CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

Multilateral CSA Notice 45-312
Proposed Prospectus Exemption for Distributions to Existing Security Holders

November 21, 2013

Introduction

The securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Yukon, Northwest Territories and Nunavut (the participating jurisdictions or we) are publishing for comment a substantially harmonized proposed prospectus exemption (proposed exemption) that would, subject to certain conditions, allow issuers listed on the TSX Venture Exchange (TSXV) to raise money by distributing securities to their existing security holders.

This notice summarizes the terms of the proposed exemption and includes a request for comment.

Background

Prospectus distributions and prospectus exempt distributions

One of the main requirements of securities legislation is that an issuer distributing a security must file and obtain a receipt for a prospectus. The prospectus must contain full, true and plain disclosure of all material facts relating to the securities being offered. Investors who purchase securities under a prospectus are provided certain statutory rights.

Where alternative protection exists, securities legislation provides exemptions from the prospectus requirement.

The most commonly used prospectus exemption is the accredited investor exemption. The accredited investor exemption is available for the sale of securities to both new investors and existing security holders provided that they meet the definition of "accredited investor". If an issuer wants to raise money from investors who are not accredited investors (retail investors), without a prospectus, the principal prospectus exemptions available include:

- offering memorandum;
- rights offering; and
- TSXV short form offering document.

Our data shows that TSXV issuers do not generally use any of these exemptions to raise capital from retail investors. Our data also shows that, after the initial public offering, TSXV issuers rarely conduct prospectus offerings.

Market participants report that TSXV issuers are not conducting prospectus offerings or using prospectus exemptions to sell to retail investors because of the time and cost involved in

preparing the required offering document. This is exacerbated by the risk of a failed financing – they must incur significant up-front costs that are payable regardless of the success of the financing.

This means that retail investors that want to invest in these issuers must generally buy their securities on the secondary market.

Retail investors

Because TSXV issuers rarely conduct prospectus offerings or use the prospectus exemptions intended for sales to retail investors, retail security holders have limited opportunity to invest directly in TSXV issuers.

This means retail investors:

- must pay market price instead of the discounted price typically available in private placements to accredited investors;
- must pay brokerage commissions; and
- are unable to acquire the warrant "sweeteners" typically issued with shares in private placements to accredited investors.

This also means that TSXV issuers do not have access to a potential source of capital.

Proposal

We have received submissions and comments from a number of market participants asking us to consider a new prospectus exemption to facilitate capital raising, particularly by TSXV issuers.

Because they are reporting issuers, TSXV issuers must comply with both continuous disclosure obligations and insider trading prohibitions under applicable securities legislation. As listed companies, they are also subject to disclosure and other obligations and restrictions under the TSXV's Corporate Finance Manual. Currently, retail investors can buy an unlimited number of securities of TSXV issuers on the secondary market, without any additional disclosure.

In developing the proposal, we considered the submissions and similar prospectus exemptions available in other jurisdictions, in particular Australia.

The proposed exemption

We are proposing a new prospectus exemption with the following key conditions:

- the issuer must have a class of equity securities listed on the TSXV;

- the issuer must have filed all timely and periodic disclosure documents as required under applicable securities laws;

- the offering can consist only of the class of equity securities listed on the TSXV or units consisting of the listed security and a warrant to acquire the listed security;

- the issuer must issue a news release disclosing the proposed offering, including details of the use of proceeds;

- each investor must confirm in writing to the issuer that as at the "record date" the investor held the type of listed security that the investor is acquiring under the proposed exemption;

- unless the investor has obtained advice regarding the suitability of the investment from a registered investment dealer, the aggregate amount invested by the investor in the last 12 months under the proposed exemption is not more than $15,000;

- an investor must be provided with certain rights of action in the event of a misrepresentation in the issuer's continuous disclosure record; and

- although an offering document is not required, if an issuer voluntarily provides one, an investor will have certain rights of action in the event of a misrepresentation in it.

We propose that the first trade of securities issued under the proposed exemption will be subject to resale restrictions under section 2.5 of National Instrument 45-102 *Resale of Securities* like most other capital raising prospectus exemptions. In addition, issuers will have to file a report of exempt distribution within 10 days after each distribution under the proposed exemption.

This is only an exemption from the prospectus requirement. There is no corresponding exemption from the dealer registration requirement.

Investor protection considerations

Disclosure document

Currently, a distribution of securities to retail investors requires a prospectus or other disclosure document. If the issuer is a reporting issuer, the disclosure document is typically short, incorporating by reference the continuous disclosure documents that have been filed by the reporting issuer and providing certain supplementary disclosure relating to the distribution.

In the case of a prospectus, the supplementary disclosure is the short form prospectus, which must include any additional information necessary to ensure the issuer has made "full, true and plain disclosure of all material facts". In the case of a prospectus-exempt rights offering or an offering memorandum prepared under the offering memorandum prospectus exemption, the supplementary disclosure must not contain a misrepresentation.

Under the proposed exemption, an issuer is not required to provide prospective investors with a supplementary disclosure document, other than an offering news release.

We considered whether it is necessary to require a supplementary disclosure document. We think that the issuer's continuous disclosure obligations under securities legislation, as supplemented by its obligations under the TSXV Corporate Finance Manual, will provide investors with sufficient information on which to base an investment decision.

In addition, we are proposing requiring the issuer to represent to prospective purchasers in the subscription agreement that there are no material facts or material changes relating to the issuer that have not been generally disclosed. This will reinforce the goal of statutory insider trading prohibitions.

Ability to withstand loss

Under the exemption, an existing security holder could invest up to $15,000, which limits the investor's potential loss. However, we recognize that retail investors can invest whatever amount they decide on the secondary market. For this reason, and because, in certain circumstances, an investment above $15,000 may be suitable for an existing retail security holder, the proposed exemption contemplates that an investor may invest more than $15,000 if they receive suitability advice from a registered investment dealer.

Protection afforded by being an existing shareholder

Another assumption underlying the proposed exemption is that being an existing security holder provides a form of investor protection. Being a security holder indicates that the investor has previously made an investment decision about the issuer. This suggests that the investor has some familiarity with the issuer, including its trading record and its continuous disclosure. Further, if an investor is an existing security holder, we may generally assume that the investor has at least some limited investing experience.

Record date

The record date is the date on which a security holder must already hold securities of the TSXV issuer in order to be eligible to acquire securities under the proposed exemption. The record date will be prior to the date of the announcement of the offering. We are currently considering what would be the appropriate record date.

One alternative is to set the record date up to one day before announcement of the offering. As the proposed exemption requires that the investor already be a security holder, the investor will have already considered whatever information or advice they needed to make an investment decision. There is no reason to differentiate between a security holder that bought the securities one day before the announcement of the offering and a security holder that bought the securities some longer period before the announcement of the offering.

A second alternative is to set the record date some longer period before announcement of the offering. We are considering whether there is any added protection in requiring that an investor be a security holder for a period of time longer than one day. Possibly, this could indicate the security holder has more familiarity with the issuer, its disclosure and trading record. We have queried whether a longer period might reduce the risk of a "pump and dump" where high pressure sales tactics could be used to solicit new unsophisticated investors to buy a small number of securities in the secondary market on day one, then enabling the issuer to sell them $15,000 under the proposed exemption on the next day.

Implementation by blanket order or rule
The participating jurisdictions, other than the Alberta Securities Commission (ASC), the Autorité des marchés financiers (AMF) and the Financial and Consumer Services Commission (New Brunswick) (FCNB), intend to adopt the proposed exemption by way of a blanket order. The ASC, AMF and FCNB contemplate adopting the proposed exemption by local rule. The proposed exemption is substantially harmonized between the jurisdictions but there are a few differences as described below.

Statutory rights of action for misrepresentation in continuous disclosure
By proposing to adopt the proposed exemption as a rule, the ASC, AMF and FCNB can specify that the statutory secondary market civil liability provisions apply to an investor investing under the proposed exemption. Because the other participating jurisdictions are proposing to adopt the exemption by way of a blanket order, they cannot make this specification. As an interim measure until they decide whether to propose a rule, those jurisdictions propose to require that a contractual right of action for rescission or damages be provided to investors in the event of a misrepresentation in the issuer's continuous disclosure record.

Sunset clause
Because the ASC, AMF and FCNB are proposing to adopt the exemption by rule, if implemented it is intended, subject to amendment, to be permanent. The other participating jurisdictions propose that the blanket order would expire on December 31, 2015, though it could be extended. They intend to monitor the use of the proposed exemption during this period to assess its usefulness for issuers, whether retail investors want to use it to acquire securities from the issuer rather than on the secondary market, and whether it provides sufficient protections for investors before proposing to make it a permanent rule.

Proposed form of exemption in local jurisdiction
Attached as Appendix A to this notice is the proposed blanket order or rule in the local jurisdiction.

Questions
We invite comment on all aspects of the proposed exemption. In particular, we would like to receive feedback in respect of the following questions:

1. If you are a TSXV issuer, will you use the proposed exemption?

2. Should the proposed exemption be available to issuers listed on other Canadian markets?

3. Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

5. Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

    a. Do you agree that a four month hold period is appropriate for this exemption?

    b. Should we require issuers to provide additional continuous disclosure, such as an annual information form?

    c. If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?

    d. Would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?

9. We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?

Comments
We are inviting comments until January 20, 2014.

Please submit your comments in writing. If you are sending your comments by email, please also send an electronic file containing the submissions in Microsoft Word.

Please address your comments to the following participating jurisdictions:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Please send your comments only to the addressees below. Your comments will be forwarded to the other participating jurisdictions.

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Please note that comments received will be made publicly available and may be posted on the websites of the participating jurisdictions. We cannot keep submissions confidential.

Questions
Please direct your questions to any of the following:

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Appendix A

Alberta Securities Commission
Proposed Rule 45-513
Prospectus Exemption for Distribution to Existing Security Holders

Definitions

1. Terms defined in National Instrument 14-101 *Definitions* have the same meaning in this Instrument.

2. In this Instrument:

   "announcement date" is the day that an issuer issues an offering news release;

   "listed security" means a security of an issuer of a class of equity security listed on the TSX Venture Exchange;

   "offering news release" means a news release issued by an issuer announcing its intention to conduct a distribution under section 3 of this Instrument;

   "record date" is the date that is • days prior to the announcement date;

3. "warrant" means a purchase warrant issued by an issuer that entitles the holder to acquire a listed security or a fraction of a listed security of the same issuer.

Exemption for sales to existing security holders

4. Subject to sections 4, 5, 6 and 7 the prospectus requirement does not apply to a distribution by an issuer of a security of its own issue to a security holder of the issuer purchasing as principal if

   (a) the issuer is a reporting issuer in at least one jurisdiction of Canada with a class of equity securities listed on the TSX Venture Exchange,

   (b) the issuer has filed in each jurisdiction of Canada in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction as required by each of the following:

      i. applicable securities legislation;

      ii. an order issued by the regulator or securities regulatory authority;

      iii. an undertaking to the regulator or securities regulatory authority,

(c) the issuer has issued and filed an offering news release describing in reasonable detail the proposed distribution, including, without limitation,

i. the minimum and maximum number of securities proposed to be distributed under this section and minimum and maximum aggregate gross proceeds of the distribution, and

ii. the proposed principal uses, including estimated dollar amounts, of the gross proceeds of the distribution, assuming both the minimum and maximum offering,

(d) the purchaser represents in writing to the issuer that, on or before the record date the purchaser acquired and continues to hold, a listed security of the issuer of the same class and series as the listed security to be distributed under this section,

(e) neither the issuer nor any salesperson acting on behalf of the issuer in connection with the distribution under this section has any reason to reasonably believe that the purchaser's representation, referred to in paragraph (d), is untrue,

(f) unless the purchaser has obtained advice regarding the suitability of the investment from a person or company registered in the jurisdiction as an investment dealer, the aggregate acquisition cost to the purchaser for the securities purchased under this section, when combined with the acquisition cost to the purchaser of all other securities of the issuer distributed under this section in the last 12 months, does not exceed $15,000.

5. The issuer must represent each of the following to the purchaser in the subscription agreement:

(a) the issuer's "core documents" and "documents", as those terms are defined in Part 17.01 of the Act, do not contain a misrepresentation;

(b) there is no material fact or material change related to the issuer which has not been generally disclosed.

Removal of Exemption

6. The exemption in section 3 is not available for the distribution of a security other than a listed security or a unit comprised of a listed security and a warrant.

7. The exemption in section 3 is not available if trading on the TSX Venture Exchange in the class of listed security to be distributed is suspended under TSX Venture Exchange Policy 2.5 *Continued Listing Requirements and Inter-Tier Movement*.

Offering material

8. Other than the subscription agreement, any offering material provided to a purchaser in connection with a distribution under section 3, must be filed no later than the day that the material was first provided to a purchaser.

Resale restrictions

9. The first trade of a security acquired under section 3 is subject to section 2.5 of National Instrument 45-102 *Resale of Securities*.

Report of exempt distribution

10. On or before the 10th day after a distribution under section 3, the issuer must file a report of the distribution that complies with Form 45-106F1 *Report of Exempt Distribution*.

Application of statutory secondary market civil liability provisions to a purchaser under this Instrument

11. Part 17.01 of the Act applies to a security distributed under section 3.

TUPPER JONSSON & YEADON

BARRISTERS & SOLICITORS
AN ASSOCIATION OF LAWYERS AND LAW CORPORATIONS

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REPLY ATTENTION OF: Carl R. Jonsson
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OUR FILE:

December 4, 2013

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorite des marches financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

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Dear Sirs/Mesdames:

This is in response to your request for comments contained in your Notice 45-312 dated November 21, 2013 relating to a proposed new existing shareholder exemption.

I specialize as a securities lawyer and have had very significant experience with a number of clients who have raised, or have attempted to raise, equity funding pursuant to the existing prospectus exemptions that are available and are referred to in your Notice.

Before answering the specifically numbered questions in the Notice I would like to make the following points:

(a) I am surprised that issuers are not using the Offering Memorandum exemption. I do - and find that it is a relatively simple, inexpensive way for my listed company – and private company – clients to solicit private placement investments in their companies from non-Accredited Investors. Preparing an Offering Memorandum is a very easy way to solicit private placement investments, both from members of the public and existing shareholders. It gives the investors being targeted a reasonable amount of current information and a cooling off period.

(b) I believe that it is a bit naïve to think that, because existing shareholders have access to information about the companies in which they hold shares that they either knowledgeable about investing or knowledgeable about those companies.

(c) It is my understanding that, because companies no longer have to send their financial statements and MD & A's to their shareholders, and only have to send them if they are requested, most shareholders do not request them. And, of course, if they do receive the financial statements they probably cannot understand them because the regulators and the accounting profession have created such onerous and confusing requirements with respect to financial statements that I expect that only accountants and others with significant involvement with financial statements can actually read and properly interpret them.

In the case of my clients I know that few – and in some cases none – of the shareholders request that they be on the mailing list to receive financial statements and MD & A's.

(d) Notwithstanding the above comments I support the idea of creating a new exemption allowing sales to existing securityholders.

In response to the specific questions posed in your Notice, I comment using the paragraph numbering in the Notice:

1. I am sure that all of my clients would be happy to use the proposed exemption whenever they are undertaking private placement equity financings.

2. I believe the proposed new exemptions should be available to issuers listed on other Canadian markets.

3. Although it is an arbitrarily picked figure I think $15,000 is a proper 12-month investment limit.

4. I do not think existing securityholders should be able to invest more than $15,000 under the proposed new exemption. Larger investments can be made if the proposed purchaser receives an Offering Memorandum or is an Accredited Investor.

5. I do not think that there should be no limit in case an investor receives suitability advice from a registered investment dealer. If an investor is to be approached for an investment exceeding $15,000 he should be given an Offering Memorandum or be an Accredited Investor.

6. I do not agree that being a current securityholder in an issuer necessarily enables the investor to make a more informed investment decision with respect to that issuer.

7. I think that an appropriate record date would be at least 7 days before the announcement. This would discourage the threat referred to in the Notice of promoters inducing a potential investor to buy shares on the secondary market to qualify for the proposed new exemption.

8. (a) I think the 4-month hold period would be appropriate;

(b) Filing an AIF would not be of any use. It would be filed after the investment is made by the investor under the new exemption and there is no assurance that the investor would ever access the AIF.

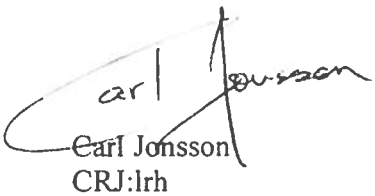
(c) I do not consider that any restrictions proposed in this Clause are necessary.

(d) I do not think any additional requirements would be needed under this Clause as issuers who are trying to raise money under the new exemption will undoubtedly solicit in every jurisdiction in which it is allowed to use the new exemption.

9. I think that the sales under the proposed new exemption should be subject to the Venture Exchange rules or the rules of the other markets on which the shares are listed for trading – the same as if the sales were being made under one of the existing exemptions.

Please note that these are my views only. I am sending them to you on the letterhead above just to better identify myself to you.

Sincerely,



Carl Jonsson
CRJ:lrh

FIORE

December 4, 2013

To: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

To: Larissa Streu
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Tracy Clark
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Re: Multilateral CSA Notice 45-312: Proposed Prospectus Exemption for Distributions to Existing Security Holders

Dear Sirs,

Further to your notice dated November 21, 2013 with respect to a new proposed exemption for existing shareholder participation in TSXV issuers' private placements, I provide the following responses:

To start, I would like to thank the CSA members for moving along such an important initiative as a priority. I strongly support this proposal and hope it will be adopted quickly.

Questions: response as numbered in the notice.

1) I do manage 16 public companies all listed on the TSXV and yes we would avail ourselves of this exemption.

2) It probably makes sense to offer this exemption to other Canadian markets.

3) The $15,000 maximum investment per issuer without a registered investment dealer's advice is appropriate.

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4) If their holdings already exceeded this amount they should be able to invest the same amount again.

5) I agree there should be no limit if the investor has received a registered person's advice.

6) The fact that an investor already owns shares increases the likelihood that they have been watching the market trading and keeping up with any news generated, as a result they are likely better informed than a new investor.

7) I think one day before announcement is the logical record date but no more than thirty days.

8) a) A four month hold is ok for now.

   b) No extra disclosure should be required

   c) No other restrictions are necessary

   d) Yes the greater the participation the better, so open for a maximum of two business days and more likely five would be appropriate.

9) It is appropriate to rely on TSXV rules for the structure of the financing.

Thank you for addressing the matter and I look forward to its adoption.

Sincerely,

Gordon Keep
CEO
Fiore Management & Advisory Corp.

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Our File: 40,500
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December 10, 2013

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Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4

Dear Sir:

Re: CSA Notice 45-312

We are writing to provide you with our comments regarding the proposed Prospectus Exemption for Issuers listed on the TSX Venture Exchange (TSXV), allowing them to raise funds by distributing securities to existing security holders. We are a law firm that represents a number of Reporting Issuers listed on the TSXV. The comments contained in this email represent the views of the writer; they do not necessarily represent the views of any of our clients or any other person.

I will begin by saying that I strongly support this proposed exemption. I believe that it will facilitate raising capital by Issuers in an efficient manner, while adequately protecting investors' interests and the integrity of our capital markets. Given the current market conditions, raising capital has been particularly difficult for junior venture Issuers, and the proposed exemption should be of great benefit.

To assist in your review of these comments, we are providing specific responses to the 9 questions set out in Multilateral CSA Notice 45-312, using the same numbering system. These comments are as follows:

1. I do anticipate that our TSXV listed clients would make use of the proposed exemption. I believe that the exemption will not only facilitate the completion of private placements that would be conducted in any event, it will also encourage Issuers to conduct a private placement where they would otherwise not have done so due to the constraints and costs of the existing exemptions.

2. I understand that one of the bases of the proposed exemption is that investors would be relying on an Issuer's continuous reporting record. Any Issuer listed on an Exchange in Canada

would be subject to the same continuous disclosure obligations, so the same rationale would apply, suggesting that the exemption should be market agnostic. However, one of the safeguards of the proposed exemption is that an Issuer listed on the TSXV would be required to comply with the rules and policies of the TSXV and, as appropriate, obtain the approval of the TSXV to any private placement. The existing TSXV policies include restrictions relating to the pricing and size of private placements and the Exchange, in general, plays a gatekeeping role regarding the use of the proposed exemption. The proposed exemption could (and logically should) be made available to Issuers listed on other Canadian markets provided that the members of the CSA are satisfied that the rules and requirements of such other market provide safeguards comparable to that provided by the TSXV policies. In the absence of such safeguards the exemption should not be made available to Issuers listed on other markets.

3. I believe that the proposed $15,000 annual limit on investment is within a range of what I would consider to be a reasonable limit. The ability to increase this amount by obtaining advice from a registered dealer ensures that it will not be a debilitating factor.

However, we do have one concern regarding the enforcement of the annual limit. Because the limit will apply to an investment in any Issuer during a 12 month period, a particular Issuer will have no ability to monitor or independently verify whether or not an investor is complying with this limit. We are concerned about the possibility of an Issuer being held responsible where, without its knowledge, an investor has exceeded the annual limit. A specific provision in Instrument confirming that an Issuer is entitled to rely solely on an investor's written confirmation that he/she has complied with the limitation (or obtained the require advice) would address this concern.

4. As noted above, obtaining advice from a registered dealer is one circumstance where is may be suitable for a retail security holder to invest more than $15,000 in a TSXV listed Issuer. Another circumstance where it would be suitable is if the investor has significant financial resources that would permit them to sustain a significant loss, such as a person who qualifies as an accredited investor. Of course, in such case the accredited investor exemption can be relied upon and the limit would not be applicable. As a result, I do not think that there are any other exceptions to the annual limit that should be provided for in the proposed exemption.

5. I do believe that where an investor has obtained advice from a registered dealer then there should not be any limit on the investment. Where an investor is purchasing securities in the open market, through a dealer, there is no rule (beyond the dealer's "know your client" obligation) that limits the amount of such an investment. So I do not see a need to impose a limit in what is an analogous situation.

6. I believe that being a current security holder of an Issuer does enable an investor to make a more informed investment decision with respect to that Issuer. While the continuous disclosure record is available to all potential investors, whether an existing security holder or not, it is clear that an existing security holder is more likely to review the disclosure for that Issuer and, in general, follow the fortunes of that Issuer which, depending upon the level of engagement of the security holder, may include contacting company representatives directly for information and updates. In addition, existing security holders will be eligible to receive material that may be distributed by the Issuer from time to time, including shareholder meeting material.

