



October 6, 2008

George Bentley, Communications and Consultations Manager
Expert Panel on Securities Regulation
Ottawa, Ontario
K1A 0G5

Dear Sirs/Mesdames:

The Prospectors and Developers Association of Canada (the “**PDAC**”) is a national organization whose membership consists of approximately 6,000 individual members (including prospectors, developers, geoscientists, consultants, mining executives, and students, as well as those involved in the drilling, financial, investment, legal and other support fields) and 950 corporate members (including senior, mid-size and junior mining companies and organizations providing services to the mineral industry throughout the world).

The mining industry is a vibrant and important part of Canada’s capital markets. More mining companies are listed on Toronto Stock Exchange and TSX Venture Exchange (“**TSX-V**” and, together with the Toronto Stock Exchange, the “**TSX Exchanges**”) than any other exchange in the world. As of March 31, 2008, the TSX Exchanges had approximately 1,400 mining issuers valued at over US\$378.5 billion. These mining issuers raised US\$19.0 billion in 2007, which represents 35% of total world equity capital for mining in 2007, and raised US\$2.85 billion in equity capital financing in the first quarter of 2008.

The PDAC’s Securities Committee has been involved in the reform of the securities regulatory system in Canada. As you will see from the various documents attached to this letter, we have been active participants in the debate over securities reform for many years. We have read with great interest your stakeholder report dated August 2008 (the “**Report**”) and would like to take this opportunity to share our views on some of the issues discussed in the Report. Additionally, we would like to take this opportunity to share a recent membership survey (the “**Survey**”) conducted on behalf of PDAC by Angus Reid Strategies.

PDAC believes that a single regulator with meaningful regional representation should be the ultimate goal of the reform process. The PDAC also supports uniform securities laws across Canada and proportionate securities regulation on the basis of issuer-size. The results of the Survey demonstrate that PDAC members consider securities reform to be a priority issue at this time and that our members overwhelmingly support the aforementioned positions.

Principles-Based Securities Regulation

Similar to the stakeholder sentiments expressed in the Report, the PDAC believes that a principles-based approach is laudable where it affords an issuer the flexibility to tailor its disclosure in a manner appropriate to its industry, business and shareholders. However, the PDAC does have certain reservations and caveats with respect to principles-based regulation: the principles must be clearly enunciated and understandable to a layperson so that issuers and regulators alike can evaluate whether an issuer is in compliance. In this respect, the PDAC

agrees with the submission of the Canadian Trading and Quotation System Inc. that securities regulation should be based on principles, but not be restricted to statements of principles alone. Furthermore, the PDAC believes that principles-based regulation will work best in the context of a single securities regulator because such an approach requires a single coherent vision of the desired outcome being regulated.

Securities Regulatory Structure

Single Securities Regulator

The PDAC believes that the exploration and mining industry is a single industry for several reasons: (i) while mining issuers are resident in primarily BC and Ontario, they also exist in Quebec, Alberta, Saskatchewan and the Maritimes; and (ii) investors are resident in all of the Provinces and territories of Canada. As such, the PDAC has long supported the institution of a securities regulatory system administered by a single regulator. The Survey found that 88% of PDAC members surveyed wanted a single securities regulator while almost half of respondents to the Survey expressed dissatisfaction with the provincial securities commissions.

The PDAC believes that the single securities regulator does not need to be an agency of the federal government, nor based in Ottawa. However, it does need to be close to financial centres, removed from political influence, innovative and responsive to market needs, and cognizant of sectoral and regional interests.

While the Survey found moderately positive ratings for the current passport system. However, when asked to choose between a continuation of the passport system with Ontario as a participant and a single securities regulator, 62% of respondents preferred a single regulator while only 10% preferred an Ontario-inclusive passport system. Similarly, the PDAC agrees with the sentiments of certain of the stakeholders set out in the Report in that it believes that the passport system is a good interim measure, but not a final solution to the issues surrounding securities regulation in Canada.

Similar to the opinions related in the Report, the PDAC believes that the strengths of the current system such as a regional distribution of authority and regional centres of excellence in certain industries could be preserved in an appropriately designed common regulatory structure. In this respect, we differ from the opinions presented in the submissions of the Association for Mineral Exploration BC in that we feel that the benefit of concentrated pockets of expertise in various locations in Canada could be preserved through the use of centres of excellence, whereby regional offices of a single securities regulatory authority would be primarily responsible for administering the affairs of an industry or other issuer group.

For an expanded discussion of the PDAC's views on a single securities regulator and regional issues, we refer you to our submissions to the Crawford Panel, the Wise Persons Committee and the summary of the PDAC's testimony before the Wise Persons Committee which are each attached to this letter.

Uniform Securities Laws

Junior exploration companies generally raise small amounts of money during the course of numerous successive financings. Since legal requirements under securities laws vary from jurisdiction to jurisdiction, ensuring compliance with each of them is time consuming and expensive. As a result, most PDAC member companies reduce costs by raising money in only

two or three provinces. This means that residents of the other regions in Canada are excluded from participating in many financings and that junior companies are not able full access to fully access Canada's capital markets on a cost-effective basis. The PDAC believes that uniform securities legislation will not function properly unless the interpretation, application and administration of those laws are consistent between jurisdictions. Accordingly, one regulatory body with one securities act, consistently, proportionally and efficiently applied, is the best solution to reduce redundancies in the current system, lower the cost of financings and ongoing compliance, and ensure that all potential Canadian investors have equal opportunity to participate in Canada's vibrant mining market.

For an expanded discussion of the PDAC's views on uniform securities laws, we refer you to our submissions to the Crawford Panel and the Uniform Securities Legislation Project Steering Committee which are each attached to this letter.

Proportionate Securities Regulation

More than 65% of the TSX Exchanges' mining issuers are junior exploration companies listed on the TSX-V.

The PDAC has long supported the development of securities laws which provide junior issuers with access to capital on a timely, effective and cost efficient basis and include disclosure and reporting obligations that strike a balance between protection of the investing public and ensuring that the maximum amount of a company's financial and managerial resources are available for mineral exploration and development work. In this respect, we agree with the submissions of the Association for Mineral Exploration BC that a proportionate, revenue-based tiered system with appropriate regulation for small issuers is the best approach for the unique structure of Canada's public company market. Furthermore, the Survey found that 75% of PDAC members support the introduction of a separate set of securities laws for junior companies that are less complex, costly and time-consuming than existing securities laws.

In respect of specific issues raised in the Report, we note that we have commented on securities law reform in connection with the Crawford Panel (2005), the Wise Persons Committee (2003), the Uniform Securities Legislation (2003), the Inter-Provincial Securities Initiative (2003), the BC Model (2003) and the IDA's Task Force to Modernize Securities Legislation (2005). Rather than repeat those submissions here, we attach them for your review.

We thank the Panel for considering our submissions. If the Panel or any of its members would like to discuss our comments further please contact Gregory Ho Yuen, Chair of the PDAC's Securities Committee at (416) 865-4534.

Yours truly,

Prospectors and Developers Association of Canada



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President