EXPLORATION RESULTS, MINERAL RESOURCES AND MINERAL RESERVES

THE 2000 SAMREC CODE FOR REPORTING OF EXPLORATION RESULTS, MINERAL RESOURCES AND MINERAL RESERVES

National Instrument 43-101 - Standards of Disclosure for Mineral Projects, Form 43-101F1 and Companion Policy 43-101CP

JSE Listing Requirements