7. In my view the appropriate record date for determining security holders entitled to rely upon the exemption should be set at an extended period before the announcement of the proposed offering. Instead of being a specific number of days, I believe that it should provide for a reasonable range of dates. Providing a range of dates would provide greater flexibility which can facilitate planning by the Issuer, and allow the Issuer to accommodate events such as statutory holidays and corporate events such as ex-dividend dates, warrant expiries, etc. I would propose a date range that would be in the general neighborhood of 7 to 30 days. My reasons for proposing that extended record date are:

a. A record date appropriately in advance of the announcement date would ensure that the persons entitled to participate in the offering are existing security holders, and have been for at least a minimum period of time, and have made the decision to invest in the Issuer without any consideration of the proposed offering. In addition, they would have had a greater opportunity to review the Issuer's continuous disclosure record (presumably a review of the disclosure record would be a factor in their initial investment decision);

b. Providing for an extended record date would reduce the risk of a "rush to market" or "pump and dump" activity as potential investors scramble to become shareholders of record.

8. I believe that a 4 month hold period is appropriate for this exemption (as opposed to a seasoning period). I believe this exemption should be treated on the same basis as the accredited investor or comparable exemptions. The fact that the securities may (and likely will) be issued at a discount to the market price is one reason to impose a hold period to allow the market to be seasoned to the new issuance.

There should not be additional disclosure requirements for this exemption. Requiring such disclosure would, in my view, defeat the purpose of the exemption and significantly inhibit its use by Issuers.

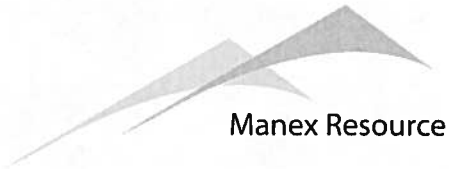
9. I believe that the existing policies of the TSXV provide an adequate structure regarding financings that may be done using this exemption (see item 2 above). Other than the annual limit on investments ($15,000) we do not believe that there should be any additional conditions or restrictions placed on the proposed exemption.

Please do not hesitate to contact me with respect to my comments. Thank you very much for the opportunity to provide you with our comments.

Yours truly,

CHAMBERLAIN HUTCHISON

Per: *(signed) "Andrew J. Chamberlain"*
ANDREW J. CHAMBERLAIN
AJC/jw



Manex Resource Group

December 17, 2013

British Columbia Securities Commission ("BCSC")
Alberta Securities Commission ("ASC")
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick) Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Attention: **Larissa Streu, Senior Legal Counsel, Corporate Finance, BCSC (lstreu@bcsc.bc.ca)**
Tracy Clark, Legal Counsel, Corporate Finance, ASC (tracy.clark@asc.ca)

Dear Sirs/Mesdames:

We write in response to your request for comments on the proposed exemption to broaden the definition of "accredited investor". This is the collective response of Directors and Management of five reporting issuers in the mineral resource sector as well as the writer, Lawrence Page Q.C., based upon an active involvement in the sector for a continuous 47 year period as a Solicitor for reporting issuers and as a Director and Officer of reporting issuers, five of which developed producing mines from prospects through expenditure of risk capital.

Generally, our view has been consistent that Government, through agencies such as the BCSC and the TSXV, should not govern the conduct of investors by the imposition of limits on investment or otherwise interfere in the free flow of the market place in the determination of when an investor may exercise his decision to purchase treasury shares or to sell them in the open market.

The proposed amendment to the existing exemption may be marginally beneficial to issuers and investors but it highlights that regulation should be restricted to conduct of issuers relating to the aspects of continuous disclosure of the business and affairs of the issuer and provision of full, true and plain disclosure relating to proposed sale of treasury shares and not imposition of artificial "risk" criteria in the assessment of whether an investor may be permitted to spend his money as he decides based upon information relating to the risk. Compliance with these requirements provides the proposed shareholder with information to base a decision to purchase shares and participate in the growth of an exploration company through development of its properties utilizing "risk capital".

Our response to the questions posed by the BCSC as set out below are proffered in the context of our general observations that the proposals are a welcome partial return to a time when investors were not constrained by artificial governmental barriers in the individual investment decision.

1. **If you are a TSXV issuer, will you use the proposed exemption?**

   Yes, any access to investors not constrained by artificial barriers to investment is welcome although onerous in implementation. Most issuers employ minimal administrative staff due to financial constraints. To raise any amount of significant money to fund a drilling program when the maximum limit is arbitrarily set at $15,000 per existing shareholder will require an extraordinary expenditure of time and money in completion of all subscription agreements and filing documents.

2. **Should the proposed exemption be available to issuers listed on other Canadian markets?**

   The real test should be that the exemption should be available to all compliant issuers and not be a function of the trading platform where its shares are listed.

3. **Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?**

   There should be no limit on amount of investment. What criteria is utilized by a bureaucrat in making such a value judgment without knowledge of a specific investors investment capability?

4. **In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?**

   In circumstances where the "retail security holder" has access to all material facts in making his individual decision to invest in a company of which he is an "owner" and stakeholder.

5. **Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?**

   A registered investment dealer is only one source of advice for an investor. Assume an investor sought advice from a lawyer, accountant or any other professional subject to compliance through membership in his professional association; would such advice be acceptable to the regulators? There should be no limit on the amount of investment.

6. **Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?**

   To some extent, but with continuous disclosure requirements, any person can be as well informed as to the business and affairs of an issuer in which an investment from treasury is contemplated. Any citizen may purchase an unrestricted amount of shares of an issuer through the facilities of a stock exchange without interference by a bureaucratic imposition of artificial criteria.

7. **What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?**

There should be no "shareholding" criteria for an exemption but if the BCSC remains adamant that it should remain involved in the investment decision there should be no period. A shareholder of two years duration and a shareholder of two days duration both have equal access to all material information respecting the business and affairs of an issuer based upon compliance with continuous disclosure procedures.

8. **We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.**

a. **Do you agree that a four month hold period is appropriate for this exemption?**

We don't agree that any hold period is necessary or desirable. The decision to sell a surety as well as the decision to purchase a security should be a personal decision based upon access to all material facts in the business and affairs of an issuer. The present practice of imposition of a four month hold period is arbitrary and a deterrence to timing of further finances by an issuer. Let market conditions determine purchase and sale of securities.

b. **Should we require issuers to provide additional continuous disclosure, such as an annual information form?**

This is the area where regulators should concentrate instead of imposing artificial restrictions on an investor's decisions. Practically, most issuers voluntarily disclose all relevant information on their respective websites which are not mandatory. Additionally, investors have access to filings on SEDAR and MD&A reports so our view is that there presently exist sufficient disclosure venues.

c. **If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?**

Regulators should restrict their activities to requiring issuers to comply with full true and plain disclosure requirements and compliance with existing law. To preclude an insider from participation in a treasury offering is inference in the rights of a citizen to make an investment decision and additionally fetters the rights of an issuer from making the same offering available to all shareholders on identical terms.

d. **If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?**

If you suggest that all equity offerings from treasury should be made available to all shareholders, we don't disagree but why involve a "seasoning period" Our view is that any hold period or seasoning period is an unwarranted interference in the relationship between issuer and its shareholders.

9. **We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?**

We do not agree that a regulator should impose artificial restrictions on the offering price of a treasury security. The practice of the TSX-V Exchange is currently a major impediment to issuers' ability to finance because of the definition of "Discounted Market Price" inclusive of the following provisions: **(and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of $0.05)**.

Currently because of depressed market prices, this artificial minimum price at which a financing may be undertaken constitute the greatest impediment to financing junior issuers. Investors should have the freedom to purchase treasury shares from an issuer at a price established by the market based upon bid/ask transactions. We urge the BCSC to deal with the TSX-V Exchange to revise its policies to respond to market conditions.

Perhaps an issuer should be free to sell to the public, inclusive of its shareholders, securities at "market" price with no hold period and at a "discounted price" with a hold period but there should be no minimum price mandated.

Yours truly,

MANEX RESOURCE GROUP INC.

Per:

Lawrence Page, Q.C.
President

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January 8, 2014

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Re: Canadian Securities Administrators
Multilateral CSA Notice 45-312
Proposed Prospectus Exemption for
Distributors to Existing Security Holders

The VCMA is an organization seeking a Canadian regulatory environment offering access to speculative investment opportunities and capital through fair securities markets that warrant public trust. Its objective is to influence improvement in regulations to ensure that they are clear and easily understood, and allow for effective policing and enforcement.

The VCMA, formed in 2013, is leading a joint effort of several organizations involved in raising venture capital for public companies in Canada to present industry recommendations to the many regulatory bodies, including, but not limited to the following:

- The 13 securities commissions across Canada
- The Investment Industry Regulatory Organization of Canada (IIROC)
- The Canadian stock exchanges and the several platforms that trade Canadian securities
- The elected politicians with the responsibilities of regulating the regulators

The VCMA appreciates the opportunity to present these suggestions in response to the Proposed Prospectus Exemption.

Access to Capital Markets for Reporting Issuers in the
Public Markets on a Recognized Exchange
Submitted by
Venture Capital Markets Association

Deterioration of Capital Markets

Venture capital, by its very nature, implies risk. It is speculative investing. Venture markets have traditionally gone through periods of boom/bust cycles, however the current deterioration of commodity markets in Canada is accentuated by onerous regulations. Industry concerns have been publicized and are likely a major reason for the proposed changes as outlined in CSA Notice 45-312. These proposed changes do not go far enough as they continue to define venture capital as an investment that must have "big brother" intervention.

The VCMA recommends that all proposed regulations related to individuals investing in publicly listed venture capital companies should be fully removed, thereby allowing all investors to participate as they desire.

Venture Capital is the lifeline for job creation across Canada. All businesses must adhere to dozens of industry-related checks and balances on a consistent ongoing operating basis. These regulations are for industry, not for individuals.

Some examples of high-risk gambling where individuals are free from regulatory interference are:

- Casinos: While casinos are regulated, individuals gamble at their own risk without regulation.
- Lotteries: Regulatory bodies support these high risk-funding ventures by advertising extensively to attract unregulated buyers.
- Stock Markets: Individuals can buy as many shares as they want in the open market.

The decisions individuals make to participate in private placements in publicly listed companies should be theirs alone, without regulatory interference or elitist preference for so-called accredited investors.

The VCMA supports one fundamental rule to follow for venture capital.

Regulate Industry - Do not regulate individual investors!

Consumers manage their personal financial affairs without interference every time they purchase items, even when questionable credit granting practices are involved. There is absolutely no reason why Venture Capital should fall victim to inappropriate unnecessary regulation of the individuals who wish to participate.

Without venture capital, Canada would not have become the world leader in mineral exploration, the only industry where Canada has worldwide dominance. Canada can also boast of resounding successes in life science ventures, technology, energy, mining, and agriculture. Many of the large businesses in these sectors began as startups dependent upon risk takers and venture capital.

Responses to Specific Proposals of CSA Notice 45-312

- The TSXV's Corporate Finance Manual should not be the basis for proposed changes. Issuers have regulations and mandatory filings to follow and websites to maintain for public access. They do not require another level of expensive, unnecessary duplicate regulation. **Regulators should not use a privately owned exchange for guidelines.**
- The issuer should be able to list on any recognized public market.
- There should be no record date required.
- The $15,000 or any other figure should not be used. There should be no maximum.
- "Rights of Action" are agreeable as these regulate the industry.

Regulate Industry! Do not regulate individual investors!

The VCMA appreciates the initiative that is being taken in bringing together all Canadian Security Commissions to address problems, but takes the position that the basic principle of individual freedom must apply to all investing or speculating decisions.

The VCMA urges the commissions to adhere to this principle in addressing several other problem areas that are of immediate concern to all involved in venture capital markets.

(1) Financing

- Re-open Capital Markets.
- Allow all Canadians of age to invest or speculate without prejudice in Canadian publicly traded companies seeking venture capital.
- Empower the public to directly participate in private placement funding of Canadian publicly traded companies.

(2) IIROC

- Significantly reduce the present overwhelming influence of the big banks and seek appropriate representation on governance boards with people from the venture capital industry.

(3) Trading

- Implement a proper time-related consolidated order book covering all trading platforms.
- Enforce transparency on all trading.
- Ban algorithmic trading
- Disallow short selling on a down tick.
- Halt the illegal practice of computerized interception of orders resulting in the front running of retail investor orders.

A Challenge for the Future

In order to keep the venture capital industry vibrant in Canada, the VCMA proposes that the governing political bodies work together, or as one entity to form:

(a) A national industry association with full representation of all sectors to serve as the regulatory body for venture capital

(b) "Chairs of Regulatory Studies" at several Canadian University Schools of Business

Thank you

VCMA Managing Committee

Joseph R Martin
Chairman

Addendum

Addendum **DRAFT**

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December 16, 2013

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

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and

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Ontario Securities Commission
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Email: comments@osc.gov.on.ca

Dear Sirs/Mesdames:

Re: Multilateral CSA Notice 45-312 *Proposed Prospectus Exemption for Distributions to Existing Security Holders* ("MI 45-312")

The Canadian Advocacy Council[1] for Canadian CFA Institute[2] Societies (the CAC) appreciates the opportunity to comment on the proposed MI 45-312.

[1]The CAC represents the 13,000 Canadian members of CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors,

As an introductory comment, the CAC is supportive of regulatory measures designed to support capital raising by issuers while balancing investor protection considerations. We believe it is important that, to the extent possible, the capital raising exemptions be harmonized across all Canadian jurisdictions. As it is likely that a TSXV listed issuer would be a reporting issuer across the country, it will be confusing, as well as inequitable, for investors in Ontario and Newfoundland and Labrador to be ineligible to use a new prospectus exemption, if adopted. In addition, in the event the prospectus exemption is permanent in some jurisdictions (if adopted by rule), but expires in other jurisdictions (because the blanket order is not extended), it will lead to additional disharmony in various Canadian jurisdictions in the future.

We are also concerned that there may be discrepancies in the practical application of the contractual rights of action for any misrepresentation in an issuer's continuous disclosure record and the statutory secondary market civil liability provisions that would apply to an investor investing under the proposed exemption in Alberta, Quebec and New Brunswick. Harmonizing the exemptions and the application of the statutory rights of action would simplify the capital raising process for issuers, and assist issuers and prospective investors in confirming eligibility and ramifications for participation in an exempt offering that occurs in more than one jurisdiction.

The CAC wishes to comment on following specific consultation questions.

2. Should the proposed exemption be available to issuers listed on other Canadian markets?

We do not believe there is a principled reason to exclude issuers listed on other Canadian markets from being able to utilize the exemption provided that those markets require a robust disclosure regime. If one of the reasons for the exemption is to permit issuers to raise capital without the cost of preparing supplemental disclosure documentation on the assumption that sufficient protection is available to existing investors in the issuer, this applies to issuers on other Canadian markets as well. We note however, that given the proposed $15,000 acquisition limit per investor, it is unlikely that the exemption would be attractive to issuers listed on more senior markets.

3. Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?

As noted in the request for comments, retail investors are not limited to investing any particular amount when purchasing securities of a TSXV listed issuer on the secondary market. As a result, the $15,000 investment limit may not be a meaningful limit. We would suggest instead that an

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investment professionals, and the capital markets in Canada. See the CAC's website at http://www.cfasociety.org/cac. Our Code of Ethics and Standards of Professional Conduct can be found at http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx.

[2] CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 113,000 members in 140 countries and territories, including 102,000 CFA charterholders, and 137 member societies. For more information, visit http://www.cfainstitute.org/.

aggregate limit be imposed on an issuer basis, restricting the amount that an issuer could raise using the proposed exemption on an annual basis.

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

As noted in our response to question #3, the proposed $15,000 investment limit appears to be an arbitrary limit. It may be appropriate for a retail security holder to invest more than $15,000 in a TSXV issuer for that investor's diversified portfolio, based on that individual's personal financial circumstances, investment objective, time horizon and risk tolerance level. Conversely, $15,000 may be too high for an investor with a smaller portfolio and low risk tolerance.

5. Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?

If a limit is maintained at the investor level, the limit should not be higher if a registered investment dealer is involved in the trade. While registered investment dealers have know-your-client, suitability and know-your-product obligations, the CAC wishes to stress the importance of implementing a statutory fiduciary duty on all registrants providing advice. We support the CSA initiative that is currently underway with respect to potentially imposing a fiduciary duty on registrants, and strongly support imposing a statutory best interest standard on registered dealers providing advice to clients, including advice on privately placed securities. Such a standard would help to ensure that an investment in privately placed securities is in fact in a client's best interest.

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

A current security holder of an issuer theoretically would have greater motivation to engage in appropriate due diligence (or engage a professional adviser to do so) on their investee issuers and the method by which the company is operated. In addition, by holding securities of an issuer over a few reporting periods, an investor will have the opportunity to experience the volatility of the security's price on the exchange and the management's track record of disclosure and shareholder communications. It is particularly important for venture issuers that their continuous disclosure record be up to date and accurate, as inexperienced retail investors often purchase securities of venture issuers on speculation of large investment returns.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

We believe there is a reason to differentiate between a security holder that bought the securities one day before the announcement of the offering and a security holder that bought the securities some longer period before the announcement of the offering. An investor can not gain familiarity with an issuer by holding the securities for one day, and should be required, at a minimum, to hold the securities for one quarter such that they would have access to current, unaudited financial information about the issuer. We do not believe that the assumption of greater familiarity and due diligence for existing security holders is accurate for investors who held the security for one

day before the offering. We note that under the rights offering exemption, the exercise period for the rights must be open for at least 21 days after the date on which the rights offering circular is sent to security holders, providing security holders with some period of time to make another informed investment decision about the issuer based on current information.

We are also concerned that there is no minimum previous holding requirement in the proposed exemption. As a result, there is nothing preventing an investor from purchasing only a nominal number of shares prior to announcement in order to utilize the exemption. Such investor may not then have sufficient incentive to exercise the appropriate level of due diligence for a more substantial investment in the issuer. We believe that the exemption would be more effective at providing investor protection if the number of new shares an investor could acquire under the exemption were tied to investor's existing holdings of the issuer's securities.

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

a. Do you agree that a four month hold period is appropriate for this exemption?

Even though the exemption is similar to the rights offering exemption, we believe a four month hold period will be helpful to discourage retail investors from investing using the exemption for speculation purposes.

b. Should we require issuers to provide additional continuous disclosure, such as an annual information form?

While additional continuous disclosure is not necessarily required in order to provide investors with full disclosure with respect to an issuer's operations, we support the proposed requirement requiring either a statutory or contractual right of action in the event of a misrepresentation in an issuer's continuous disclosure documents, as well as the proposed requirement for an issuer to certify to investors in the subscription documentation that there are no undisclosed material changes or facts.

c. If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?

It would be appropriate to impose an aggregate limit on the amount that an issuer could raise using this exemption in any twelve month period. The aggregate limit could be a set dollar amount, or, similar to the rights offering exemption, be limited to no more than 25% in the number or principal amount of the outstanding securities of the class to be issued upon the exercise of rights.

d. If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?

We believe that the requirement to issue a press release with the requisite disclosure about the offering is sufficient.

9. We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?

In addition to the TSXV private placement requirements, we believe there should be an aggregate limit per issuer on using this exemption in any twelve month period, as specified in our response to question #8(c) above.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

(Signed) *Ada Litvinov*

Ada Litvinov, CFA
Chair, Canadian Advocacy Council

MIDAS GOLD

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November 27, 2013

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- British Columbia Securities Commission
- Alberta Securities Commission
- Financial and Consumer Affairs Authority of Saskatchewan
- Manitoba Securities Commission
- Autorité des marchés financiers
- Financial and Consumer Services Commission (New Brunswick) Nova Scotia Securities Commission
- Prince Edward Island Securities Office
- Office of the Yukon Superintendent of Securities
- Office of the Superintendent of Securities, Government of the Northwest Territories
- Legal Registries Division, Department of Justice, Government of Nunavut

Dear Sir/Madam

RE: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

I am writing in support of the exemption proposed in the above noted consultation for the reasons noted in the CSA Notice – TSX-V companies rarely conduct prospectus offerings and rarely conduct financings based on the available exemptions due to the costs and risks of a failed financing. Further, existing shareholders are often disadvantaged as they are not able to participate in a private placement, usually conducted at a discount to the then current share price, due to a lack of access to an arranged placement or a lack of an available accredited investor exemption. The net result is that existing shareholders are often cut out of financings and are effectively diluted by the amount of the offering discount and/or warrants attached to the issue. Opening access to existing shareholders and limiting the exposure to $15,000 per individual, per company, per year

provides reasonable protection given that, as shareholders, they are already somewhat familiar with the company's business and risks. This exemption should be made permanently available in all jurisdictions.

Note that Midas Gold Corp. is listed on the TSX, not the TSX-V, and so the aforementioned changes would not benefit or affect Midas Gold and therefore Midas Gold could not take advantage of it. However, I am or have been a participant in a number of TSX-V companies over the years as management, board member or an investor. As a TSX listed company, I am disappointed in the lack of participation by the OSC in this proposal and its evident intent not to participate – I think it does Ontario based shareholders a disservice and the OSC should be encouraged to participate and support this proposal. I also believe that this exemption should be made available across all Canadian markets, including the TSX.

As to the proposed level of the emption (at $15,000) and whether it should be higher with advice, I think it is a reasonable level and think that having different levels with independent advice adds complexity and verification challenges, so keep it simple. Similarly, keep it simple in respect of the record date – shareholders of record the day before the announcement.

With respect to the seasoning period, given that the investor already has free trading shares, and the amounts per person are limited, there should NOT be a 4 month hold, rather a short (say 5 or 10 day) period after which shares are free trading. This would increase the attractiveness of this exemption and reduce the investor's risk of being locked up for 4 months during the hold period. I would not recommend restricting insider participation, as that should be encouraged by shareholders, or if it were restricted, put it at a higher threshold, such as 25% or more.

As to allowing shareholder participation, I think this could be accommodated by the issuer "upsizing" the size of the financing, as commonly occurs in private placements if and when demand is strong, as opposed to making it a quasi-rights offering.

A somewhat related matter for review by the various securities regulators for both the TSX-V and the TSX should be the cumbersome and costly impediments to rights issues, which are widely used in Australia and elsewhere but are generally not used in Canada. The issuance of tradable rights would provide the greatest degree of fairness to existing shareholders and would open another avenue to shareholders to maintain their exposure to the company on an equal basis to new investors, or to sell on their rights.

Finally, normal discount and/or warrant provisions should be permitted, much as they are for private placements.

Regards,

Stephen P. Quin
President & CEO

Teresa Cortese

From: Sean Zaboroski [SZaboroski@msmlaw.net]
Sent: January-10-14 8:57 AM
To: Larissa Streu; Tracy Clark
Subject: Multilateral CSA Notice 45-312

To Whom It May Concern,

I am involved in the securities industry (as a legal professional with TSXV listed issuers) and believe that the proposed new prospectus exemption for existing security holders will be beneficial to the public venture capital market.

I support the introduction of this exemption and feel that it will aid venture issuers to raise additional capital and will keep shareholders engaged.

