

June 29, 2007

**Mr. John Stevenson**

Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 1900, Box 55  
Toronto, Ontario M5H 3S8

**Mme Anne-Marie Beaudoin**

Directrice du secrétariat  
Autorité des marchés financiers  
Tour de la Bourse  
800, square Victoria  
C.P. 246, 22e étage  
Montréal, Québec H4Z 1G3

Dear Mr. Stevenson and Mme Beaudoin,

**Re: Request for Comments to Proposed NI 52-109**

On behalf of the 7000 members of the Prospectors and Developers Association of Canada (“PDAC”), we are responding to the CSA’s following specified question with regards to venture issuers: “Do you agree that the ICFR design accommodation should be available to venture issuers? If not, please explain why you disagree.” Our response on behalf of our membership is that we don’t agree that venture issuers should be subject to the ICFR requirements in the first place which renders the Design Accommodation (as defined below) unnecessary.

The association works to ensure a robust mineral industry in Canada, and encourage the highest standards of technical, environmental, safety and social practices in Canada and internationally. Seventy-five years after its founding, the PDAC represents all members of the diverse exploration community, including junior and senior companies, prospectors and geoscientists; industry executives and students; members of the financial, legal and academic communities; and suppliers to the mineral industry.

On March 30, 2007, the Canadian Securities Administrators (the “CSA”) published for comment revised National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* and its Companion Policy (the “New Proposals”). Under the New Proposals, “venture issuers” (reporting issuers that have market capitalization of less than \$25 million who are not listed on the TSX nor a US exchange nor most international exchanges) face significant new internal control over financial reporting (“ICFR”) requirements.

Under New Proposals, the management of all reporting issuers including venture issuers must evaluate an issuers’ ICFR and provide management discussion and analysis (“MD&A”) disclosure about their conclusions about the effectiveness of ICFR based on such evaluation. The New Proposals

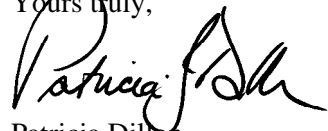
will require certifying officers to certify in their annual certificates that they have evaluated the effectiveness of the issuer's ICFR at the end of the financial year and that they have disclosed in their annual MD&A their conclusions about the effectiveness of the ICFR at the financial year-end based on their evaluation. The New Proposals no longer require non venture issuers to obtain from their auditors an internal control audit opinion concerning managements' assessment of the effectiveness of ICFR.

Under the New Proposals, where "reportable deficiencies" have been identified by the management of venture and non venture issuers, any such "reportable deficiency" must be disclosed in their annual MD&A including a description of how and when management intends to remediate the reportable deficiency. The New Proposals attempt to accommodate venture issuers by allowing them to disclose a reportable deficiency without having an immediate remediation plan in place if they cannot "reasonable" remediate the deficiency and they disclose the reportable deficiency, in each annual and interim MD&A, explaining why the venture issuer cannot reasonably remediate the deficiency, what related risks the venture issuer faces, and whether the venture issuer has mitigated those risks and, if so, how (the "Design Accommodation").

Prior to the New Proposals, the CSA had previously published for comment Multilateral Instrument 52-111 *Reporting on Internal Control Over Financial Planning* and an amended and restated Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* in February 2005 (the "2005 Proposals"). The 2005 Proposals mirrored similar SOX requirements in the US and required management of non venture issuers to evaluate the effectiveness of the issuer's ICFR and also required such issuers to file management and auditor's reports regarding the issuer's ICFR. However, after consultation the CSA determined not to follow the US approach and announced its intention in the New Proposals to improve upon the 2005 Proposals by eliminating the requirement for non venture issuers to obtain an auditors' report concerning management's assessment of the effectiveness of an issuer's ICFR and by allowing venture issuers the Design Accommodation.

In moving from the 2005 Proposal to the New Proposals, the CSA has eliminated the requirement for non venture issuer to obtain from its auditor an internal control audit opinion, based, it appears, on concerns received from smaller issuers. However, the CSA has also decided in the New Proposals to include venture issuers in the ICFR review and reporting requirements which they were altogether exempted from under the 2005 Proposals. This means that the CSA has in effect given non venture issuers a break on the auditor attestation side while imposing additional regulatory burdens on venture issuers. We do not agree with the CSA's view that the inclusion of the design accommodation in the New Proposals adequately accommodates the challenges faced by venture issuers in designing ICFR. We urge the CSA to revert to the 2005 Proposals and exempt venture issuers altogether from ICFR design, evaluation and reporting requirements.

Yours truly,



Patricia Dillon  
President