



Public Companies & Securities

The Opportunity to Reform and Improve SEC Guide 7

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- **Current climate**
- **Opportunities for reform**
- **Coping in the meantime**

- **Relevant factors affecting reform**
 - Difficult economic conditions
 - Substantial resources available for development
 - Rare earth considerations
 - Dodd-Frank Act

 - **SEC's position**
 - Verbal sympathy from Division of Corporate Finance reserve engineers
 - Continued enforcement of disclosure standards

 - **Oil & gas reform of Guide 2**
 - SEC adopted final rules December 29, 2008
 - Comparison to mining industry
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- **Persistent industry pressure with respect to Guide 7 and mining issues generally**
 - SME and CRIRSCO comment letters
 - Attempts to meet with the SEC

■ **Going Directly to the SEC**

- Continue to seek meetings with the SEC and other opportunities to advocate for change
- Participate in comment process with respect to rulemaking on mining related matters
- Continue to appeal to SEC engineers for change to Guide 7 requirements

■ **Appeals to Congress**

- National Mining Association – Voice of American mining industry in D.C.
 - Ask mining friendly congress persons to put pressure on SEC to change Guide 7 requirements
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- **Foreign Private Issuers**

- **Domestic Issuers**
 - Canadian Incorporated
 - U.S. Incorporated

- **Foreign private issuers allowed to disclose mineral reserves and resources based on home jurisdiction requirements**
- **Thus no Guide 7 concerns in SEC filings, in press releases or on company website**

- **Canadian incorporated domestic issuers are allowed to report NI 43-101 compliant reserves and resources in SEC filings**
 - Include legends for U.S. investors
 - Reconcile reserves to Guide 7 standards

- **Disclosure in press releases and on company website is similarly flexible**

- **In SEC filings**

- Reserves must be reported in accordance with Guide 7
- Resources terminology may not be used; may report mineralized material (essentially corresponding to measured and indicated resources)

- **Disclosure limitations do not extend to press releases and company website disclosures**

- Care should be taken to avoid confusion between different standards
- Include legends for the benefit of U.S. investors