I encourage you to proceed with same.

Thank you,

Sean

Sean Zaboroski | Counsel | T. 416.361.2625 | szaboroski@msmlaw.ca

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"Lawyers who speak your language."™

Teresa Cortese

From: Rick Moore [Rick.Moore@richardsongmp.com]
Sent: January-10-14 9:54 AM
To: Larissa Streu; Tracy Clark
Cc: Robert Fong; Darrin Hopkins
Subject: Multilateral CSA Notice 45-312
Attachments: image001.png; image002.jpg; image003.jpg; image004.jpg

Good morning Larissa and Tracy. I am writing to you to express my strong support of adopting the above referenced proposal. I am a 32 year veteran of the securities industry and have specialized in the venture markets for that entire time. I have seen the highs and lows and I will say in absolute certainty that this is as critical a situation as I have witnessed. The TSXV is fast becoming a wasteland of listed companies whose inability to raise capital is crippling their ability to grow shareholder value. I am a member of the local advisory committee (LAC) in Calgary and we have spent numerous hours pleading for changes that will allow capital to flow back to this very essential capital market. The bottom line is that current regulations make it far too difficult for a listed issuer to raise the required capital to grow their business. The accredited investor restrictions are far too onerous and severely limit the eligible investors who may want to make an investment in a skilled management team in the early stages of development. Other methods available to raise capital such as prospectus offerings and rights offerings are onerous and expensive as well as time consuming and thus seldom used. The statistics tell the tale with 1700 of 2700 issuers having market caps of less than $10 million and 900 of those trading at less than 10 cents. These numbers speak to a lack of interest in the venture market and I surmise that that lack of interest is in no small part due to the fact that investors shy away from a market where they know the listed issuers are handcuffed with the inability to efficiently raise capital. I strongly support the initiative referenced above as it would allow investors who have already chosen to be a shareholder in a company the ability to invest further in a way not encumbered by restrictions that would otherwise negate that ability. Please know that any measures towards making capital easier to access by issuers in good standing and allowing investors with an entrepreneurial spirit easier access to making investments would be welcome at every level in the venture capital process. Thank you. Respectfully. Rick Moore

Rick Moore • Vice President Richardson GMP Limited

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Connect with us:

Email Disclaimer:

Teresa Cortese

From: Sutin, Richard S. [Richard.Sutin@nortonrosefulbright.com]
Sent: January-10-14 8:29 AM
To: Larissa Streu; Tracy Clark
Subject: Proposed new prospectus exemption for TSXV-listed shareholders

Larissa Streu
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2

Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4

Larissa and Tracy

I am involved in the securities industry (as a legal professional and with a TSXV listed issuer) and believe that the proposed new prospectus exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture issuers to raise additional capital and will keep shareholders engaged.

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
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Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
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Calgary, Alberta T2P 0R4
Fax: 403-297-2082
tracy.clark@asc.ca

RE: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

December 17, 2013

Dear Ms. Clark,

As an officer and director of a number of junior public companies, I am very happy to see the Securities commissions proposing new exemptions that I feel will help all junior public companies raise the capital needed to continue to move forward. I am sure an exemption such as this will be utilized by many of the companies on the TSXV.

That being said, below are my comments related to certain of the requirements in the proposed exemption.

Record Date

I do not see that the requirement for the Record Date will be one day prior to a press release announcing the financing as being necessary. This requirement makes the exemption essentially a Rights Offering. And at present time we have Rights offering exemptions that are not utilized very often, so this requirement may make this proposed exemption less effective than I think it could be. In order to make this proposed exemption more attractive to companies and therefore more effective to help public companies access capital, I would suggest that this requirement be removed. As there is a limit on the amount any individual investor can invest, the risk to the public market integrity is small. If an investor purchases shares on the open market on the day of the press release to gain access to this exemption, the most they could then invest is limited by the cap and at a $15,000 limit, and that should not create a situation where the public integrity is an issue. I think that if the record date was specified in the press release and was within the timeframe needed to still meet the specified closing date, then this would allow the exemption to be better utilized the company.

Four Month Hold Period

As there is a limit to the amount that an investor can invest under the proposed exemption, I feel that the imposition of a four month hold will restrict a number of the investors that will take advantage of this proposed exemption. With a $15,000 limit such as this, the exemption will more than likely be utilized by individual retail investors, who would currently not meet other exemptions, such as the accredited investor. These types of investors have generally never had the opportunity to assist the companies that they want to hold shares in, raise money, as they could only buy shares in the secondary market. Any shares they would have

purchased in the open market would always be free trading. By restricting the trading through imposing a four month hold on a small investment amount, I feel it would be a deterrent to them making that type of investment, versus investing the amount in the secondary market as they always have. I understand the requirement for a hold period on private placements, where individual investments may be significantly larger than the proposed limit with this exemption, but in the situation with this proposed exemption, I do not understand the reasoning for this hold period.

Annual Maximum Investment

I understand and agree that there needs to be a limit on the amount of the investment that can be made pursuant to this proposed exemption, but I have two comments in regard to this. Firstly, an annual limit of $15,000 for any individual is quite low, and as such I would see this as basically restricting an investor to one such investment per year under this exemption. I do understand that the amount can be made larger if the investor has received advice from a registered investment dealer, but this requirement can be problematic for the issuer, as they will not know if any individual shareholder has received advice on the placement they are proposing, or on any other placements that investor has participated in during the year. As a suggestion perhaps the limit could be two fold, $15,000 per issuer to a maximum of $60,000 per year.

The second concern is if the issuer is going to have to ascertain the amounts the investor has invested under this proposed exemption for any annual period. If the issuer only is required to obtain a written confirmation from the investor this will not be an issue, but if the issuer has to obtain other confirmation it will be difficult.

In summary, I want to reiterate, as an issuer involved in the junior public market, how important I think it is that the Securities Commissions act and act quickly make changes such as this proposal. Changes such as this proposal can help many of the TSXV companies access capital that until now was not available to them.

Regards,

Dave Antony

Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: 403-297-2082
tracy.clark@asc.ca

RE: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

Dear Ms. Clark,

I commend the Alberta and British Columbia Securities Commissions for being pro-active and taking steps aimed at removing road blocks in the public venture capital markets, while at the same time maintaining the integrity of our admired capital markets.

My comments will be directed at several points within the Proposed Exemption, as well as proposing several additions to the Proposed Exemption.

Record Date

I have difficulty with the requirement that in order to use the Proposed Exemption an investor must be a shareholder at the Record Date which will be one day prior to a press release announcing the financing. In effect, we end up with a modified rights offering type financing vehicle. My belief is that the existing shareholders and prior financing agents are likely fatigued and not able to invest or raise new capital. Therefore, the Proposed Exemption will have limited success in reaching new providers of capital, and be of limited value in enticing a new agent to assist in raising capital.
I also do not see the regulatory justification in only offering this Proposed Exemption to existing shareholders. Why are we creating two classes of retail shareholders?
Consider this example: If a client owns one board lot of a $.60 stock, he has invested $60. A broker would then be allowed to recommend to this client that he buy any amount, maybe even $100,000. However, if the client does not own $60 worth of the shares, the same broker cannot offer the same client even $500 worth of the offering. It does not make any sense. I also believe that it will be virtually impossible to police the requirement and verify prior share ownership. At the very least it will be an administrative quagmire.

Four Month Hold Period

I am comfortable with limiting this Proposed Exemption to $20,000 on brokered financings of public companies. With this limit, and an understanding that the entire subscriber base will be retail individuals, it seems totally inequitable to make this individual hold onto the stock for four months. In the example of a $.60 being discounted to $.50 for an offering, the individual would have a maximum $4000 advantage and this differential advantage would likely be eliminated in the market within minutes of the financing being announced.

Additions to the Proposed Exemption- I propose that an additional element be added to this exemption in order to make it a financing tool that will be used by issuers looking for new capital. My proposal is that if a Registrant/Dealer is signed as agent for an offering, the issuer be allowed a prospectus exemption such that the issuer, via the registrant agent, is allowed to raise up to $20,000 per individual under the same exemption. I also recommend that these shares be freely tradable.

Why should we add in this element to the Proposed Exemption?

Benefits

- This exemption allows a fully reporting, listed issuer, to access a retail client investor.
- This is an exemption that is aimed at making sure that the retail investor has the opportunity to participate. Most of the other exemptions are exclusionary to the average retail investor, thus most of the time the average retail investor is shut out of offerings.
- This exemption will allow capital to flow into the public venture capital markets.
- This exemption will lower the cost of accessing capital for public venture capital issuers but at the same time maintain a very high level of regulatory oversight and screening.

Justification

- Data clearly shows that public venture capital issuers are frozen out of accessing capital.
- This is not a lowering of standards. In fact this is a much more regulated form of Crowdfunding for listed issuers.
- This exemption deals with listed issuers that have met all regulatory standards, are in good standing, and involves a further safety net by involving a registered dealer that must also follow all regulatory guidelines involving the actual due diligence review and all suitability qualifications for the retail investor.
- Continuous disclosure requirements, secondary market liability, and access to issuer information via SEDAR, allows the retail investor to be protected and informed.
- This exemption is aimed at existing retail investor clients that have already been screened for suitability and KYC. These investors have already established an interest in investing in public venture capital issuers.
- Many investor regulations set out to make sure that an investor is able to withstand a loss. However, most of the exemptions do not cap the amount of money that can be lost, thus the initial goal is never achieved by the resultant policy. The Dealer element directly addresses this issue and caps the amount that an investor can lose, thus fulfilling the goal of making sure an investor is able to withstand a loss.

Further regulatory comfort can be gained by restricting this exemption to issuers that have completed two public company audit cycles. Also, by having a registrant involved, the Commissions can take comfort in knowing that the proper due diligence will be done on the issuer, and that the Know Your Client and Suitability safety checks will be done by the broker and will be reviewed by compliance departments of the registrants.

Summary

The addition of the Dealer amendments to the Proposed Exemption is a straight forward way to increase access to capital for capital starved issuers. The exemption will significantly lower the costs of accessing capital. The exemption will be inclusive of a very high percentage of existing retail investors. The exemption will be available only to listed issuers' that are in compliance with all securities and Exchange regulations. The Dealer component of the Proposed Exemption will be processed through registrants that will employ both a corporate finance due diligence process along with retail brokerage suitability and know your client screening and protection process. This exemption truly meets all of the requirements and needs of every stake holder in the public venture capital markets.

Our public venture capital markets are in a very problematic spot right now. These markets have not participated in any of the recovery like all of the other capital markets. If we do not take serious proactive measures right now, I honestly believe that we might lose this entire industry in Canada. The public venture capital markets have developed in Canada because of our regional dynamic efficiency in creating solutions within our capital markets. We simply can't wait for holdout jurisdictions to be a part of our solution. My concern is that other jurisdictions waited almost 20 years to accept the JCP/CPC program and over 10 years to look at the OM exemption. We don't have the luxury of waiting 20 months, never mind 20 years, for other jurisdictions to realize that we have a major problem in the public venture capital markets. We must go back to our dynamic and entrepreneurial roots and be champions of the public venture capital markets. If we don't, the public venture capital markets are surely doomed.

At present, there are three exemption ideas being contemplated by regulators in Canada. Ranking the importance of these proposals in relation to how they will be deployed by issuers is a very important discussion. My personal view is that a Dealer Exemption housed along-side the Proposed Existing Shareholder Exemption, will have the most positive effect on the TSXV. A stand-alone rights offering exemption will have almost no effect on the TSXV market, and will definitely not bring in new capital to the lion's share of the listed issuers that resort to this exemption.

Darrin Hopkins

2200, 440-2nd Ave SW

Calgary, AB

T2P5E9

Teresa Cortese

From: Jim Borland [jborland@straitminerals.com]
Sent: January-10-14 1:18 PM
To: Larissa Streu; Tracy Clark
Subject: Prospectus Exemption for Existing Shareholders

I am involved in the securities industry as management and/or a director of three TSXV listed issuers and believe that the proposed new prospectus exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture issuers to raise additional capital and will keep shareholders engaged.

Jim Borland
President
Strait Minerals Inc.
18 King St. E., Suite 1203
Toronto ON M5C 1C4
416-223-9970

Teresa Cortese

From: Louis R BELIVEAU [lbeliveau@loogol.ca]
Sent: January-12-14 6:14 AM
To: Larissa Streu; Tracy Clark
Subject: new private placement exemption

Ms Streu and Clark:

I am involved in the securities industry as a legal professional and believe that the proposed new prospectus exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture issuers to raise additional capital and will keep shareholders engaged.

I see very little point in putting significant barriers to the distribution of private placement shares in already-listed issuers who are in good standing. The current setup is one which largely favours the "rich getting richer" and is counter-productive.

Louis Béliveau

--
Louis Béliveau | Barrister & Solicitor
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Judie Whitby, B. Comm., CMA

750 GRAND BOULEVARD, NORTH VANCOUVER, BRITISH COLUMBIA, V7L 3W4
TELEPHONE: (604) 988-4570 ☎ FACSIMILE: (604) 924-9371

January 9, 2014

British Columbia Securities Commission
By email

Dear Sirs:

Further to BCSC: 2013/86 News Release, I would like to offer the following comments:

1. As a director of a junior mining exploration company, I would like to see an exemption for existing shareholders. Junior resource companies are severely limited in attracting funds from accredited investors in BC because there are relatively few qualified persons, and they are sought after by many junior and senior resource companies.

2. As an existing investor in a few other junior mining companies, I would like to invest in private placements in order to see my funds go into the treasury rather than to sellers in the market, and I would like to be able to take advantage of warrants. Because I am not accredited, I cannot participate.

I strongly believe that allowing existing shareholders to participate in exempt offerings would be beneficial to issuers and to existing shareholders. I do not see the necessity of a $15,000 limitation, bur if a limitation must be included, I would suggest $25,000 would be more acceptable.

Thank you for considering the foregoing.

Yours truly,

Judie Whitby

Teresa Cortese

From: Hibbard [ihibbard@pelangio.com]
Sent: January-13-14 12:58 PM
To: Larissa Streu
Subject: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders
Attachments: 1C72DC34-DF76-42B0-B2AA-9E0F5EFD1CE1.png

To Whom It May Concern

As the CEO of a TSXV listed issuer, I *am involved in the securities industry and believe that the proposed new exemption for existing security holders will be very beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged. In fact, I think it will significant enhance retail investors impression of the Canadian public venture capital market as it will be seen to be a way to level the playing field for smaller retail investors. This is particularly important for small natural resource issuers, as small investors form a sizeable portion of our existing shareholder base and they have been expressing resentment at their inability to participate in financing and being forced to see other investors receive the benefit of financings (with warrants). (I also think that it should be applied uniformly in all jurisdictions!)*

Ingrid Hibbard

Ingrid Hibbard
President & CEO
Pelangio Exploration Inc.
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Burlington, ON L7M 0R8
email - ihibbard@pelangio.com
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Teresa Cortese

From: Jordan Trimble [jtrimble@ninetyeight.com]
Sent: January-13-14 4:22 PM
To: Larissa Streu
Subject: RE: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

Hi Larissa,

I am involved in the securities industry with a number of TSXV listed issuers and believe that the proposed new exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged. We have spent many years building and cultivating a publically traded, venture-resource focused market with the TSXV which is unique to Canada. This proposed prospectus exemption will help the TSXV to rebound from the very difficult downturn we have seen and ensure this sector continues contributing to our domestic economy.

Thank you

Jordan Trimble, B.Sc.
President and CEO

Skyharbour Resources Ltd. (TSX.V: SYH)
1610 – 777 Dunsmuir St.
Vancouver, BC, V7Y 1K4
Cell: 604-999-3148
Toll Free: 1-800-567-8181
Tel: 604-687-3376
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Teresa Cortese

From: Karen Allan [Karen@forde.ca]
Sent: January-13-14 4:53 PM
To: Larissa Streu
Subject: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

Larissa,

I am involved in the securities industry as a financial officer with a TSXV listed issuer and believe that the proposed new exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged in these challenging times.

Sincerely,

Karen A. Allan, CPA, CMA [dir(778) 433-5920]

Masurparia Gold Corporation(604 685-8592)
Ste. 611, 675 West Hastings Street
Vancouver, B.C. V6B 1N2
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AURAMEX
RESOURCE CORP.

750 Grand Boulevard
North Vancouver, BC
V7L 3W4

Tel: 604-924-9376
Fax: 604-924-9371

January 10, 2014

British Columbia Securities Commission
By email

Dear Sirs:

Further to BCSC: 2013/86 News Release, I offer the following comments:

1. Junior resource companies are severely limited in attracting funds from accredited investors in BC because (a) the few qualified persons are sought after by many junior and senior resource companies and (b) insider reporting requirements discourage large existing investors from adding to their current holdings.
2. Existing investors that are interested but not accredited cannot participate.

Two possible changes come to mind: (a) lower the accredited terms by, say, 50% to $500,000 net worth or $100,000 annual income, AND (b) implement a $25,000 limitation for existing shareholders.

Thank you for considering the foregoing.

Auramex Resource Corp.
Per: Wayne Crocker, President & CEO

Teresa Cortese

From: Loretta Wong
Sent: January-14-14 4:10 PM
To: Loretta Wong
Subject: FW: comment from Ian Frame
Attachments: image001.jpg

From: Ian Frame [mailto:Ian.Frame@richardsongmp.com]
Sent: Tuesday, January 14, 2014 11:58 AM Pacific Standard Time
To: Larissa M. Streu; Tracy Clark
Subject:

I am involved in the securities industry (as a legal professional, with a TSXV listed issuer, in the brokerage industry) and believe that the proposed new exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged.

Ian Frame • Investment Advisor • Richardson GMP Limited

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Teresa Cortese

From: Larissa Streu
Sent: January-14-14 1:13 PM
To: Loretta Wong
Subject: Fw: CSA Notice 45-312

From: Stuart Ross [mailto:srross@eltigresilvercorp.com]
Sent: Tuesday, January 14, 2014 12:08 PM Pacific Standard Time
To: Larissa M. Streu; Tracy Clark
Subject: CSA Notice 45-312

I am involved in the securities industry and believe that the proposed new exemption for existing security holders described in "Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders" will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital, will keep shareholders engaged and level the playing field for existing shareholders.

Stuart R. Ross,
President, CEO
El Tigre Silver Corp (TSX.V ELS)
1000-355 Burrard St.,
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January 14, 20014

British Columbia Securities Commission ("BCSC")
Alberta Securities Commission ("ASC")
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick) Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Attention: Larissa Streu, Senior Legal Counsel, Corporate Finance, BCSC (lstreu@bcsc.bc.ca)
Tracy Clark, Legal Counsel, Corporate Finance, ASC (tracy.clark@asc.ca)

Dear Sirs/Mesdames:

I am writing in response to your request for comments on the proposed exemption to broaden the definition of "accredited investor".

Generally, my view has been consistent that Government, through agencies such as the BCSC and the TSXV, should not govern the conduct of investors by the imposition of limits on investment or otherwise interfere in the free flow of the market place in the determination of when an investor may exercise his decision to purchase treasury shares or to sell them in the open market.

Publicly traded companies are responsible to maintain current disclosures but are still required to file an Offering Memorandum (OM) in order to sell offering to "non-accredited" investors without limits or advice from an Investment Advisor. These ongoing, costly obligations should allow Publicly Listed Companies to forgo an OM. The adult public should not be limited by Regulators, the amount of oversight already in place should be sufficient to allow financing to be offered without restrictions.

Maintain the OM obligations for private companies but in order to justify the costs, responsibilities and oversights imposed on publicly listed companies, open access to public funding should be allowed. A risk acknowledgement form should be signed off by investors in either case as opposed to imposing liability on Investment Advisors. Investors need to understand that all investments involve risk and there is always the potential for loss. Accepting that a potential loss goes hand in hand with the potential for profit, the risk/reward element is unavoidable.

1. If you are a TSXV issuer, will you use the proposed exemption?

The proposed exemption will be welcomed by all issuers. Any break from the current regulations that allows easier access to funding will be welcomed.

2. Should the proposed exemption be available to issuers listed on other Canadian markets?

The real test should be that the exemption should be available to all compliant issuers and not be a function of the trading platform where its shares are listed.

3. Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?

Accessing financing offered by listed companies should be available to the public without prejudice.

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

With all material facts made available through a listed companies filings each individual investor must access their own risk tolerance and make that decision based on what is appropriate to the individual.

5. Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?

The CSA appears to be looking for a "Scape Goat" to hold responsible for all complaints. Investors also need to be held responsible for their decisions by signing the risk acknowledgement documents.

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

Absolutely.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

This question is irrelevant if the OM is no longer needed by listed companies.

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

a. Do you agree that a four month hold period is appropriate for this exemption?

I have never understood the reason for a 4 month hold period other than it allows the Company to further corporate development before having to deal with potential market pressures from the dilution created by the funding .

b. Should we require issuers to provide additional continuous disclosure, such as an annual information form?

This is the area where regulators should concentrate instead of imposing artificial restrictions on an investor's decisions. Practically, most issuers voluntarily disclose all relevant information on their respective websites which are not mandatory. Additionally, investors have access to filings on SEDAR and MD&A reports so our view is that there presently exist sufficient disclosure venues.

c. If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?

Impose a 4 month hold on the insiders and allow the public stock to be free trading.

Regulators should restrict their activities to requiring issuers to comply with full true and plain disclosure requirements and compliance with existing law. To preclude an insider from participation in a treasury

offering is inference in the rights of a citizen to make an investment decision and additionally fetters the rights of an issuer from making the same offering available to all shareholders on identical terms.

d. If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?

If you suggest that all equity offerings from treasury should be made available to all shareholders, I don't disagree but why involve a "seasoning period" My view is that any hold period or seasoning period is an unwarranted interference in the relationship between issuer and its shareholders.

9. I have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?

We do not agree that a regulator should impose artificial restrictions on the offering price of a treasury security. The practice of the TSX-V Exchange is currently a major impediment to issuers' ability to finance because of the definition of "Discounted Market Price" inclusive of the following provisions: (and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of $0.05).

Currently because of depressed market prices, this artificial minimum price at which a financing may be undertaken constitute the greatest impediment to financing junior issuers.

Investors should have the freedom to purchase treasury shares from an issuer at a price established by the market based upon bid/ask transactions. We urge the BCSC to deal with the TSX-V Exchange to revise its policies to respond to market conditions.

Yours truly

Donald Mosher

Teresa Cortese

From: Larissa Streu
Sent: January-14-14 1:34 PM
To: Loretta Wong
Subject: Fw: New Exemption for Existing Shareholders - Please forward this onto your clients/stakeholders and others involved in the securities industry.

From: Catherine Green [mailto:cgreen@leedefinancial.com]
Sent: Tuesday, January 14, 2014 12:22 PM Pacific Standard Time
To: Tracy Clark; Larissa M. Streu
Subject: New Exemption for Existing Shareholders - Please forward this onto your clients/stakeholders and others involved in the securities industry.

Hi Tracy & Larissa;
I have forwarded this to a number of retail clients, investor relations firms and small mining companies.
I think this is a step in the right direction and although I agree with the issuing company requirements I think you should keep the retail investor participating requirements simple and cap eligibility to the proposed $15,000.00 and leave it at that. There is pressure incoming from foreign firms looking to build a business competing with the Cdn. Bank Wealth management arms, KKR for example, in the Canadian private equity sector which would be the final destruction of the venture market, junior company's would no longer have an affordable means of starting up and small retail clients will never have the opportunity of profiting from investing modest $$$'s, and nobody of any material wealth would care to take the risk on investment without gleaning for short term gain.
Please move quickly to implement the changes so that junior market advisors can work towards cashing up good junior companies by creating a larger small position 'buy & hold only an inch thick in portfolios' retail client base that will not short sell or trade the market so that a junior issuer has time to grow and become a positive contributor to the economic wealth of Canada.

Sincerely,

Catherine Green, BA, ROR,FMA,FCSI
Leede Financial Markets Inc.
Building wealth while building relationships

cgreen@leedefinancial.com

Phone direct: 403-531-6825

Fax: 403-531-6996

Suite 3415-7th Avenue SW
Calgary, Alberta T2P 4K9
www.leedefinancial.com

Teresa Cortese

From: Larissa Streu
Sent: January-14-14 1:34 PM
To: Loretta Wong
Subject: Fw: New Exemption for Existing Shareholders
Attachments: image001.png

From: Brad Farquhar [mailto:brad@assiniboiacapital.com]
Sent: Tuesday, January 14, 2014 12:29 PM Pacific Standard Time
To: Larissa M. Streu; Tracy Clark
Subject: New Exemption for Existing Shareholders

Larissa Streu
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Fax: 604-899-6581
lstreu@bcsc.bc.ca

Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: 403-297-2082
tracy.clark@asc.ca

Dear Ms. Streu & Ms. Clark;

I am Executive Vice-President, Chief Financial Officer, and a Director of Input Capital Corp., which trades under the symbol INP on the TSX Venture Exchange. I understand that consideration is being given to a new exemption which would allow existing security holders of TSXV companies to participate in subsequent private placement offerings of the issuer.

Over the last 8 years, the principals at our firm have been involved in ten private placement offerings, two prospectus IPO offerings, and an RTO prospectus offering. We see very clearly how such an exemption would allow existing investors continue to participate in the growth of the companies to which they have already entrusted their capital.

At our company, we fully support the introduction of such an exemption to both enhance the ability of venture companies to raise capital, and to encourage ongoing involvement and engagement from existing shareholders.

Sincerely Yours,

Brad Farquhar

====
Brad Farquhar
Executive VP & Chief Financial Officer

Input Capital Corp. - The Agriculture Streaming Company
300 - 1914 Hamilton Street
Regina, SK S4P 3N6
CANADA
Office: (306) 347-7202
Fax: (306) 352-4110
Email: brad@inputcapital.com
Web: www.inputcapital.com
Twitter: @InputCapital

Teresa Cortese

From: Larissa Streu
Sent: January-14-14 1:48 PM
To: Loretta Wong
Subject: Fw: Multilateral CSA Notice 45-312

From: Tim Termuende [mailto:tjt@eagleplains.com]
Sent: Tuesday, January 14, 2014 12:44 PM Pacific Standard Time
To: Tracy Clark; Larissa M. Streu
Subject: Multilateral CSA Notice 45-312

To whom it may concern:

I am President and CEO of Eagle Plains Resources Ltd. and Omineca Mining and Metals Ltd., both publicly listed junior mining companies. I am also a director of Northern Freegold Resources Ltd., Gespeg Copper Resources Inc., Clear Creek Resources Ltd. and Aben Resources Ltd.-all publicly traded and/or Reporting Issuers.

I have reviewed the proposed prospective exemption for distribution to existing security holders and feel that the new exemption would be beneficial to all parties concerned. I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged.

Sincerely,

Tim J. Termuende, P.Geo.
President and CEO
Eagle Plains Resources Ltd.
Omineca Mining and Metals Ltd.

Suite 200, 44-12th Avenue South
Cranbrook, BC V1C 2R7
250 426-0749

Teresa Cortese

From: Larissa Streu
Sent: January-14-14 3:16 PM
To: Loretta Wong
Subject: FW: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Existing Security Holders

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From: Morris McManus [mailto:mmcmanus@mcmanuslaw.com]
Sent: Tuesday, January 14, 2014 2:14 PM
To: Larissa M. Streu; Tracy Clark
Subject: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Existing Security Holders

I act as legal counsel for a number of Issuers listed on the TSX Venture Exchange. I believe that the proposed exemption would be very useful to my clients and would be a cost effective way to raise additional capital, especially in the current market.

Thank you.

Morris S. McManus, Q. C.
Suite 1710, 801 - 6th Avenue S. W.
Calgary, Alberta, T2P 3W2
Telephone: (403) 517-6450
Fax: (403) 517-6469

SALLEY BOWES HARWARDT LAW CORP.

BARRISTERS AND SOLICITORS
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Website: www.sbh.bc.ca
E-mail: salley@sbh.bc.ca

January 14, 2014

BY MAIL

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC
V7Y 1L2

Attention: Ms. Larissa Streu,
Senior Legal Counsel,
Corporate Finance Listed Issuer Services

Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta
T2P 0R4

Attention: Ms. Tracy Clark,
Legal Counsel, Corporate Finance

Dear Sirs/Mesdames:

RE: **Proposed Prospectus Exemption for Distributions to Existing Security Holders**

I am involved in the securities industry as a legal professional and believe that the proposed new exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and am convinced that it will assist venture companies to raise additional capital and will keep shareholders engaged.

In this current market, any enhancement of the capability of junior listed companies to raise badly needed funds to support their activities, is to be applauded.

Yours truly,

SALLEY BOWES HARWARDT LAW CORP.

Per:

Louis P. Salley

LPS/fsf

Teresa Cortese

From: Larissa Streu
Sent: January-14-14 5:05 PM
To: Loretta Wong
Subject: FW: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders
Attachments: image002.png; image004.png

From: Sharon E. White [mailto:SWhite@rbs.ca]
Sent: Tuesday, January 14, 2014 3:57 PM
To: Larissa M. Streu
Subject: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

Dear Larissa

I am senior securities lawyer with many clients who are listed on the TSX Venture Exchange.

Based on my over 30 years' experience in the public venture capital market, it is my belief that the proposed new exemption for existing security holders will be beneficial to the market and our clients. I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged.

Regards,
Sharon White

Sharon E. White, Q.C., Partner*

Direct Tel: 604.661.9260 | Email: swhite@rbs.ca
*Practising through a Law Corporation
Chan Wong, Legal Administrative Assistant
Direct Tel: 604.909.9307 | Email: cwong@rbs.ca

RICHARDS BUELL SUTTON LLP | Established in 1871
Barristers & Solicitors
700 - 401 West Georgia Street, Vancouver, BC Canada V6B 5A1
Tel: 604.682.3664 | Fax: 604.688.3830 | www.rbs.ca

Teresa Cortese

From: Larissa Streu
Sent: January-15-14 9:12 AM
To: Loretta Wong
Subject: Fw: Multilateral CSA Notice 45-312 - Proposed Prospectus Exemption for Distributions to Existing Security Holders

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From: Dean Gendron [mailto:dean@redancapital.ca]
Sent: Wednesday, January 15, 2014 07:50 AM Pacific Standard Time
To: Larissa M. Streu
Subject: Multilateral CSA Notice 45-312 - Proposed Prospectus Exemption for Distributions to Existing Security Holders

Hello Larissa;

I am involved in the securities industry as a Corporate Development Advisor as well as a member of the TSXV Ontario Local Advisory Committee and the National Advisory Committee. I am writing this note to you today as I believe that the proposed new prospectus exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture issuers to raise additional capital and will keep shareholders engaged.

Please feel free to contact me should you require any additional information.

Sincerely,

Dean

Dean Gendron
President and CEO
RedaN Capital Inc.
Cellular: (613) 769-0453
Fax: 1(866) 385-0316
dean@redancapital.ca
www.redancapital.ca

'Strategic Business Combinations Advisors – Public Capital Markets Specialists'

Teresa Cortese

From: Larissa Streu
Sent: January-15-14 12:19 PM
To: Loretta Wong
Subject: FW: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption comments

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From: Brian Roberts [mailto:brian@toscamining.com]
Sent: Wednesday, January 15, 2014 11:19 AM
To: Larissa M. Streu
Subject: RE: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption comments

Dear Sir/Madam;

We support the proposed changes.

From a listed company perspective, the easier it is to raise funds, the better for all of us. The limit of $15,000 seems low. Why limit it to this amount? As a current shareholder, the individual should be aware of the company's status and plans, therefore educated enough to make an investment

Brian Roberts
Tosca Mining Corp.

Teresa Cortese

From: Larissa Streu
Sent: January-15-14 12:50 PM
To: Loretta Wong
Subject: Fw: New Exemption for Existing Shareholders
Attachments: image001.png

From: Conway Trevor [mailto:TConway@mgisecurities.com]
Sent: Wednesday, January 15, 2014 11:47 AM Pacific Standard Time
To: Larissa M. Streu; Tracy Clark
Subject: New Exemption for Existing Shareholders

I am involved in the securities industry and believe that the proposed new exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged.

I also believe there should be no upper limit for accredited investors.

G. Trevor Conway
Head of Energy Investment Banking
MGI Securities Inc.
Suite 500, 301 - 8th Avenue SW
Calgary, AB
T2P 1C5

MGI SECURITIES

T: (403) 705-4974
C: (403) 605-6167
F: (403) 705-4971
E: tconway@mgisecurities.com

CLARK WILSON LLP

Reply to: Craig V. Rollins
Direct Tel: 604.891.7785
Email: cvr@cwilson.com

CLARK WILSON LLP
Barristers & Solicitors
Patent & Trade-Mark Agents
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January 15, 2014

VIA EMAIL

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
lstreu@bcsc.bc.ca

Attention: Larissa Streu, Senior Legal Counsel, Corporate Finance

Dear Ms. Streu:

Re: Multilateral CSA Notice 45-312 *Proposed Prospectus Exemption for Distributions to Existing Security Holders* - Request for Comments

Clark Wilson LLP writes in response to Multilateral CSA Notice 45-312 *Proposed Prospectus Exemption for Distributions to Existing Security Holders* dated November 21, 2013 (the "**Notice**") and the summary of terms of the proposed exemption contemplated therein (the "**Proposed Exemption**"). We generally support the Proposed Exemption as it will provide venture issuers with an inexpensive way to access the capital markets. Our responses are numbered in a manner that correspond with your questions as set out the Notice.

1. *If you are a TSXV issuer, will you use the prospectus exemption?*

Response: Although we are not a TSXV issuer, we are legal advisors to many TSXV issuers and our clients have indicated that they will use the Proposed Exemption.

2. *Should the proposed exemption be available to issuers listed on other Canadian markets?*

Response: Yes, we believe the Proposed Exemption should be available to issuers listed on other Canadian markets, including the TSX and the CSE. Furthermore, we believe the Proposed Exemption should be available to reporting issuers in any Canadian jurisdiction that are listed on a recognized stock exchange in Canada or the United States.

3. *Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?*

Response: We believe the appropriate limit should be $25,000.

4. *In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?*

Response: It would be suitable if the investor received advice from a registered investment dealer, or the investor is in the business of buying and selling stock.

5. *Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?*

Response: Yes.

6. *Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?*

Response: Yes as the security holder has in all likelihood previously received some or all of the issuer's public disclosure, and likely monitors their press releases.

7. *What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?*

Response: We agree that one day is sufficient but consideration should be given to the T+3 settlement procedures when establishing if a proposed purchaser is a security holder on the record date.

8. *We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.*

   (a) *Do you agree that a four month hold period is appropriate for this exemption?*

   Response: Yes, because the securities may be issued at a discount to market price and would be therefore consistent with other private placement exemptions and the policies of the TSXV.

   (b) *Should we require issuers to provide additional continuous disclosure, such as an annual information form?*

   Response: No.

   (c) *If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?*

   Response: We believe a seasoning period is not appropriate – See response to number 8(a).

   (d) *If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?*

   Response: We believe a seasoning period is not appropriate – See response to number 8(a).

(e) *We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?*

Response: We believe this is appropriate.

Clark Wilson LLP is involved in the securities industry as a legal professional and believes that the Proposed Exemption will be beneficial to the public venture capital market. We support the introduction of Proposed Exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged.

Yours truly,

CLARK WILSON LLP

Per: "*Craig Rollins*"

Craig V. Rollins

IGC RESOURCES INC.
1252 Kyndree Court
Kelowna, BC Canada V1V 1H1
Tel +1 250 868 0668

Australia
PO Box 900 West Perth WA 6872
Tel 61 8 9322 7755 Fax 61 8 9322 6020

15 January 2014

Larissa Streu
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
PO Box 10142 - 701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
lstreu@bcsc.bc.ca

Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600 – 250 5th Street SW
Calgary, AB T2P 0R4
tracy.clark@asc.ca

Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Exemption")

We are a listed resource company and write in response to your request for comments on the Exemption.

We believe that the Exemption will be beneficial to the public venture capital market.

We strongly support the Exemption, and see a critical need to bring it into effect as soon as possible. We offer the following comments to the questions posed by you in Multilateral CSA Notice 45-312:

- We feel the "record date" for security ownership should be ten days before the announcement of the offering. Much of an investor's knowledge of an issuer is acquired before he or she makes the decision to invest. Accordingly, we do not see any reason why investors should be unable to participate in an offering of an issuer's securities immediately after their purchase of the issuer's securities in the public market. We believe that in many instances, the day after making a decision to purchase an issuer's securities in the public market may be one of the times an investor is most familiar with, and best informed about, that issuer.

- We believe the $15,000 limit on the total amount that can be invested in any 12-month period (without suitability advice from a registered investment dealer) is too low. The success of the Exemption, assuming it is implemented, will not only be measurable in how many shareholders participate in such offerings, but also in the amount of money issuers are able to raise in reliance on the Exemption. We acknowledge that limiting the amount of total loss is a valid consideration in implementing a prospectus exemption; however we feel that a $100,000 limit strikes a fairer balance between the need to protect investors, the right of

investors to make their own investment decisions and the need to allow junior issuers to raise meaningful levels of capital in reliance on the Exemption.

- While we do not oppose a seasoning or hold period, we feel that, generally, the traditional "four month hold period" is no longer necessary with the current amount of public disclosure and should be revised or removed in the context of most, if not all, prospectus exemptions. SEDAR and SEDI are well established and technology has allowed the pace of capital markets and the amount of public access to information concerning companies to increase considerably, and accordingly the resale restriction regime should be reviewed. Imposing a four month hold period on securities issued in reliance on the Exemption decreases the attractiveness of such securities from the perspective of an investor, and accordingly would decrease the potential effectiveness of the Exemption.

- We agree that there should be no investment limit if an investor receives suitability advice from a registered dealer.

- We strongly oppose coupling the use of the Exemption with any disclosure requirements beyond a comprehensive news release. Requiring an offering document to be delivered or an annual information form to be filed runs counter to the spirit and purpose of the Exemption, being that issuers should have an opportunity to distribute securities from treasury to those investors who are already familiar with the issuer and its business without prohibitively expensive and cumbersome disclosure obligations and filing requirements.

In closing, we applaud the participating jurisdictions for taking the initiative to propose the Exemption and hope that you implement it as soon as possible.

Yours truly,

Clive Hartz
President

Critical Outcome
Technologies Inc.

The Stiller Centre
Suite 213, 700 Collip Circle
London, ON N6G 4X8

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Facsimile. 519.858.5179
www.criticaloutcome.com

January 15, 2014

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick) Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

To Whom It May Concern:

Re: Multilateral CSA Notice 45-312
Proposed Prospectus Exemption for Distributions to Existing Security Holders

Based upon your invitation to offer feedback on the above noted proposal, I offer the following comments on two questions posed in the Notice as follows:

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

I believe this should be a three criteria test; first, accredited investors; second, insiders; and, third, retail investors who are neither insiders nor accredited investors (NINA). An accredited investor would not be restricted by the $15,000 limit but would be subject to the current rules for accredited investors. If an insider does not meet the accredited investor criteria they would have a limit of $25,000 rather than the $15,000 limit to recognize they have a broader knowledge of the Company and recognizes that they currently have an exemption to participate in private placements without an investment restriction. Finally, the NINA would have the $15,000 restriction reflecting the intent to limit their loss exposure based upon their financial wherewithal and knowledge of the Company.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

I believe the record date should be more than one day following the announcement of the offering. The rationale is based upon one of the fundamental considerations for extending the prospectus exemption to retail investors being to increase their opportunity for participation in TSXV issuer private placements where advantages in such investments are available to accredited investors such as: discounted pricing, avoidance of brokerage commissions, and the

acquisition of warrant "sweeteners" typically issued with shares in private placements to accredited investors. Accordingly, there should be a reasonable period for not only existing NINA at the time of the announcement but other NINA to acquire a position that would allow them to participate in the private placement. It would seem this should be a minimum of two calendar weeks to allow sufficient time for the information to be available in the market and for such news to be spread by various parties and communications means. Three calendar weeks seems like the right time as this allows for investor holiday periods both from a statutory perspective and common employment vacation periods of one or two weeks.

Thank you for the opportunity to provide some thoughts and I hope such have offered some value in the decision process.

Kind regards,

/signed/

Gene Kelly
Chief Financial Officer

Teresa Cortese

From: Larissa Streu
Sent: January-15-14 2:34 PM
To: Loretta Wong
Subject: FW: exemptions for existing shareholders

From: George Stephenson [mailto:indinlake@gmail.com]
Sent: January-15-14 9:22 AM
To: Tracy Clark
Subject: exemptions for existing shareholders

I agree the exemptions should be approved.
George Stephenson

Teresa Cortese

From: Larissa Streu
Sent: January-15-14 2:35 PM
To: Loretta Wong
Subject: FW: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders
Attachments: image001.png

From: Glen Snarr [mailto:glen.snarr@usoilsandsinc.com]
Sent: January-14-14 12:45 PM
To: Tracy Clark
Subject: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

Good Afternoon,

I have read the proposed changes to the prospectus exemptions and am highly supportive.

As a TSXV issuer and one that has just recently (October 2013) closed a significant ($81 million) private place financing, we would have found such an exemption very palatable to our company and our shareholders. With only one institutional investor of record going into the financing, we believe that our then current retail shareholders would have benefited from the opportunity to invest in the financing if they so chose to – but at least they would have had an opportunity to.

We support the introduction of this exemption and believe that it will assist TSXV companies in raising hard-to-come-by capital and will keep shareholders engaged who now no doubt feel to a degree left-out of participating in private placement financings.

Kind regards,
US Oil Sands Inc.

D. Glen Snarr, C.A.
President and Chief Financial Officer
Ph: (403) 233-9366, ext 24
Fax: (587) 353-5373
Cell: (403) 607-3222
E-mail: glen.snarr@usoilsandsinc.com
Website: www.usoilsandsinc.com

U.S. OIL SANDS

US Oil Sands Inc.
Suite 1600, 521 - 3rd Avenue SW
Calgary, AB T2P 3T3

Teresa Cortese

From: Larissa Streu
Sent: January-15-14 2:35 PM
To: Loretta Wong
Subject: FW: Comments

From: Elmer Stewart [mailto:ElmerBStewart@copperfoxmetals.com]
Sent: January-14-14 12:52 PM
To: Tracy Clark
Subject: Comments

Tracy:
Please see comments to question outlined in the request for comments regarding Notice 45-312. Comments are set out in brackets below.

If you have any questions, please contact the undersigned at your convenience

Yours truly

Elmer B. Stewart

RE: **Multilateral CSA Notice 45-312**
Proposed Prospectus Exemption for Distributions to Existing Security Holders

Questions
We invite comment on all aspects of the proposed exemption. In particular, we would like to receive feedback in respect of the following questions:
1. If you are a TSXV issuer, will you use the proposed exemption? (Yes)

2. Should the proposed exemption be available to issuers listed on other Canadian markets? (Yes)

3. Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit? (The investor should set the limit. At the time of the proposed investment, the investor is a shareholder and should be knowledgeable on the investment. As for getting advice from a registered investment dealer, yes the investor should discuss this with his registered investment representative (who should also know the Issuer and be up to speed on its activity) As for getting advice from any registered investment dealer, it is too easy for registered investment dealer who are not knowledgeable on the Issuer just to pass on the investment)

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer? (I believe that should be up to the Investor, provided that he is a shareholder0

5. Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer? (see comment above, the limit should be set by the Investor. The Investor should discuss the investment with his registered representative and if considered to have merit, the investor should set the limit)

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer? (Yes, because of the required disclosure to shareholders)
-6-

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time? (I would have thought that the Securities Regulators would have set the date for when the exemption is effective. After the exemption becomes effective, then it would be available to all Issuers. The record date for an Issuer to utilize the exemption should be the date on which a news release is made announcing the financing)

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

a. Do you agree that a four month hold period is appropriate for this exemption? (Yes)

b. Should we require issuers to provide additional continuous disclosure, such as an annual information form? (No)

c. If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation? (No, shareholders like to see insiders participating along with them. A limit of up to 25% for insiders would be acceptable)

d. If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering? (No comment on this question)

Teresa Cortese

From: Larissa Streu
Sent: January-15-14 3:19 PM
To: Loretta Wong
Subject: Fw: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

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From: Paul A. Bowes [mailto:pab@sbh.bc.ca]
Sent: Wednesday, January 15, 2014 02:12 PM Pacific Standard Time
To: Larissa M. Streu
Subject: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

To whom it may concern:

I believe that the proposed new exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption, which is balanced in its approach as to protecting the public interest and assisting venture companies to raise additional capital.

I would support expanding the exemption to include companies listed on the CNSX, as well as the TSXV, since listed issuers on both of these Canadian markets have readily accessible and adequate continuous public disclosure records.

Regards,

Paul A. Bowes

~~~~~~

Salley Bowes Harwardt Law Corp.
Barristers and Solicitors
Suite 1750, 1185 West Georgia Street
Vancouver, B.C.
V6E 4E6

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Telephone: (604) 688-0788
Fax: (604) 688-0778
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Teresa Cortese

From: Larissa Streu
Sent: January-15-14 3:27 PM
To: Loretta Wong
Subject: Fw: Proposed Prospectus Exemption for Distributions to Existing Security Holders

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From: Mike England [mailto:mike@engcom.ca]
Sent: Wednesday, January 15, 2014 02:25 PM Pacific Standard Time
To: Larissa M. Streu
Subject: Proposed Prospectus Exemption for Distributions to Existing Security Holders

Hello,

I am involved in the securities industry (with a TSXV listed issuer) and believe that the proposed new exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged.

Best regards,

Mike England
President
Alix Resources Corp.
604-683-3995 Business
604-683-3988 Fax
888-945-4770 Toll Free
mike@engcom.ca

Teresa Cortese

From: Larissa Streu
Sent: January-15-14 4:34 PM
To: Loretta Wong
Subject: Fw: Broadening private placement participation

From: Mark Fields [mailto:fields@geodexminerals.com]
Sent: Wednesday, January 15, 2014 03:30 PM Pacific Standard Time
To: Larissa M. Streu
Subject: Broadening private placement participation

Dear Ms Streu,

I would like to voice my support for the initiative to broaden the methods by which individuals can participate in private placements on the TSX-V.

I have believed for some time that the current restrictions regarding private placements do not in fact protect the average investor, they restrict their choices. Investors who may not necessarily qualify for participation in private placements are generally entirely competent and in fact very capable of making decisions consistent with their financial situation with respect to investments in TSX-V companies. Broadening the basis for investors to participate in private placements would allow them to purchase securities, often with warrants for example, on terms which they are currently unable to benefit from.

I have had conversations with seasoned investors who chafe that they cannot participate in a private placement, often for a company which they know well and have been shareholders of for long periods of time. Allowing them to make their own choices makes perfectly good sense to me. Doing otherwise would prolong a restriction that I believe is unfair to the smaller investor.

Best regards,
Mark Fields

--
Mark Fields, P. Geo., B. Comm. (Hon)
President & CEO
Geodex Minerals Ltd.
880 - 800 West Pender Street
Vancouver, BC V6C 2V6
Tel: 604.689.7771
fields@geodexminerals.com
www.GeodexMinerals.com

Teresa Cortese

From: Larissa Streu
Sent: January-15-14 5:48 PM
To: Loretta Wong
Subject: Fw: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

---

From: Victor P. Harwardt [mailto:vph@sbh.bc.ca]
Sent: Wednesday, January 15, 2014 04:38 PM Pacific Standard Time
To: Larissa M. Streu
Subject: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

Dear Ms. Streu,

I have practiced securities law in Vancouver for more than 25 years. I was extremely pleased to learn of the CSA proposal for a new exemption governing rights offerings. I fully support this initiative. Over the years, whenever venture issuer clients of mine have expressed an interest in pursuing a rights offering, I have generally dissuaded them on the basis of the complexity and cost of the existing rights offering regulations. I strongly believe that simplifying the process for junior issuers will aid in the capital raising process without sacrificing any of the extensive protections already afforded investors under the existing continuous disclosure regime. Thank you for your consideration.

Regards,
Victor Harwardt

Salley Bowes Harwardt Law Corp.
Suite 1750-1185 West Georgia Street
Vancouver, B.C. Canada V6E 4E6
Phone: (604)688-0788
Fax: (604) 688-0778

Teresa Cortese

From: Larissa Streu
Sent: January-15-14 8:18 PM
To: Loretta Wong
Subject: FW: Proposed Prospectus Exemption for Distributions to Existing Security Holders

-----Original Message-----
From: Tom McCandless [mailto:temccandless@gmail.com]
Sent: Wednesday, January 15, 2014 7:16 PM
To: Larissa M. Streu
Subject: Proposed Prospectus Exemption for Distributions to Existing Security Holders

I am involved in the securities industry with a TSXV listed issuer, and believe that the proposed new exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption, and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged.

Best Regards,

Tom E. McCandless
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<><><><><><><><><><><><><><><><><><><>
Tom E. McCandless, Ph.D., P.Geo.
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<><><><><><><><><><><><><><><><><><><>

Teresa Cortese

From: Larissa Streu
Sent: January-16-14 11:02 AM
To: Loretta Wong
Subject: FW: Notice 45-312 Proposed Prospectus Exemption

From: Doug McFaul [mailto:doug@victorymv.com]
Sent: Thursday, January 16, 2014 9:48 AM
To: Larissa M. Streu
Subject: Notice 45-312 Proposed Prospectus Exemption

Hello Larissa

RE: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

I am involved in the securities industry as a director of a number of TSXV listed issuer and I believe that the proposed new exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged.

Regards,

Doug McFaul
604-683-5445 Ext 250
doug@victorymv.com

Kensington Court Ventures Inc.

January 14, 2014

Larissa Streu
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
PO Box 10142 - 701 West Georgia Street
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lstreu@bcsc.bc.ca

Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600 – 250 5th Street SW
Calgary, AB T2P 0R4
tracy.clark@asc.ca

Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Exemption")

We are the managers and shareholders of several TSXV listed issuers and write in response to your request for comments on the Exemption.

We strongly support the Exemption, and see a critical need to bring it into effect as soon as possible. We offer the following comments to the questions posed by you in Multilateral CSA Notice 45-312:

- We feel the "record date" for security ownership should be 10 days or less before the announcement of the offering. Much of an investor's knowledge of an issuer is acquired before he or she makes the decision to invest. Accordingly, we do not see any reason why investors should be unable to participate in an offering of an issuer's securities immediately after their purchase of the issuer's securities in the public market. We believe that in many instances, the day after making a decision to purchase an issuer's securities in the public market may be one of the times an investor is most familiar with, and best informed about, that issuer.

- We believe the $15,000 limit on the total amount that can be invested in any 12-month period (without suitability advice from a registered investment dealer) is too low. The success of the Exemption, assuming it is implemented, will not only be measurable in how many shareholders participate in such offerings, but also in the amount of money issuers are able to raise in reliance on the Exemption. We acknowledge that limiting the amount of total loss is a valid consideration in implementing a prospectus exemption; however we feel that a $50,000 limit strikes a fairer balance between the need to protect investors, the right of investors to make their own investment decisions and the need to allow junior issuers to raise meaningful levels of capital in reliance on the Exemption. In addition, we believe that the bulk of any financing under the Exemption is likely to be taken up a group of "deeper pocketed" shareholders. A larger limit will allow issuers to raise more capital.

- While we do not oppose a seasoning or hold period, we feel that, generally, the traditional "four month hold period" is no longer necessary with the current amount of public disclosure and should be revised or removed in the context of most, if not all, prospectus exemptions. SEDAR and SEDI are well established and technology has allowed the pace of capital markets and the amount of public access to information concerning companies to increase considerably, and accordingly the resale

restriction regime should be reviewed. Imposing a four month hold period on securities issued in reliance on the Exemption decreases the attractiveness of such securities from the perspective of an investor, and accordingly would decrease the potential effectiveness of the Exemption.

- We agree that there should be no investment limit if an investor receives suitability advice from a registered dealer.

- We strongly oppose coupling the use of the Exemption with any disclosure requirements beyond a comprehensive news release. Requiring an offering document to be delivered or an annual information form to be filed runs counter to the spirit and purpose of the Exemption, being that issuers should have an opportunity to distribute securities from treasury to those investors who are already familiar with the issuer and its business without prohibitively expensive and cumbersome disclosure obligations and filing requirements.

In closing, we applaud the participating jurisdictions for taking the initiative to propose the Exemption and hope that you implement it as soon as possible.

Yours truly,
KENSINGTON COURT VENTURES INC

C. Geoffrey Hampson
Chairman and CEO

654 – 999 Canada Place
Vancouver, BC V6C 3E1
604.648. 3913

Teresa Cortese

From: Larissa Streu
Sent: January-17-14 10:35 AM
To: Loretta Wong
Subject: FW: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

---

From: Shaw, Marion [mailto:mvs@bht.com]
Sent: Friday, January 17, 2014 9:11 AM
To: Larissa M. Streu; Tracy Clark
Subject: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

I head the Corporate Finance and Securities Group at Bull Housser. I write to express my support for the proposed new exemption for existing security holders, which I believe will be beneficial to the public venture capital market.

Yours truly,

Marion V. Shaw

Partner, Corporate Finance + Securities

T 604.641.4922 F 604.646.2510 mvs@bht.com
Assistant Colleen Pearlman T 604.641.4560 clp@bht.com

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Bull, Housser & Tupper LLP

CANADIAN SECURITIES EXCHANGE

The Exchange For Entrepreneurs

January 17, 2014

BY EMAIL

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission

Larissa Streu,
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The Secretary
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comments@osc.gov.on.ca

Dear Sirs/Mesdames:

Re: Multilateral CSA Notice 45-312 – Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Notice")

The Canadian Securities Exchange appreciates the opportunity to comment on these significant issues. We offer some general comments and observations in addition to our responses to the specific questions in the Notice.

Background – Canadian Securities Exchange.

CNSX Markets Inc. is a recognized stock exchange in Ontario, and authorized or exempt in Quebec, British Columbia, Alberta and Manitoba. On January 6, 2014 we began

carrying on business as the Canadian Securities Exchange, or CSE. In addition to over 200 listed securities all of the securities listed on other Canadian exchanges are also posted on the CSE for trading, making the Canadian Securities Exchange the only exchange in Canada where participants can trade all Canadian-listed securities.

General Comments

We strongly support introduction of an exemption that relies primarily on the existing continuous disclosure record of issuers and previous investment decisions of investors. Our only concern is with a proposal that distinguishes among listing exchanges, rather than listed or unlisted issuers. While the Ontario Securities Commission has stated general support for the proposal and will likely introduce a similar exemption in Ontario, we strongly encourage the CSA to revise the proposal to apply to issuers listed on a recognized exchange in Canada, rather than specify any particular exchange.

Responses to Specific Questions

1. If you are a TSXV issuer, will you use the proposed exemption?

Not applicable.

2. Should the proposed exemption be available to issuers listed on other Canadian markets?

The rationale for the exemption applies to issuers on any marketplace, and the investor protection considerations are addressed for any issuer listed on a recognized exchange. The exemption should be available to all issuers listed in Canada.

3. Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?

The implication of any fixed value is that all investors share similar individual risk profiles, and in that respect it may not be appropriate. Waiving the restriction under certain circumstances, however, may address that concern. Obtaining professional advice is an appropriate reason, and presumably the accredited investor exemption will remain available in some form to those that qualify. If one of the reasons behind the proposed exemption is to afford all current shareholders an opportunity to avoid the dilutive effects of further financings from the company, then it is likely that the $15,000 limit is sufficient to extend the ability to participate to otherwise non-accredited investors.

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

The proposal to permit a greater investment with advice from a registered investment dealer is sound. It may also be appropriate to allow investment by shareholders that have already invested greater amounts over a longer period, or already hold an investment the issuer with a current value significantly greater than $15,000.

5. Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?

Yes. An appropriate individual limit is an integral part of the advice that is included with the advice on suitability. This should be addressed by the dealer's existing responsibilities rather than added as an additional requirement for the purpose of this exemption.

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

We do not believe that simple ownership enables an investor to make a more informed decision, as any potential investor has access to all of the same information. A current security holder however, with or without research or advice, has already assumed the risk of ownership of that security and may have a greater incentive to conduct research or seek professional advice.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

Companies may make frequent use of the exemption, which could cause administrative difficulties if the period is too long. One day, however, is likely not sufficient. Five to ten days may be a more appropriate range.

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

a. Do you agree that a four month hold period is appropriate for this exemption?

We believe the four month hold meets the objectives of allowing retail investors to get the discounted price, avoid commissions, and acquire sweeteners, but does not provide advantages over other simple exemptions like "friends and family" or accredited investors.

b. Should we require issuers to provide additional continuous disclosure, such as an annual information form?

No. As stated in our general comments, we support an exemption that is based primarily on the existing continuous disclosure record of a listed company. The existing record is sufficient, supplemented by requirements of the exchanges.

c. If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?

Yes. This should be consistent with (a) – make it similar to the rights offering, or similar to a private placement.

d. If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?

No. The proposed exemption will provide more flexibility for issuers to raise capital from an additional source, the retail investor. In turn, it will provide a new opportunity for retail investors. We do not believe the intention of the proposed exemption is to create an obligation by requiring issuers to offer all shareholders the opportunity to participate in any financing.

9. We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?

The CSE, as all Canadian exchanges, defines the prices at which exempt financings may be conducted. If the proposed exemption were to be extended to include all listed companies, the financings would still be subject to the standard private placement rules of the listing exchange. Just as current exemptions allow the financing and the listing exchange sets the pricing parameters, so it should be with the proposed exemption.

We thank the participating CSA members for the comprehensive review of the issues and the resulting proposal. In addition, we thank the OSC for clarifying its position on the proposal and intentions to consider comments in developing a similar proposal.

Yours truly,

"Mark Faulkner"

Vice President, Listings & Regulation

cc: Richard W. Carleton, CEO
Rob Cook, Senior Vice President, Market Development

Miller Thomson
lawyers | avocats

MILLER THOMSON LLP
MILLERTHOMSON.COM

ROBSON COURT + 840 HOWE STREET, SUITE 1000
VANCOUVER, BC + V6Z 2M1 + CANADA

T 604.687.2242
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January 17, 2014

Dwight D. Dee
Direct Line: 604.643.1239
ddee@millerthomson.com

File: 777001.0118

SENT VIA E-MAIL

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marches financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Dear Sirs/Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "CSA Notice")

We write in response to the request for comments under the CSA Notice.

We are in support of this exemption and welcome its implementation.

In response to certain of the questions posed in the CSA Notice we provide the following comments:

Should the proposed exemption be available to issuers listed on other Canadian markets?

We believe that the proposed exemption should be available not only to issuers listed on the TSX Venture Exchange but also to issuers listed on other Canadian markets. We are uncertain as to why the exemption should be limited to TSX Venture Exchange issuers. Issuers listed on other Canadian markets would generally be subject to the same continuous disclosure obligations under applicable securities laws and therefore existing shareholders of issuers listed on other exchanges would have access to information that is subject to similar standards of disclosure in order to make informed investment decisions.

What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period?

We would suggest that the appropriate record date for shareholders be one day before the announcement of the offering. A prescribed record date allowing for more of an extended period does not necessarily mean that an investor will have greater familiarity with an issuer and setting any other date would be largely arbitrary. With respect to the possible concerns noted in the CSA Notice regarding the risk of a "pump and dump", we believe that current regulations against insider tipping should adequately address those concerns. As the securities commissions would receive reports of exempt distribution listing the names of investors under the exemption, the securities commissions could monitor whether the exemption was being abused in this manner.

Do you agree that a four month hold period is appropriate for this exemption?

To ensure a level playing field with other private placement investors, a four month hold would be appropriate. A private placement to new investors would be typically undertaken utilizing other capital raising exemptions with an associated four month restricted hold period. If investors under the proposed exemption were subject only to a seasoning period, they would effectively have no hold periods and would receive a significant advantage over other investors.

Apart from the above comments, we also would like to suggest that the exemption clearly define the term "*offering material*", as such term is used in section 7 of the exemption. Under section 7, any "offering material" provided to a purchaser in connection with a distribution under the proposed exemption must be filed on SEDAR. We expect that in many cases, issuers may reach out to their shareholders with correspondence or "email blasts" to advise them of the opportunity for existing shareholders to invest in a private placement utilizing the exemption. The correspondence may refer shareholders to the issuer's website, for example, to obtain additional information on the issuer. An issuer should have clarity as to what materials would need to be filed. For example, is "offering material" the same as how the Ontario *Securities Act* defines an "offering memorandum" which means "a document purporting to describe the business and affairs of an issuer that has been prepared primarily for, delivery to and review by a prospective purchaser to make an investment decision." We think this is the intention and this should be made more clear.

We hope the above comments are of assistance.

Yours truly,

MILLER THOMSON LLP

Per: *"Dwight D. Dee"*

Dwight D. Dee
DDD/ck

Teresa Cortese

From: Larissa Streu
Sent: January-17-14 4:09 PM
To: Loretta Wong
Subject: FW: Multilateral CSA Notice 45-312

From: Fred Davidson [mailto:FDavidson@energold.com]
Sent: Friday, January 17, 2014 3:03 PM
To: Larissa M. Streu
Subject: Multilateral CSA Notice 45-312

I am the President of Impact Silver Corp. a Tier One issuer on the TSX-V. On behalf of the Company I fully support the proposed exemption as it will help reduce costs, and speed up the process of private placements. A number of the issues related to the exemption and the private placements need to be considered however.

The proposed limit of $15,000 in a 12 month period is far too low, I believe this is an excellent start. Juniors entail risk and the investor would have to be incredible naïve not to recognize that, and by trying to protect those few, the Commission is effectively discriminating against other investors. Further the Commission needs to step back from over protection, i.e. $15,000 could be easily spent on a used car with less information about it than what is available for a public company. Investors have to be able to make independent decisions and given the quality of current reporting they have the information on SEDAR or SEDI to do that. I would encourage the commission to at least increase that limitation to $30,000.

Requiring the Company to file an offering document or an annual information form beyond the quarterly and annual reports as well as a news release defeats the entire idea of low cost and expeditious placements.

I understand there is also an issue of when an investor held the stock to determine eligibility for them to acquire stock under this exemption. If a shareholder has made a conscious decision to buy the stock in the open market prior to this opportunity and actually holds stock they should be eligible to buy under this exemption. The only difference is this exemption is not diluted by brokers' fees and I assume has a four month hold. The risk to the small investor could be reduced by giving them improved liquidity by removing the four month hold.

Your truly

Frederick Davidson
President and CEO
Impact Silver Corp.
543 Granville St.
Vancouver, B.C.

TSX.V: CIN

Canadian
INTERNATIONAL MINERALS INC

Via Email

January 14, 2014

Larissa Streu
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
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lstreu@bcsc.bc.ca

Tracy Clark
Legal Counsel, Corporate Finance
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The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario, M5H 3S8
comments@osc.gov.on.ca

Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Exemption")

We write in response to your request for comments on the Exemption. The writer is the President and Chief Executive Officer of Canadian International Minerals Inc.

We believe that the Exemption will be beneficial to the public venture capital market. We support the introduction of the Exemption and believe it will aid junior companies to raise needed capital and will attract and empower shareholders. We urge you to implement the Exemption as soon as possible. The costs involved in raising capital through prospectus offerings or brokered private placements are very high, so we expect that the Exemption when implemented will allow companies to raise funds quickly and with much lower costs similar to non brokered placements.

We strongly support the Exemption, and see a critical need to bring it into effect as soon as possible. We offer the following comments to the questions posed by you in Multilateral CSA Notice 45-312:

- We feel the "record date" for security ownership should be a maximum of 10 days before the date of announcements of the offering. Much of an investor's knowledge of an issuer is acquired before he or she makes the decision to invest. Accordingly, we do not see any reason why investors should be unable to participate in an offering of an issuer's securities immediately after their purchase of the issuer's securities in the public market. We believe that in many instances, the day after making a decision to purchase an issuer's securities in the public market may be one of the times an investor is most familiar with, and best informed about, that issuer.

- We believe the $15,000 limit on the total amount that can be invested in any 12-month period (without suitability advice from a registered investment dealer) is too low. The success of the Exemption, assuming it is implemented, will not only be measurable in how many shareholders participate in such offerings, but also in the amount of money issuers are able to raise in reliance on the Exemption. We acknowledge that limiting the amount of total loss is a valid consideration in implementing a prospectus exemption; however we feel that a $30,000 limit strikes a fairer balance between the need to protect investors, the right of investors to make their own investment decisions and the need to allow junior issuers to raise meaningful levels of capital in reliance on the Exemption.

- While we do not oppose a seasoning or hold period, we feel that, generally, the traditional "four month hold period" is no longer necessary with the current amount of public disclosure and should be revised or removed in the context of most, if not all, prospectus exemptions. SEDAR and SEDI are well established and technology has allowed the pace of capital markets and the amount of public access to information concerning companies to increase considerably, and accordingly the resale restriction regime should be reviewed. Imposing a four month hold period on securities issued in reliance on the Exemption decreases the attractiveness of such securities from the perspective of an investor, and accordingly would decrease the potential effectiveness of the Exemption.

- We agree that there should be no investment limit if an investor receives suitability advice from a registered dealer.

- We strongly oppose coupling the use of the Exemption with any disclosure requirements beyond a comprehensive news release. Requiring an offering document to be delivered or an annual information form to be filed runs counter to the spirit and purpose of the Exemption, being that issuers should have an opportunity to distribute securities from treasury to those investors who are already familiar with the issuer and its business without prohibitively expensive and cumbersome disclosure obligations and filing requirements.

In closing, we applaud the participating jurisdictions for taking the initiative to propose the Exemption and hope that you implement it as soon as possible.

Yours truly,

CANADIAN INTERNATIONAL MINERALS INC.

Per: *"Michael Schuss"*

President and Chief Executive Officer

4411 Fisher Drive
Richmond, B.C.
V6X 3V6

January 17, 2014

Larissa Streu
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Tracy Clark
Legal Counsel, Corporate Finance
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tracy.clark@asc.ca

Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Exemption")

We are investors in the resource exploration mining industry and write in response to your request for comments on the Prospectus Exemption. The need to allow human beings to make their own decisions and take risks at their own peril should be the norm from our perspective. Legislation to protect the investor these days from unscrupulous marketeers has been greatly reduced with the readily attainable information available on company websites and on Sedar/Sedi filings. We know that we are investing in high risk business ventures and do not need in this day and age the overburden of regulations to protect our funds which are destined for high risk speculation.

We strongly therefore support the Exemption, and see a critical need to bring it into effect as soon as possible. We offer the following comments to the questions posed by you in Multilateral CSA Notice 45-312:

- We feel the "record date" for security ownership should be the 10 days before the announcement of the offering. Much of an investor's knowledge of an issuer is acquired before he or she makes the decision to invest. Accordingly, we do not see any reason why investors should be unable to participate in an offering of an issuer's securities immediately after their purchase of the issuer's securities in the public market. We believe that in many instances, the day after making a decision to purchase an issuer's securities in the public market may be one of the times an investor is most familiar with, and best informed about, that issuer.

- We believe the $15,000 limit on the total amount that can be invested in any 12-month period (without suitability advice from a registered investment dealer) is too low. Fifteen thousand dollars these days is not a large amount of money. How did this figure even originate ? Is not a figure such as $100,000 more appropriate in this day and age ? Being a psychologist by training I find it somewhat annoying that the concept of a "nanny" state psychology in the regulatory process has continued to increase which is not at all conducive to high risk investment. By taking risk as a child or adult the personality develops strength and resiliency through mistakes and review of what went wrong. Business succeeds from failure not from success. The success of the Exemption, assuming it is implemented, will not only be measurable in how many shareholders participate in such offerings, but also in the amount of money issuers are able to raise in reliance on the Exemption. Cannot I as an adult decide my own fate? Regulators are but human beings that make decisions on the investors behalf that on the whole hinder business development AND human development.

- While we do not oppose a seasoning or hold period, we feel that, generally, the traditional "four month hold period" is no longer necessary with the current amount of public disclosure and should be revised or removed in the context of most, if not all, prospectus exemptions. SEDAR and SEDI are well established and technology has allowed the pace of capital markets and the amount of public access to information concerning companies to increase considerably, and accordingly the resale restriction regime should be reviewed. Imposing a four month hold period on securities issued in reliance on the Exemption decreases the attractiveness of such securities from the perspective of an investor, and accordingly would decrease the potential effectiveness of the Exemption.

- We strongly oppose coupling the use of the Exemption with any disclosure requirements beyond a comprehensive news release. Requiring an offering document to be delivered or an annual information form to be filed runs counter to the spirit and purpose of the Exemption, being that issuers should have an opportunity to distribute securities from treasury to those investors who are already familiar with the issuer and its business without prohibitively expensive and cumbersome disclosure obligations and filing requirements.

In closing, we applaud the participating jurisdictions for taking the initiative to propose the Exemption and hope that you implement it as soon as possible. We have seen that many companies spend an exorbitant amount of shareholders funds on legal and accounting and therefore reduce the amount of funds to develop the business. There is something wrong in the process that enriches lawyers and accountants excessively because of bureaucratic regulatory excess. We believe the current process being implemented is a first step in reversing this trend.

Yours truly,

Charn Deol Rajindar Deol
TEL: 604-760-1781

464 Somerset St. N Vancouver, BC, V7N1G3

January 18, 2014

Larissa Streu
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Tracy Clark
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Alberta Securities Commission
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Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Exemption")

I am an investor in many public companies as well as a former officer and director of a public companies and write in response to your request for comments on the Exemption.

I strongly support the Exemption, and see a critical need to bring it into effect as soon as possible. I offer the following comments to the questions posed by you in Multilateral CSA Notice 45-312:

- I feel the "record date" for security ownership should be a maximum of 10 days before the announcement of the offering. Much of an investor's knowledge of an issuer is acquired before he or she makes the decision to invest. Accordingly, I do not see any reason why investors should be unable to participate in an offering of an issuer's securities immediately after their purchase of the issuer's securities in the public market. I believe that in many instances, the day after making a decision to purchase an issuer's securities in the public market may be one of the times an investor is most familiar with, and best informed about, that issuer.

- I believe the $15,000 limit on the total amount that can be invested in any 12-month period (without suitability advice from a registered investment dealer) is too low. The success of the Exemption, assuming it is implemented, will not only be measurable in how many shareholders participate in such offerings, but also in the amount of money issuers are able to raise in reliance on the Exemption. I acknowledge that limiting the amount of total loss is a valid consideration in implementing a prospectus exemption; however I feel that a $30,000 limit strikes a fairer balance between the need to protect investors, the right of investors to make their own investment decisions and the need to allow junior issuers to raise meaningful levels of capital in reliance on the Exemption.

- While I do not oppose a seasoning or hold period, we feel that, generally, the traditional "four month hold period" is no longer necessary with the current amount of public disclosure and should be revised or removed in the context of most, if not all, prospectus exemptions. SEDAR and SEDI are well established and technology has allowed the pace of capital markets and the amount of public access to information concerning companies to increase considerably, and accordingly the resale restriction

regime should be reviewed. Imposing a four month hold period on securities issued in reliance on the Exemption decreases the attractiveness of such securities from the perspective of an investor, and accordingly would decrease the potential effectiveness of the Exemption.

- I agree that there should be no investment limit if an investor receives suitability advice from a registered dealer.

- I strongly oppose coupling the use of the Exemption with any disclosure requirements beyond a comprehensive news release. Requiring an offering document to be delivered or an annual information form to be filed runs counter to the spirit and purpose of the Exemption, being that issuers should have an opportunity to distribute securities from treasury to those investors who are already familiar with the issuer and its business without prohibitively expensive and cumbersome disclosure obligations and filing requirements.

In closing, I applaud the participating jurisdictions for taking the initiative to propose the Exemption and hope that you implement it as soon as possible.

Yours truly,

Harvey Lawson

Newmac Resources Inc.
1580-1500 West Georgia Street
Vancouver, BC, Canada V6G 2Z6

January 19, 2014

BY EMAIL: lstreu@bcsc.bc.ca; tracy.clark@asc.ca; and comments@osc.gov.on.ca

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

c/o Larissa Streu
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701 West Georgia Street
Vancouver, British Columbia V7Y 1L2

c/o Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4

Dear Sirs and Madams,

Re: ***Multilateral CSA Notice MI 45-312 – Proposed Prospectus Exemption for Distributions to Existing Security Holders***.

This letter is submitted on behalf of Newmac Resources Inc. (the "**Company**") in response to the Canadian Securities Administrators ("**CSA**") request in the above identified notice ("**MI 45-312**") for comments to the CSA concerning the adoption of a new prospectus exemption for distributions to existing security holders of securities of TSX Venture Exchange issuers (the "**Proposed Exemption**"). The Company is listed on the TSX Venture Exchange ("**TSXV**") and is a reporting issuer in British Columbia and Alberta. The Company has security holders in almost every province and territory in Canada.

The Company is in support of MI 45-312 and its goal to expand and expedite capital raising opportunities for small and medium sized enterprises listed on exchanges in Canada. The Proposed Exemption has the potential to assist venture issuers in raising capital more efficiently in Canada. It also has the potential to provide retail investors the opportunity to participate in unit offerings and discounted private placement offerings of issuers where they are existing security holders of without having to be an accredited investor.

We are providing our comments on the Proposed Exemption in response to the specific questions raised in the request for comments in MI 45-312. Our comments are as follows:

1. **If you are a TSXV issuer, will you use the Proposed Exemption?** Yes. The Proposed Exemption will provide a broader base of potential private placement investors to the Company. It will allow the Company to invite existing security holders to make a further investment in the Company on the same terms it now offers to accredited investors only. The conditions outlined in MI 45-312 and the draft rule regarding the use of the Proposed Exemption does not impose a heavy financial or timing burden on the issuer. Allowing investors to confirm in writing they are a security holder as of the record date of the offering simplifies what would have otherwise been a difficult task with objecting beneficial owners and delays in obtaining NOBO and OBO lists.

2. **Should the Proposed Exemption be available to issuers listed on other Canadian markets?** Yes. All reporting issuers have the same continuous disclosure requirements under Canadian securities laws and should be treated equally. We see no reason to distinguish TSXV issuers and venture issuers listed on other exchanges for the purpose of eligibility to use the Proposed Exemption.

3. **Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?** No investment cap should be imposed. What is the CSA's rationale for imposing a $15,000 investment limitation? This numerical cap appears to be arbitrary and unrelated to the regulatory reasons for allowing retail investors to acquire an issuer's securities under the Proposed Exemption. According to the TSX Group 2012 MiG Report, the average raise size of a TSXV issuer in 2012 was $3.2 million. Over 213 existing security holders would have to participate in the offering if each investor was subject to a $15,000 investment cap. Requiring this number of investors to participate in an offering would make the cost of capital under this exemption much higher than that associated with using the accredited investor exemption. Let each existing security holder determine what they want to invest in an offering under the Proposed Exemption. If the CSA insists on an investment cap, the cap amount should be raised to at least $100,000 in a 12 month period.

4. **In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer**? An investor knowledgeable about the company and its risks should be allowed to decide for his or herself what level of investment is suitable for them.

5. **Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?** Yes. A registered investment dealer is subject to know your client, know your product and client suitability rules.

6. **Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?** Yes. Retail investors who are invested in the company are more likely to have read the public disclosure documents of the issuer versus potential investors recently introduced to the issuer. Current security holders also have had the opportunity to watch the issuer's stock trading activity in the market place, and often seek out and talk to management at investment shows. Existing security holders are informed investors.

7. **What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?** Record dates serve several different purposes. There is no reason to extend the record date beyond one day before the announcement in this instance. There are other means to catch and correct any perceived abuses in the private placement process without restricting the ability of issuers to efficiently raise capital.

8. **We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.**
    - **Do you agree that a four month hold period is appropriate for this exemption?** Yes. The Proposed Exemption does not require an issuer to provide potential investors with an offering

document such as a rights offering circular or a rights offering prospectus which justifies the use of a seasoning period versus hold period. Under the Proposed Exemptions, existing security holders who participate in an issuer's private placement are put on equal footing to accredited investors and investors acquiring the issuer's securities under other available exemptions under *National Instrument 45-106 – Prospectus and Registration Exemptions*.

- **Should we require issuers to provide additional continuous disclosure, such as an annual information form?** No. The need to file an annual information form is one of the reasons the short form prospectus and offering memorandum exemption for qualifying issuers is not used by venture issuers. If an annual information form is required the Proposed Exemption will not be widely used or used at all by venture issuers.
- **If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?** No comment.
- **If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?** No comment.

9. **We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?** The Proposed Exemption should be allowed to be conducted under the standard private placement rules of the exchange on which the securities are traded. This class of investor, existing security holders of the issuer, should be treated identical to other exempt market participants. No additional terms and conditions regarding the structure should apply.

As discussed above we strongly support the CSA's implementation of the Proposed Exemption with the understanding that it is made available to all venture issuers and not just TSXV issuers. We also strongly encourage the Ontario Securities Commission and the Newfoundland Labrador Financial Services Regulation Division join the CSA participating jurisdictions in adopting the Proposed Exemption. It is important that the capital raising exemptions in Canada be harmonized to ensure issuers and investors have the same opportunities wherever they reside.

If you have any questions regarding our views, please do not hesitate to contact the undersigned.

Yours Truly,

Newmac Resources Inc.

"Andrea Yuan"
Andrea Yuan, CFO

Teresa Cortese

From: John Kvellestad [jkvellestad@leedefinancial.com]
Sent: January-20-14 10:04 AM
To: Larissa Streu
Subject: Private placements
Attachments: image001.jpg

Good morning. I am in full favor of the private placement changes that would allow non accredited investors to partake in new issues previously available only to accredited investors However I disagree strongly with two things. I see no reason to limit their participation to shareholders only (we need fewer obstacles not more)
and a $15,000.00 limit seems too low. This is a small step in restoring some credibility to the Venture exchange but still leaves the shorting situation to be resolved.(restore the up tick rule) and the computerized trading must be addressed. Many houses are" gaming" the trading system without any thought of investing. I am a strong believer in the need for venture capital but it must operate under a fair system. Perhaps the government needs to give some tax breaks for the venture investors. Thanks J.K.

John Kvellestad
Assistant Branch Manager.

(403) 531-6805

LEEDE FINANCIAL MARKETS INC.

#3415, 421-7th Ave S.W.
Calgary Alberta T2P-4K9

Securities Regulators of Canada,

Re **Proposed Prospectus Exemption for Distributions to Existing Security Holders** *Multilateral CSA Notice 45-312*

I am a securities lawyer in Calgary and have served on numerous boards over a number of years. I know the frustration of management in raising capital in Canada. Your Survey asked what I am representing. In that my comments are not going to please the lawyers, I am speaking for the listed companies that can't raise money because of the cost and the lethargy of the Canadian markets which have something to do with costs of operations. I am fully aware of the legal side, the complicated multi-page subscription forms, and the inability for even 50% of so-called sophisticated investor and their brokers to fill them in properly and the countless hours spent on each closing, sending out certificates that get lost and oh! the legal fees!

The only answer to get the sloth out of the Canadian Securities industry is to recognize the fact that the costs and delays of raising money is a restraint on trade and negatively affects the competitiveness of Canadian industry.

Every tweaking by the multiple layers of regulators including the TSX, the securities commissions and the legislative bodies which pass required legislation, makes this one frustrating, costly business. The severe cost of raising money especially for resources and other junior companies deters the success of such companies which historically has been Canada's prime economic engine.

Let's think clearly here and recognize that the reporting requirements and filings on SEDAR and through company websites and news releases, together with the ubiquity of computer access to such information, means that the investor of today has complete access to such information, as complete as the brokerage community. Gone are the days when the annual report was filed in your broker's desk and he could tell you what was happening with Canada Inc. but someone doesn't have a fax that is working! We can assume even the proverbial Little Old Lady (LOLL) from Lethbridge has an internet connection and hence access to SEDAR and company websites.

Accordingly, the time has come for the creation of an exemption which allows a listed company, whose officers certify current compliance with disclosure requirements and brokers place orders on behalf of their clients to purchase shares from the treasury of the companies through the TSX or

TSXV directly, which shares are being offered on a completely transparent basis.

The listed company would have to make an announcement that they were selling such shares at market prices-or at a fixed price- for a certain period of time or until sold or at their discretion, until sold or withdrawn. The market will dictate the price, not some predetermined haggling in board rooms.

To this point we are in agreement but the recommended exemption falls far short of being an effective exemption. The requirements that don't make it work are

1) the purchasers need to be existing shareholders;
2) 4 month hold;
3) a purchaser is limited to $15,000 (unless advised by a broker!);
4) once a year; and
5) redemption rights.

With such restrictions this proposed exemption is just another tweaking that solves nothing but adds another level of legal work, Certificates of Ownership and is another exemption that someone can't find on the hardcopy subscription forms out of the what is it 50 exemptions? (except for Saskatchewan and Quebec and oh yes Ontario doesn't have the OM etc...)

As to #1: todays shareholders mostly hold through brokers who then hold through CDS. How would one prove he is a shareholder? File a certificate that the broker needs to produce to the TSX? Why? It is not necessary for someone to be a shareholder to have this or any exemption for that matter because being a shareholder does NOT mean he has more information. If he does have more information than the "public" he has inside information! Requiring declarations of ownership is bureaucratic and tempts investors to cheat. If a company wants to limit their investors to existing investors they can do an expensive rights offering but most companies WELCOME new investors. Such a requirement adds days to closing and volumes of paper for **no benefit to the companies**.

As to #2: Also why bother with a four month hold? The market will adjust. Why does the regulator care about the 4 month hold and what a bother to keep track of which shares were sold, when and to whom, and it just interferes with the flow of shares between or among brokerage accounts. Practically how do you differentiate between shares sold on the Offering Day from Treasury or those sold by someone who bought the shares yesterday? Who cares? Let's treat the proposed exemption as if it were an

IPO! The shareholders have full disclosure, the broker has its sale and the shareholder has a stock that **should** be just as valuable as one he bought on the TSX yesterday. The four month hold is an invention of yesterday and it was assumed the "inside" nature of private placements (which is what they are of course) and the lower negotiated price because there is a four month hold (!) put such private placees at a financial advantage, and as a penalty for such advantages they need to be cooled by a time in the penalty box-let's call it 4 months. I am sure as you are that the 4 month time period (why 4 not 3 or 5.5 months?) reasoning is lost in history and has no actual relevancy today. And there is **no benefit to the company**.

As to #3: everyone is limited to $15,000 (unless advised by a broker!): Why #15,000? Why not #2,000 or $19,999? But $15,000 is just about not enough for the ridiculous effort of proving #1, suffering #2 and keeping track of your Once a Year Out of Jail Card. Moreover it is patronizing to LOLL referred to above, it attracts investors who don't want and probably shouldn't invest such an amount and becomes an amount you just have to put in because the brokers can't be bothered getting your Certificate of Ownership and providing it to some party either before the trade or afterwards, for such a small trade. Congratulation to the TSX to try to include the little guy but it's a pittance of a concession and won't make a difference.

As to #4 see #3 reasons.

As to #5 redemption rights. Why? Why is this shareholder in a better position than other shareholders just because he comes in at a different time? And really how do you keep track of who is on first when the sale is going through the exchange. A redemption right doesn't work for this exemption. The investors are relying on the public information. If they have a right give it to everyone but then of course nobody would do such placements and then we would be back where we are. No small investors, few placements. No redemption rights please.

PROPOSAL

Here is the scenario. A company (Sellco) is TSX listed closes at $23.50 on Day 1. It talks to the brokers, hires an Offering Broker who will put the sell order in on Market Day (and who will get the commission as negotiated) decides on the size but the price is to be determined at the time of the Market Sell. A news release is sent out on Day 2 advising that Sellco will be offering say 1.25 million shares on Day +5 or whatever time the regulators feel is required to warn or warm (?) the market (is it good news or bad news?) at a Market Price (whatever that will be) with a right to withdraw all or part at Sellco's discretion at any time before or during

Market Day. The President lines up what she can with the brokers with hard orders at a negotiated price, say $22.75 (remember no hold period, fully tradable immediately). On Market Day which would be say 15 minutes BEFORE the market bell, the Buy side for this Market Offering opens with the $22.75 Buys for the full 1.25 million shares. However, the Sell Order is not entered at this time...The company may however, through their broker, hit the Buy side at any time during such 15 minute window or at any time thereafter during that day or, if previously announced, during such longer time. But if the Canada Pension Fund wants to buy some shares at $24.75 then they can post their Buy Order on the early opening and the MARKET WILL DETERMINE SUCH PRICING. If LOLL (who like the CPF unfortunately didn't get invited into the offering) wants to participate she can outbid someone who wants to pay less. It does mean that the Old Boyz Network may have a few wrinkles to work out and indeed the company can just elect to take the agreed upon bids immediately out of the gate. But if the trading price takes off why shouldn't the company benefit from the increased price rather than the speculators?

Of course it could work otherwise if the Market Price falls but the company could have and should have taken what they were offered.

In any event the sale would be determined by Market forces, it would be efficient, cleared through the established and well tested inter-brokerage financial arrangements and announced to the market before it opens for the general trading following the 15 minute skirmish of buyers (whoever they may be). AND NO! - in such an arrangement there are no redemption rights, no identity of buyers and no certificates of ownership, no delays, cheques in the mail, no discounts to market price but there is a substantial increase in efficiency, fairness to all potential purchasers and a drop in legal fees.)

It may bring the small investor back into the market. Such purchasers have been very effectively excluded from private placements. Although some regulators who may not know the tough realities of the small investor or perhaps think LOLL should be excluded from the markets generally, will not agree with anything I say. Today's small investor does not qualify as an "exempt purchaser" (aka RPRPP or the Rich Person's Right to Private Placements) but then again maybe the regulators don't either (ask yourselves please). **I suggest very seriously that those elusive small investors are very knowledgeable about stocks and savvy beyond your expectation, and need to be brought into the fray.**

I am sure that everyone would welcome the relief from some legal costs, delayed and lengthy private placement closings and printed certificates issued on closings, sent by courier to various jurisdictions.

In this day of SEDAR, the present private placement information is, for a listed company, repetitive of the information set out in a compliant company's disclosure. The TSX is capable of handling large and multiple orders and investors have access to real time Buy and Sell side volumes and prices. This exemption was not available two years ago!

Such an exemption could devastate legal and accounting costs and would be of benefit to the company and the investors who own the company. The brokerages have a valuable role they can charge for. All trades must be through a recognized exchange which vets information from its listed companies the TSX, TSXV and CDNX but NOT THE ALTERNATE MARKETS. The exchanges would need to require officers' certificates.

The lawyers have had a good run.

A more robust exemption as I am suggesting would increase the competitiveness of Canadian public markets.

Thank you for the opportunity to comment. Please make it an exemption that helps makes a difference to the companies. They need your help. And please don't let some SEC rule spoil the day.

Gregory R Harris, Lawyer
403 903 4486
gregoryharrislaw@gmail.com

Commentaires de l'Association de l'exploration minière du Québec (AEMQ)

Règlement 45-513 sur la dispense de prospectus pour placement de titres auprès de porteurs existants

Présenté à

Madame Anne-Marie Beaudoin

Secrétaire Générale

Autorité des marchés financiers

Janvier 2014

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Contexte

L'Association de l'exploration minière du Québec (AEMQ) est une association professionnelle et industrielle sans but lucratif. L'AEMQ représente les principaux intervenants œuvrant dans le domaine de l'exploration minière au Québec. Fondée en 1975, l'Association regroupe tous les artisans du secteur visant à intensifier l'exploration des richesses de notre sous-sol et étendre l'entrepreneuriat minier au Québec.

L'AEMQ représente aujourd'hui près de 2000 membres individuels (prospecteurs, géologues, géophysiciens, entrepreneurs, directeurs d'exploration, courtiers, fiscalistes, avocats, etc.) et plus de 250 membres corporatifs (sociétés d'exploration et de production, firmes d'ingénieurs-conseils en géologie, entreprises de forage, sociétés de services, équipementiers, etc.). Elle est dirigée par un conseil d'administration de vingt personnes issues de toutes les facettes de la filière minérale.

L'AEMQ souhaite par le présent document soumettre quelques brefs commentaires relativement aux modifications que l'AMF compte apporter au Règlement 45-513 sur la dispense de prospectus pour placement de titres auprès de porteurs existants et surtout attirer l'attention de l'Autorité sur les effets anticipés de ces modifications sur les PME de notre secteur.

Observations

- L'AEMQ est d'accord avec l'objectif poursuivi par l'Autorité des marchés financiers d'ajouter une nouvelle dispense de prospectus pour permettre aux investisseurs individuels d'investir dans des titres directement, sans devoir les acquérir sur le marché secondaire.
- Notre intérêt porte plus particulièrement sur la section des questions posées dans le document.

Questions

Les intéressés sont invités à présenter des commentaires sur tous les aspects de la dispense proposée, et en particulier à répondre aux questions suivantes :

1. Si vous êtes un émetteur inscrit à la Bourse de croissance, comptez-vous vous prévaloir de la dispense proposée?
   Réponse de l'AEMQ : Oui

2. La dispense proposée devrait-elle être ouverte aux émetteurs inscrits sur d'autres marchés au Canada?
   Réponse de l'AEMQ : Oui, pour l'ensemble des marchés au Canada

3. Les investisseurs ne pourront investir que 15 000 $ en placement sur une période de 12 mois à moins d'être conseillé par un courtier en placement inscrit. Le plafond fixé est-il le bon?
   Réponse de l'AEMQ : Il devrait y avoir deux niveaux soit 15 000$ tel que décrit, et 25 000$ si les investisseurs ont plus de 250 000 $ de valeur en placement.

4. Dans quelles circonstances serait-il approprié pour l'investisseur, qui est un porteur individuel, d'investir plus de 15 000$ dans les titres d'un émetteur inscrit à la Bourse de croissance?
   Réponse de l'AEMQ : Voir réponse à la question 3

5. Appuyez-vous la proposition de ne fixer aucun plafond, lorsque l'investisseur est conseillé par un courtier en placement inscrit, quant à la convenance du placement?
Réponse de l'AEMQ : Oui, car nous croyons qu'il n'y aura pas de courtier pour émettre une telle recommandation.

6. Selon vous, le fait d'être porteur de titres d'un émetteur donné permet-il à l'investisseur de prendre une décision plus éclairée à l'égard de cet émetteur?
Réponse de l'AEMQ : Oui, car l'investisseur possède déjà une connaissance de l'historique et des projets de la société.

7. Quelle devrait-être la date de clôture des registres pour la dispense? Devrait-on la fixer au jour précédant l'annonce du placement ou si la période de détention devrait être plus longue? Non, 4 mois plus 1 jour c'est suffisant. Dans ce dernier cas, quelle serait la période appropriée?
Réponse de l'AEMQ : La date de clôture devrait être, tel que proposé, le jour précédant l'annonce du placement. La période de détention de quatre mois et un jour est appropriée.

8. Nous proposons actuellement de subordonner la dispense aux mêmes restrictions à la revente que celles s'appliquant à la plupart des dispenses relatives à la collecte de capitaux (par exemple, une période de restriction de quatre mois). Il existe cependant certaines similarités entre la dispense proposée et la dispense relative à un placement de droits, laquelle est uniquement subordonnée à une période d'acclimatation.

a) Estimez-vous qu'une période de détention de quatre mois constitue une condition appropriée à cette dispense?
Réponse de l'AEMQ : oui

b) Devrions-nous obliger les émetteurs à fournir de l'information continue supplémentaire, telle qu'une notice annuelle?
Réponse de l'AEMQ : Non, la lourdeur administrative est déjà assez importante et complexe pour le PME d'exploration. L'AMF devrait viser l'allègement réglementaire.

c) Si nous devions envisager une période d'acclimatation pour cette dispense, devrions-nous songer à prévoir certaines des restrictions applicables à un placement de droits dispensé de prospectus, telles que les dispositions de récupération, qui limitent la participation des initiés?
Réponse de l'AEMQ : Nous croyons que non, les déclarations requises tel que SEDI sont déjà en place et par la suite les initiés auront les même droits que les autres actionnaires.

d) Si les placements effectués sous le régime de la dispense n'étaient soumis qu'à une période d'acclimatation, serait-il nécessaire de veiller plus étroitement à ce que les investisseurs soient mis au courant et aient la possibilité d'y participer?
Réponse de l'AEMQ : Oui, il devrait y avoir des communiqués à cet effet mais il faut faire attention à ce que ces communiqués ne soient perçus comme étant de la sollicitation.

9. Nous n'avons pas proposé de conditions relatives à la structure du placement, par exemple un prix minimal ou maximal, un pourcentage de dilution maximal ou un délai pendant lequel effectuer le placement. Nous nous attendons à ce que le placement soit effectué en conformité

avec les règles relatives aux placements privés standards de la Bourse de croissance qui, notamment, permettent l'établissement d'un prix inférieur au cours du marché. À votre avis, devrions-nous plutôt ajouter des obligations relatives à la structure du placement comme condition à la dispense?
Réponse de l'AEMQ : Non, la règlementation actuelle nous apparaît suffisante.

Autres éléments à considérer :
Chaque investisseur doit confirmer par écrit à l'émetteur qu'à la « date de clôture des registres », il détenait le type de titres inscrits à la cote dont il fait l'acquisition sous le régime de la dispense proposée.
Commentaire de l'AEMQ : Il serait souhaitable que l'investisseur puisse confirmer qu'il détenait le type de titres. Les titres équivalents devraient être des titres de PME d'exploration inscrit à la bourse TSX-V. Pour ce faire la notion des titres équivalents devraient être ajouté.

Recommandation

- *L'AEMQ recommande à l'Autorité d'aller de l'avant avec Règlement 45-513 sur la dispense de prospectus pour placement de titres auprès de porteurs existants en tenant compte de nos commentaires pour permettre le bon fonctionnement de la mesure et ne pas alourdir inutilement le travail des entreprises d'exploration.*

Teresa Cortese

From:	Larissa Streu
Sent:	January-19-14 6:26 PM
To:	Nazma Lee; Loretta Wong
Subject:	Fw: exemption for retail investors in financings
Attachments:	Letter to BCSC.doc

From: Guy Chase [mailto:guychase1@yahoo.com]
Sent: Sunday, January 19, 2014 03:38 PM Pacific Standard Time
To: Larissa M. Streu
Subject: exemption for retail investors in financings

From:
Guy Chase
627 Johnstone Rd.
Parksville, BC
V9P 2A5

To:
Larissa Streu
BCSC

Dear Larissa, I have been investing in equities for about 16 years now and over the past 3 years have wanted to participate in company financings but fall between the cracks and I am not allowed. This is not right. I am 58 years old and have my house paid off and have available capital to invest in companies that I find are capable of managing my funds. What difference does it make if I lose money investing in stock purchased in the market or participate in a financing? No difference! There are many companies that are in dire need of alternative funding that are not going to survive without it. There are many good companies with very good technologies or ventures that will become viable businesses with some help from existing shareholders that are willing to participate. Why cut off this source of funding for these companies that really need it at this time. I really think that some companies would rather use existing shareholders than some hedge funds or mutual funds because they are more loyal. Some of these fund managers dump millions of shared indiscriminately and over the last couple years have killed some of the valuations of these companies. I often look for distressed companies that have been beat into the ground by some of these merciless managers that just keep pounding down the stock price in weak markets.
Please consider this exemption for existing shareholders and allow the investment to be $25000.00 I would like to see this allow investing in any companies even those where the individual is not an existing shareholder.
Thank You,
Guy Chase

Bennett Jones

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Darrell R. Peterson
Partner
Direct Line: 403.298.3316
e-mail: petersond@bennettjones.com

January 17, 2014

VIA EMAIL

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

AND TO: **c/o Larissa Streu**
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lstreu@bcsc.bc.ca

AND TO: **c/o Tracy Clark**
Legal Counsel, Corporate Finance
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tracy.clark@asc.ca

Dear Sirs and Madams:

Re: Multilateral CSA Notice 45-312 - Proposed Prospectus Exemption for Distributions to Existing Security Holders

This letter is submitted on behalf of Bennett Jones LLP ("**Bennett Jones**" or "**we**"), in response to the Canadian Securities Administrators ("**CSA**") request in the above identified notice ("**MI 45-**

312") for comments concerning the adoption of a new prospectus exemption for distributions to existing security holders of securities of TSX Venture Exchange issuers (the "**Proposed Exemption**"). Bennett Jones welcomes the opportunity to make this submission.

We view the Proposed Exemption for existing security holders to be beneficial to the public venture capital market. We believe the Proposed Exemption will expand and expedite capital raising opportunities for small and medium sized enterprises listed on exchanges in Canada. We believe the current exemptions often prevent retail investors from participating in desirable private placements. It is common to see the same accredited investors on subscriber lists for private placement(s); it would be a positive development to liberalize the exemption regime as it would increase the opportunity for retail investors to participate in offerings.

We also believe the Proposed Exemption has the potential to assist venture issuers in raising capital more efficiently in Canada, particularly in difficult market conditions.

With respect to the Proposed Exemption being available to issuers listed on other Canadian markets, we believe it should be expanded. We believe that many reporting issuers could benefit from the Proposed Exemption and as they are all subject to continuous disclosure requirements, it would be appropriate to expand the Proposed Exemption accordingly.

As discussed above, we support the CSA's implementation of the Proposed Exemption and believe it will aid venture companies in raising additional capital while keeping shareholders engaged.

If you would like to discuss the foregoing, please feel free to contact me directly or my colleague Michael Lickver (lickverm@bennettjones.com) at your convenience.

Yours truly,

Darrell R. Peterson

DRP/mr

Susan Copland, B.Comm, LLB.
Director

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January 20, 2014

Dear Mesdames:

Re: Multilateral CSA Notice 45-312 *Proposed Prospectus Exemption for Distributions to Existing Security Holders* (the "Proposed Exemption")

The Investment Industry Association of Canada ("IIAC" or the "Association") appreciates the opportunity to comment on the above noted Proposed Exemption. The Association supports regulatory efforts to create exemptions and policies that will assist Canadian companies in raising equity in a cost-efficient and timely manner, while still maintaining effective investor protection.

The Proposed Exemption represents a positive step in this direction. While the IIAC endorses the overall objectives of the Proposed Exemption, we have a few outstanding concerns, as well as some suggestions as to how to address issues that have been raised by particular members.

Availability of Proposed Exemption Based on Jurisdiction

The IIAC is very disappointed to note that the Proposed Exemption is not being proposed as a uniform exemption that would be available nationally and equally to all Canadian issuers. Implementation of exemptions on a piecemeal basis across jurisdictions contributes to regulatory and investor confusion, and discriminates against issuers and investors based solely on their location. Inconsistent regulation ultimately creates unnecessary friction, increasing costs to the industry and all its constituents. Given the national nature of the market, it is essential that the Proposed Exemption be available in all Canadian jurisdictions.

Objective and Scope of Proposed Exemption

Certain members expressed concern that the Proposed Exemption may allow issuers to raise significant amounts of equity from investors without the accompanying due diligence and the additional checks and balances provided by existing securities regulation(s), such as the financial threshold tests in the accreditor investor and $150,000 exemptions. Without these threshold tests, it is not clear what level of due diligence is expected in respect of the use of the Proposed Exemption for existing investors. Without more clarity about the nature of the due diligence expectation, participation among larger dealers in such financings will be very limited, reducing the potential success of the exemption in reaching retail investors and promoting investment in junior issuers.

In order to achieve the objective of providing a more efficient and lower cost means of raising capital, the fact that the investor: is an existing shareholder, may have been subject to a suitability review, has already undertaken the due diligence necessary to make their initial investment, and would have access to information about the issuer, should be taken into account. As such, we recommend that the suitability and due diligence standards applied to dealers facilitating financings under the exemption be the same as for purchases of the security in the secondary market.

Alternatively, members have suggested that another means of promoting investment in junior issuers would be to permit a certain small percentage of an investor's portfolio to be exempt from suitability requirements, subject to the informed consent of the investor. Currently, certain dealers will not facilitate any transactions in junior issuer securities for their clients, regardless of clients' knowledge and resources, given the speculative nature of such investments, and concern about potential liability from accepting such transactions. Permitting fully informed investors to make such investments through their dealers without subjecting dealers facilitating such investments to potential liability, would assist issuers in raising funds from a broader base of investors, without materially increasing investor risk.

In order to address certain members' concerns about the amount of funds raised under the exemption, IIAC suggests that a yearly limit be imposed which would be the greater of 25% of the issued and outstanding securities of the issuer, or $3,000,000 - $5,000,000. Such a limit would allow retail investors to participate in the resurrection of an issuer, and / or funding of a project, while allowing the balance of any needed financing to be obtained through traditional financing methodologies utilizing existing exemptions, or through a prospectus offering.

Questions

2. Should the proposed exemption be available to issuers listed on other Canadian markets?

Given that the objective of the Proposed Exemption is to permit a broader base of retail investors to participate in the junior market, it should be available to all such Canadian listed issuers, regardless of the exchange on which they are listed. Junior issuers are not confined to listing on TSX-V; many others are listed on CSE and TSX. Although the use of the exemption may be somewhat simpler to administer if it were restricted by the exchange on which the issuer were listed, a more appropriate and fair measure of whether an issuer is an appropriate candidate for the Proposed Exemption would be a market capital test. However, if the CSA is intent on using an exchange based criteria, it would be appropriate to also include CSE, as it is a marketplace primarily aimed at junior issuers.

3. Investors will only be able to invest $15,000 in a 12 month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?

IIAC agrees that there should be a maximum limit of investment for those investing without the protections afforded by having an advisor that is subject to the rigorous Know Your Client (KYC), suitability and Know Your Product (KYP) requirements imposed by IIROC. We agree that this limit should be no more than $15,000.

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

There may be circumstances where shareholders have the financial wherewithal and interest in investing more substantial funds in an issuer. Given their existing investment and knowledge of the issuer and its management team, an investor may wish to ensure the ongoing viability of the issuer, or support a new or existing project.

5. Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?

If the investor has the financial means, and an IIROC investment dealer has determined that the investment is suitable given the investor's circumstances, such investments should be permitted. IIROC dealers are held to a very high standard in respect of their KYC, KYP and suitability obligations. As noted above, however, it may be appropriate to impose a total financing limit to reflect the objective of the Proposed Exemption. This total financing limit would provide an upper limit on individual participation in the financing. There should not, however, be a limit on individual participation within the total financing limit.

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

The IIAC is of the view that being an existing security holder indicates that an investor has already looked at the issuer in sufficient detail to make a purchasing decision, and would have the opportunity to receive all available appropriate continuous disclosure material. We expect that this would make such an investor more informed than those with no previous connection to the issuer. However, depending on the use of proceeds of an offering, the issuer may become significantly different that existing disclosure demonstrates. In such a case, IIAC recommends enhanced disclosure in any press release of a material change in the issuer's business profile.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

The appropriate record date should be immediately prior to the announcement of the offering. At this point the existing shareholders have already made their investment decisions, and no further time is required, which may or may not result in increased familiarity with the issuer. A short period would preclude the concerns about inappropriate purchases in the secondary market prior to the offering in order to participate in the offering.

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (ie: a four month restricted period) However, there are some similarities between the proposed exemption and the rights offering exemption which is only subject to a seasoning period.

a. Do you agree that a four month hold period is appropriate for this exemption?

The IIAC believes the hold period applicable to this exemption should be consistent with those applicable to other exemptions. However, IIAC strongly believes the concept of hold periods should be revisited for all exempt

financings. Given the immediacy of information available to investors and the faster pace at which markets now operate, the 4 month hold period does not serve a useful function, and limits the ability of issuers to raise funds.

b. **Should we require issuers to provide additional continuous disclosure, such as an annual information form?**

IIAC strongly opposes the requirement for additional disclosure, as this would defeat the purpose of the exemption by adding additional time and cost to the fundraising process.

c. **If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering such as claw-backs limiting insider participation?**

IIAC recommends that restrictions such as claw-backs to insiders not be added unless the offering is over-subscribed, at which point insiders would be limited to dilution protection (ie insiders can participate pro-rata).

d. **If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of, and have an opportunity to participate in the offering?**

Regardless of whether the securities offered were subject to a seasoning period, hold period or no hold period, in the interest of fairness, it is important that disclosure about the offering be non discriminatory and available to existing shareholders at the same time.

9. **We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?**

It is appropriate that pricing be consistent with the existing discount structure applicable to issuers on whatever exchange on which they are listed. This would also assist issuers using the Proposed Exemption in combination with other exemptions when raising funds in excess of the limits. As noted above, it may be appropriate to set limits on the total amount of funds that could be raised under this exemption.

Thank you for considering our comments. If you have any questions, please don't hesitate to contact me.

Yours sincerely,

Susan Copland

JORDAN
CAPITAL MARKETS INC.

January 20, 2014

BY EMAIL

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The Secretary
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comments@osc.gov.on.ca

Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Proposed Exemption")

Jordan Capital Markets Inc.is an Investment Industry Regulatory Organization of Canada (the "IIROC") member firm headquartered in Vancouver, British Columbia with one branch in Calgary, Alberta. We have one wholly-owned subsidiary, Jordan Advisory Services Inc., which is a Portfolio Manager licenced with the BCSC, ASC and OSC. We employ sixty people and we are growing, despite the current state of the Canadian capital markets. Our primary source of revenue is derived from the financing of venture issuers.

We are aligned with the Canadian Securities Administrators' ("**CSA**") in ensuring the protection of our clients. We also support the streamlining of Canadian securities regulation, oversight and the capital raising process for junior issuers to enable them to access capital in a more cost efficient and timely manner. We strongly support the Proposed Exemption and look forward to its timely implementation. We believe the Proposed Exemption is a first step towards the overall goal of simplification of the regulatory framework under which both IIROC member firms and junior issuers operate.

In Response to your Questions

1 ***If you are a TSXV issuer, will you use the Proposed Exemption?***

N/A.

2. ***Should the Proposed Exemption be available to issuers listed on other Canadian markets?***

Yes. As the Proposed Exemption is for the benefit of existing shareholders, there should be no exchange specific barriers imposed on listed issuers choosing to utilize the Proposed Exemption. We are hopeful the Proposed Exemption will become available to issuers listed on other Canadian markets. Furthermore, we do not believe the initial provincial jurisdictions putting forward the Proposed Exemption should have to wait if one or two jurisdictions choose to delay adoption in their respective jurisdictions.

We believe junior issuers will be the primary users of the Proposed Exemption as senior issuers have access to Rights Offerings.

3. ***Investors will only be able to invest $15,000 in a 12 month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?***

We would propose a lower limit for investors who don't have the protection of prospectus-level disclosure or participation through an IIROC member firm however, the proposed $15,000 maximum limit is not unreasonable.

4. ***In what circumstance would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?***

First, we support unlimited investment if the investor participates through an IIROC member firm, as suitability reviews are already conducted. Second, investor protection is of paramount importance and the CSA should not impose arbitrary limits on the size of a citizen's individual investment decision. Each investment opportunity is unique as is each retail investor. Additional one size fits all regulation is not helpful in an environment where there are already significant policies, procedures and controls in place to protect investors.

5. ***Do you agree that there should be no investment limit if an investor receives suitability advice from a registered dealer?***

If an IIROC member firm in conjunction with their client determines the investment is suitable, we see no reason to impose an investment limit. We do not support the view that investors need saving from themselves and regulators should not impose arbitrary limits on their investment decisions.

Over the past decade, venture issuers have reduced their reliance on brokered private placements whether for cost savings, expediency or a combination of both. We believe this has been done at the expense of due diligence protection for the retail investor. Reduced due diligence is not the correct path of action and we are cognizant the Proposed Exemption does not contemplate whether a private placement is brokered or non-brokered.

As we anticipate the trend towards the use of non-brokered private placements will continue, we recommend the IIROC and the CSA consider implementing a more limited know your product "KYP" standard on IIROC member firms who assist junior issuers utilizing the Proposed Exemption. Should the CSA and provincial commissions fail to consider this aspect of the Proposed Exemption we anticipate there will be reduced take up by the larger, bank-owned IIROC member firms.

6. ***Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?***

Yes. An existing shareholder has previously made an informed investment decision and has at least a rudimentary understanding of the merits and pitfalls of the issuer. Thus, the existing shareholder should require less additional disclosure than a non-shareholder.

7. ***What is the appropriate record date for the Proposed Exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be more extended period what would be the appropriate period of time?***

The appropriate date is the day immediately prior to the public announcement of the offering.

8. ***We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e.: a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption which is only subject to a seasoning period.***

a. Do you agree that a four month hold period is appropriate for this exemption?

The hold period applicable to this exemption should be consistent with those applicable to other exemptions.

However, we believe hold periods should be revisited for all exempt financings. Current hold periods no longer serve their initial purpose which was primarily to permit investors time to receive information via post. Electronic dissemination now permits material information to be received virtually instantaneously.

Furthermore, hold periods limit the ability of issuers to raise capital because retail investors have a deference to locking-up their capital for extended periods of time. While not part of the Proposed Exemption process, we recommend hold periods prescribed for all exemptions be eliminated.

b. Should we require issuers to provide additional continuous disclosure, such as an annual information form?

No, the purpose of the Proposed Exemption should be to reduce the time and cost of the capital raising process. We are also of the opinion that most retail investors are bombarded with regulatory required disclosure documentation to the point they no longer read or absorb it. The protection of all investors is paramount but disclosure needs to be simplified.

c. If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering such as claw-backs limiting insider participation?

No.

d. If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of, and have an opportunity to participate in the offering?

The disclosure should be in the form of a news release that announces the terms of the offering, the use of the exemption, the use of proceeds and any other material information (such as a standby guarantee or backstop).

In addition, IIROC member firm Investment Advisors and Exempt Market Dealer employees will certainly notify their clients of the opportunity to invest via the Proposed Exemption. There should be no need to mandate additional disclosure methods or formats.

9. ***We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate***

that the proposed financing would be conducted under standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?

Conducting the Proposed Exemption under the pricing and private placement rules of the applicable exchange is appropriate and should not be amended by the CSA, the provincial commissions or the IIROC. Pricing should be consistent with the existing discount structure on the exchange on which the relevant issuer is listed.

The regulators must remain conscious of the fact that the majority of existing shareholders hold their shares in 'street form' inside IIROC member firm accounts and the engagement of the investment dealer community will be paramount to the success of the Proposed Exemption.

We also suggest it would be inappropriate for any "finder's fees" to be payable when utilizing the Proposed Exemption unless the investor has been provided with "suitability" advice through a registered IIROC member firm.

Conclusions

We support the Proposed Exemption and we thank the participating jurisdictions for taking the initiative to propose this additional tool for raising capital. We believe the Proposed Exemption maintains a balance between process expediency, cost efficiencies for issuers and maintaining the integrity of the capital markets.

Should you have further questions lease do not hesitate to contact me.

Yours truly,
JORDAN CAPITAL MARKETS INC.

Mark Redcliffe
Chief Executive Officer

RESPONSE TO THE MULTILATERAL CSA NOTICE 45-312 Proposed Exemptions

Submitted by Jennifer L. Boyle, B.A., LL.B.

- Director Carlisle Goldfields Limited (TSX:CRJ)
- President, CEO and Director Satori Resources Inc. (TSXV:BUD)
- Director, Nevada Exploration Inc. (TSXV:NGE)
- Founder and former President, CEO and Director Takara Resources Inc. (TSXV:TKK)

==========

- Former Securities Lawyer, Calgary, AB listing JCP's on the ASE
- Former member of the TSXV Local Committee, Montreal branch
- Founder and Co-founder of various Canadian publicly traded companies, listed both on Venture and TSX

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1/20/2014

To: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick) Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories Legal Registries Division, Department of Justice, Government of Nunavut

c/o

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RE: Comments in respect of Specific Consultation Questions
Multilateral CSA Notice 45-312
Proposed Prospectus Exemptions for Distributions to Existing Security Holders

1. If you are a TSXV issuer, will you use the proposed exemption?

I would use the proposed exemption often.

2. Should the proposed exemption be available to issuers listed on other Canadian markets?

Given that volatility in the markets affects industry sectors, it only makes sense that the proposed Rule be applicable to all Canadian Exchanges.

3. Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?

An adjustment is required, whether it be to the amount invested, or to the prescribed time period since last investment.

Either increase to $25,000, or reduce the time period from last investment to 6 months. Reducing the time period is coincident with companies funding ongoing exploration programs and takes into consideration a need for additional financing based on results from work programs.

See specific answer in item 6 below.

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

Where the Issuer files a Material Change Report evidencing changes in the Issuer's business operations.

5. Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?

Given the "Know your Client" requirements, it would make sense that there should be no limit where advice is sought from a registered investment dealer.

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

Given that numerous differing factors support a decision to invest or to not invest, it is arguable that being a current security holder does enable an investor to be more informed in respect of an investment decision. Conversely, it can also provide a false sense of Lottery ticket mentality.

Therefore, in addition to the above, I submit that the Rule further be opened up to non-accredited investors who are <u>not already</u> security holders on more restrictive terms, namely, that:

i. the limit be $15,000 in each twelve month period to non-accredited investors who are not already security holders and who seek the advice of a registered investment dealer;

ii. the prescribed time since last investment by existing security holders be reduced from the proposed 12 months to 6 months; and

iii. should item (ii) above not be acceptable, then the threshold amount of $15,000 be increased to $25,000.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

One day is acceptable. It denotes prior investigation, which is the policy reason driving the requirement to be an existing security holder.

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

a. Do you agree that a four month hold period is appropriate for this exemption?

Yes.

b. Should we require issuers to provide additional continuous disclosure, such as an annual information form?

It would be acceptable to impose an AIF Requirement.

c. If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?

No. It is the insiders that support the companies when markets are difficult.

d. Would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?

No comment.

9. We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?

   No.

January 20, 2014

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Larissa Streu
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Tracy Clark
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tracy.clark@asc.ca

Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Exemption")

I am the President of a TSXV listed issuer and write in response to your request for comments on the Exemption.

We strongly support the Exemption, and see a critical need to bring it into effect as soon as possible. We offer the following comments to the questions posed by you in Multilateral CSA Notice 45-312:

- We feel the "record date" for security ownership should be 10 days before the announcement of the offering. Much of an investor's knowledge of an issuer is acquired before he or she makes the decision to invest. Accordingly, we do not see any reason why investors should be unable to participate in an offering of an issuer's securities immediately after their purchase of the issuer's securities in the public market. We believe that in many instances, the day after making a decision to purchase an issuer's securities in the public market may be one of the times an investor is most familiar with, and best informed about, that issuer.

  We believe the $15,000 limit on the total amount that can be invested in any 12-month period (without suitability advice from a registered investment dealer) is too low. The success of the Exemption, assuming it is implemented, will not only be measurable in how many shareholders participate in such offerings, but also in the amount of money issuers are able to raise in reliance on the Exemption. We acknowledge that limiting the amount of total loss is a valid consideration in implementing a prospectus exemption; however we feel that between $20,000 to $30,000 limit strikes a fairer balance between the need to protect investors, the right of investors to make their own investment decisions and the need to allow junior issuers to raise meaningful levels of capital in reliance on the Exemption.

- While we do not oppose a seasoning or hold period, we feel that, generally, the traditional "four month hold period" is no longer necessary with the current amount of public disclosure and should be revised or removed in the context of most, if not all, prospectus exemptions. SEDAR and SEDI are

well established and technology has allowed the pace of capital markets and the amount of public access to information concerning companies to increase considerably, and accordingly the resale restriction regime should be reviewed. Imposing a four month hold period on securities issued in reliance on the Exemption decreases the attractiveness of such securities from the perspective of an investor, and accordingly would decrease the potential effectiveness of the Exemption.

- We agree that there should be no investment limit if an investor receives suitability advice from a registered dealer.

- We strongly oppose coupling the use of the Exemption with any disclosure requirements beyond a comprehensive news release. Requiring an offering document to be delivered or an annual information form to be filed runs counter to the spirit and purpose of the Exemption, being that issuers should have an opportunity to distribute securities from treasury to those investors who are already familiar with the issuer and its business without prohibitively expensive and cumbersome disclosure obligations and filing requirements.

In closing, we applaud the participating jurisdictions for taking the initiative to propose the Exemption and hope that you implement it as soon as possible.

Yours truly,

GLOBAL MET COAL CORPORATION

George W. Heard

President

Teresa Cortese

From: Wayne Workun [wworkun@leedefinancial.com]
Sent: January-20-14 2:51 PM
To: Larissa Streu; Tracy Clark
Subject: re: Existing Shareholder Exemption

Good afternoon,

I would just like to add my comments to the proposed exemption.

- I do support the exemption moving forward. It is well documented that the junior market is in dire need of some relief. I do believe our junior market is at a critical point.
- My second comment is that while I am encouraged by the proposed exemption I do not believe it goes for enough. I believe the regulatory environment is dampening the ability of the junior market to function properly. Decisions on investing into the junior market should be made between an advisor and their client. This process has been regulated away. Today most junior companies are financed by way of non-brokered private placements. Essentially it is the 2% to 3% of the population which get to participate in these financings. The other 98% cannot. It does not make sense that good deals cannot be purchased by anyone, taking into consideration their investment objectives and risk tolerance. Something an advisor should be held accountable to. The proposed exemption, while a move in the right direction, does not allow for a non-existing shareholder to participate. And while they can't buy on the financing, which may be priced better or contain a warrant, they can buy as much as they want on the open market.

Thank you for the opportunity to comment.

Regards,

Wayne Workun
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Branch Manager
Senior Vice-President and Director

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January 17, 2014

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RE: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption
for Distributions to Existing Security Holders

Dear Ms. Streu,

Thank you for allowing us this opportunity to advise our comments on the following aspects of the proposed exemption:

1. If you are a TSXV issuer, will you use the proposed exemption?
Yes, we are a TSXV issuer, and would be interested in using the exemption.

2. Should the proposed exemption be available to issuers listed on other Canadian markets?
Not necessarily.

3. Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?
Yes, we feel $15,000 is the right investment limit.

4.In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?
No comment at this time.

5.Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?
Perhaps if the investor is an accredited investor and advice given. If not an accredited investor, suggest the $15,000 limit apply.

6.Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?
Yes.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?
We feel one day before the announcement is sufficient.

8.We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e.,a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

a. Do you agree that a four month hold period is appropriate for this exemption?
Yes, we feel a four month hold period is appropriate.

b. Should we require issuers to provide additional continuous disclosure, such as an annual information form?
This could be considered.

c. If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?
This should be considered.

d. If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?
This should be considered.

9. We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price . Is this appropriate or are there structural requirements that we should make a condition of the exemption?
We feel the standard private placement rules of the TSXV would be appropriate.

Sincerely,

Joanne N. Ward
Chief Financial Officer
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TSXV ALQ
alpha-gold@shaw.ca

boughtonlaw

January 20, 2014

Direct: 604 647 5525
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BY EMAIL

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Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Proposed Exemption")

We act as counsel to numerous junior issuers listed on the TSX Venture Exchange (the "**TSXV**") and other Canadian markets, as well as certain independent investment dealers headquartered in British Columbia.

As you know, we have advocated that the Canadian Securities Administrators ("**CSA**") consider and implement new rules and regulations to streamline the capital raising process for junior issuers to enable them to access capital in a more cost efficient and timely manner, while still protecting the integrity of the junior capital markets.

We strongly support the Proposed Exemption and see a critical need to implement it as soon as possible. We submit that the Proposed Exemption should be considered a first step towards the overall goal of simplification of the regulatory framework under which junior issuers operate.

From an issuer's standpoint, the cost of capital has increased dramatically. This is not only due to increased regulation imposed by securities commissions, the Investment Industry Regulatory Organization of Canada ("**IIROC**") and the stock exchanges, but also due to changes to legal and accounting procedures, such as greatly increased due diligence and corporate governance procedures and the implementation of International Financial Reporting Standards. The cost of raising venture capital has become prohibitive and we support any measures that aim to reduce such cost.

Retail Investors

We submit that the average retail investor is aware of, and is willing to take a high level of risk when he or she determines to purchase speculative securities. While the average retail investor is free to purchase securities in the secondary market, that same investor's ability to purchase securities from issuers themselves (which directs the capital invested to the issuers rather than third party sellers) has been severely restricted by regulations emplaced to theoretically protect investors. In particular, due to increased burdensome disclosure requirements, there has been a dramatic reduction in public offerings dating back several years. Issuers are unwilling or unable to undertake the significant costs of completing public offerings, particularly in a climate where there is no assurance that an issuer will be successful in raising significant funds through a public offering. We submit that the amount of disclosure required in a prospectus and regulation of public offerings is completely out of context for what is actually being sold. The forms for prospectus offerings that were once succinct and simple have become so comprehensive and convoluted that the average investor would never read them, let alone understand them.

In fact, we submit that 100 to 300 page prospectuses, information circulars and filing statements (whether in one document or incorporated by reference) may give investors the impression that their investments have more depth and merit than they actually do. An overabundance of liability protection jargon has completely compromised the tenet of "Full, True and Plain disclosure". Furthermore, the cost of completing a prospectus offering tends to represent a much larger percentage of the capital raised in small offerings than large offerings. Venture issuers tend to complete smaller offerings than senior issuers, such that excessive cost is a major deterrent to venture issuers specifically. We are sure that your staff are well aware of the cataclysmic drop in the number of public offerings being completed by venture issuers. Without the ability to invest small amounts of money through prospectus offerings sold by registered investment dealers, retail investors are increasingly only able to participate in treasury offerings through the exempt market.

As far as the exempt market is concerned, the average retail investor simply does not qualify to participate. The net worth and/or income tests to qualify as an Accredited Investor are out of reach for all but the most wealthy retail investors, the minimum $150,000 threshold per investment is too high as a "speculative" amount for most retail investors and the pool of "friends and family" is obviously a very small component of the overall investor community.

So, to a great extent, the lifeblood of the venture capital market is being excluded from participating.

The challenge is to re-engage retail investors, and promote the health of brokerage firms that service them and the venture capital industry.

We believe that the Proposed Exemption is not designed to be a "stop gap" measure (even though certain jurisdictions intend to introduce it under a Blanket Order) but rather expect that once implemented it will continue in force. Our comments therefore contemplate the operation of the Proposed Exemption over the long term.

Having said that, in current market conditions, with numerous listed issuers on the verge of insolvency, time is of the essence

There are literally hundreds of listed issuers with large share capitalizations trading at less than $.10. We have reviewed reliable statistics that show approximately 57% of TSXV issuers trade at less than $.10, and approximately 860 TSXV issuers have less than $200,000 in working capital. The TSXV implemented "Temporary Relief Measures" to provide issuers the opportunity to raise capital at extremely low prices. We understand that approximately 60 issuers did so, but as indicated in the statistics above, there are still many

others in dire predicaments. We believe a big part of the problem is that when some of the issuers had access to institutional funds, they raised significant sums and issued millions of shares. Many of those issuers have now run out of capital, have huge numbers of shares outstanding and trade in the pennies. The Temporary Relief Measures allowed these issuers to raise additional capital at less than $.05 per share/unit, but from an investor's standpoint where is the upside of making such an investment? Issuers with many or even hundreds of millions of shares outstanding have little hope of providing a decent return to investors. For this reason, we campaigned tirelessly to convince the TSXV to allow issuers to complete share consolidations on an expedited basis and the TSXV, to its credit, recently introduced provisions facilitating that. However, we had also suggested that in the event issuers were permitted to consolidate their securities without having to obtain shareholder approval, then as a condition of providing that relief the TSXV should mandate that the issuer be required to offer the first financing it completes after or in conjunction with a consolidation to its existing shareholders. Consider the following example: An issuer has 100,000,000 shares outstanding and trades at $.02. An arm's length non-Accredited Investor previously purchased 100,000 shares at $.40 in the secondary market. The issuer avails itself of the ability to consolidate its share capital without shareholder approval, and proceeds with a 10 for 1 consolidation. The issuer now has a more manageable 10,000,000 issued and outstanding shares. For the sake of argument, suppose the issuer's shares trade down slightly to $.15 post consolidation. The issuer completes a reorganization financing using the maximum discount at $.1125 to Accredited Investors and friends and family. The investor meanwhile now has 10,000 shares with a cost base of $4.00 and very little hope of ever recovering his or her investment. The investor who is already unhappy with the loss of his or her investment in a junior issuer becomes even more alienated and disenfranchised because of the perception of an uneven playing field. He or she feels that Accredited Investors, insiders and their friends and family have taken advantage of the situation to the detriment of other shareholders. Yet there is no way for the investor to participate because: i) he or she does not qualify under existing exemptions; and ii) even if the issuer wants to offer the financing to all its shareholders, the cost and time involved in completing a Rights Offering is completely unjustified and prohibitive.

We believe that the Proposed Exemption provides issuers with the ability to reach out to and preserve value for their security holders, relying on their continuous disclosure records, without having to incur the cost of traditional expensive prospectus/rights offerings or brokered private placements. This should be a fast and cost efficient method for issuers to raise capital, and also has the beneficial result of giving security holders a 'leg up' in the dismal current markets by allowing them to 'average down' their cost.

Responses to your Questions

We provide the following responses to the questions posed by you. Please note that we conducted a survey of our clients and have attached the results to this letter. We base some of our responses (such as to Question 1) on their feedback.

1. ***If you are a TSXV issuer, will you use the Proposed Exemption?***

Based on the general feedback from our issuer clients, there seems little doubt that the Proposed Exemption, if implemented, will be used by issuers extensively.

2. ***Should the Proposed Exemption be available to issuers listed on other Canadian markets?***

The writer is a member of the TSXV's listing advisory committee and therefore there is a bias in our response. Having said that, we believe the rules and policies of the TSXV, and the oversight imposed by the TSXV on its listed issuers, provide added protection to investors that may not apply to junior issuers listed on other Canadian markets. Generally speaking however, we submit that the Proposed Exemption should be a uniform exemption and available nationally to all Canadian listed issuers. We understand that the British Columbia

and Alberta Securities Commissions are comfortable with allowing TSXV listed issuers to avail themselves of the Proposed Exemption due to the fact that the TSXV reports to and is governed by those commissions, whereas other exchanges are subject to the primary jurisdiction of the Ontario Securities Commission. Accordingly we presume that the Proposed Exemption would become available to issuers listed on other Canadian markets if Ontario participated in the implementation of the Proposed Exemption. We hope that will be the case.

3. ***Investors will only be able to invest $15,000 in a 12 month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?***

We understand the rationale for the $15,000 limit from a "loss control" perspective. We agree that there should be a maximum limit of investment for investors who don't have the protection afforded by either prospectus-level disclosure or a registered investment advisor performing a "suitability" test. We originally advocated a $50,000 limit because in the current market we do not expect that a large percentage of existing shareholders will participate in these offerings. If 90% of existing shareholders declined to invest, and the remaining shareholders are willing to invest more, why should they be restricted to $15,000? One of the objectives of the Proposed Exemption is to facilitate the raising of sufficient capital to allow the issuer to continue its business activities. In light of the expectation that the Proposed Exemption will at some point in the future become permanent, and that market conditions will hopefully improve, we recommend a limit of $25,000 per investor without suitability advice from a registered dealer. We do not recommend that you delay the implementation of the Proposed Exemption to consider the limit, however suggest you monitor its use and adjust the limit based on experience and future market conditions.

4. ***In what circumstance would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?***

We believe that in the circumstances described above, certain shareholders who have a significant vested interest in ensuring the ongoing viability of an issuer (i.e. if the investor has already made a substantial investment in the issuer and believes in its potential success based on a successful financing) should be able to invest more than $15,000. Perhaps such existing shareholders should have the ability to "back-stop" an offering, and be granted additional consideration (bonus warrants) for doing so. We believe this may merit further consideration, but do not think implementation of the Proposed Exemption should be delayed in any way.

5. ***Do you agree that there should be no investment limit if an investor receives suitability advice from a registered dealer?***

Yes, if an IIROC investment dealer determines that the investment is suitable for its client, we see no reason to limit the amount of the investment. We note that over the past few years, venture issuers have reduced their reliance on brokered private placements as a primary source of capital. We believe this is mainly due to the compliance costs passed on by investment dealers to issuers in the form of corporate finance fees and legal expenses. Instead issuers have increasingly relied on non brokered private placements which provide the least amount of protection for investors. As the Proposed Exemption is directed to an issuer's existing shareholders, we suggest that IIROC consider implementing a more limited "suitability" standard on investment dealers (without compromising the protection afforded by reasonable due diligence), failing which we expect there would be limited take up by investment dealers without fee schedules that are comparable to brokered transactions.

6. ***Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?***

Yes. In our view, an existing shareholder of a listed issuer has already made an investment decision to participate in the issuer, has a relationship and some familiarity with the issuer, and is less in need of protection than a non-shareholder.

7. ***What is the appropriate record date for the Proposed Exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be more extended period what would be the appropriate period of time?***

The appropriate record date should be the date that is immediately prior to the public announcement of the offering. This would tie into the TSXV's pricing policy. We understand the rationale for having some length of relationship, but whether a shareholder determined to purchase shares of an issuer 60 days previously or 2 days previously does not really matter. What matters is that an investment decision is made. For an issuer to go back in time and try to determine who its shareholders were 60 days previous will be a logistical nightmare. We suggest that any shareholder who holds shares as of the "Record Date", being the date prior to the announcement, should be eligible. At most we consider setting the record date 5 trading days prior to the announcement, should settlement of trades be an issue.

8. ***We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e.: a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption which is only subject to a seasoning period.***

a. ***Do you agree that a four month hold period is appropriate for this exemption?***

We submit that there should either be a seasoning period (if you feel that the Proposed Exemption should be given some preference of utilization over other existing exemptions – for which we believe there is a valid argument in favour) or the hold period applicable to this exemption should be consistent with those applicable to other exemptions (if the Proposed Exemption is to be put on the same footing as other exemptions). However, we strongly believe the concept of hold periods should be revisited for all exempt financings, as given the immediacy of information available to investors and the faster pace at which markets now operate, current hold periods do not serve a useful function and further limit the ability of issuers to raise funds. We recommend that hold periods for all exemptions should be reduced to a maximum of two months, if any at all. Some of the responses to our survey indicated that, as many of these financings will be undertaken as last ditch efforts to save issuers, the imposition of a four month hold period may deter investor participation. Where the financing is for a small amount, an investor may not be sure the issuer will survive another four months.

b. ***Should we require issuers to provide additional continuous disclosure, such as an annual information form?***

No, we strongly oppose the requirement of additional disclosure, as this defeats the purpose of the Proposed Exemption by adding additional time, cost, and potential liability to the fundraising process.

c. ***If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering such as claw-backs limiting insider participation?***

No. Participation by insiders allows the interests of such insiders and the interests of retail investors to better align, and connects the success of the issuer with the success of individual insiders.

d. ***If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of, and have an opportunity to participate in the offering?***

The disclosure should be in the form of a news release that announces the terms of the offering, the use of the exemption, the use of proceeds and any other material information (such as a standby guarantee or backstop). Security holders and other potential investors should simply rely on the issuer's continuous disclosure record and the contents of the news release. Proceeding with an "Existing Shareholder" offering does not prevent an Issuer from concurrently completing a private placement utilizing other available exemptions. In fact we expect that would be the norm. We believe that in the current market conditions there is a valid reason for the Proposed Exemption to be given preference in terms of restrictive hold periods, in that many existing security holders have suffered substantial losses in the junior markets, and perhaps they should be given an advantage over new retail investors. Nevertheless we reiterate that the Proposed Exemption should be fashioned with a long term perspective in mind.

9. ***We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?***

The pricing should be consistent with the existing discount structure applicable to issuers on the exchange on which they are listed. This would also assist issuers using the Proposed Exemption in combination with other exemptions when raising funds in excess of the limits. We further suggest that: i) brokers should be entitled to be paid whatever commission they are able to negotiate to assist in the financing; and ii) brokers or insiders should be allowed to backstop the offering and in consideration of doing so be granted up to 40% warrants, similar to rights offerings. We highlight the fact that existing shareholders generally hold their shares in brokerage accounts, so in order to maximize the chance of utilizing the Proposed Exemption successfully, it is best to try to engage the brokerage community as much as possible.

Conclusions

In closing we applaud the participating jurisdictions for taking this initiative. We sincerely hope that all Canadian jurisdictions adopt it, as it is incongruous that an issuer based in British Columbia will be able to offer a placement to an existing shareholder that resides in British Columbia (or any other participating jurisdiction) but not to an existing shareholder in Ontario. Nevertheless, time is of the essence, so we urge you to implement the Proposed Exemption without delay.

Unfortunately the rights offering regime under National Instrument 45-101 is extremely burdensome, overly complicated and costly, such that rights offerings are rarely used by junior issuers. We strongly advocate any initiatives designed to make rights offerings a more efficient and effective means to access capital, however understand that involves a comprehensive process that will take some time.

We note that the CSA recognized the need to streamline venture issuer disclosure and to make disclosure requirements more suitable and manageable for junior issuers. The CSA proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* ("**NI 51-103**"), which we considered a very worthwhile change to the disclosure, corporate governance and capital raising regime governing venture capital issuers. We encourage the CSA to reconsider implementing NI 51-103 and expect there would now be strong support from issuers for this change.

We again thank you for providing us the opportunity to offer input on these important matters.

Yours truly,

Boughton Law Corporation
by Rory S. Godinho Law Corporation

Per:
Rory S. Godinho

Existing Shareholder Exemption Survey - Boughton Law Securities Group

SurveyMonkey

1. Please mark all that apply:

	Response Percent	Response Count
I am a member of the issuer community.	**66.7%**	**30**
I am a member of the brokerage community.	11.1%	5
I am a member of the service provider community.	17.8%	8
I am a retail investor.	46.7%	21
I represent an institutional investor.	2.2%	1
	answered question	**45**
	skipped question	**0**

2. Please take a moment to select from the options below. Individual responses are kept completely confidential:

		Response Percent	Response Count
I support the Proposed Exemption.		**84.4%**	**38**
I support the Proposed Exemption, but suggest the changes in the Comments box below:		15.6%	7
I do not support the Proposed Exemption, for the reasons in the Comments box below:		0.0%	0
		Comments	9
		answered question	**45**
		skipped question	**0**

Teresa Cortese

From: Matt Terriss [terriss@forumuranium.com]
Sent: January-20-14 3:47 PM
To: Larissa Streu

45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

Good idea. I don't think you need any restrictions on insiders. Maybe raise the 15,000$ limit, and maybe have no limit for funds that are current shareholders. Because the costs have risen so much for junior companies, raising any less than $2 million doesn't do much for the shareholders.

Teresa Cortese

From: Carrie Cesarone [carrie@cesarone.ca]
Sent: January-20-14 4:09 PM
To: Larissa Streu; Tracy Clark; comments@osc.gov.on.ca
Subject: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distribution to Existing Security Holders (the "Proposed Exemption")

Dear Sirs/Mesdames:

I write in response to the Proposed Exemption. I work closely with several TSX Venture Exchange ("Exchange") listed issuers and issuers listed on the CSE.

I strongly support the Proposed Exemption. The current state of the financial markets and especially the situation of many Exchange listed issuers is dire. Finding the resources to run a public company has become a immense challenge. The cost of raising capital is also very high. The only real viable option for Exchange issuers is to complete non-brokered private placements. Any sort of prospectus offering or rights offering is ridiculously expensive, with most of the money raised going to lawyers, brokers and filing fees. The same is true for brokered private placements. Between corporate finance fees and lawyers' fees, there is little money left of the proceeds for actual use by an issuer.

In many cases, an issuer needs to raise money for working capital just to stay alive. The very heart of the venture markets, the search for and acquisition of grass roots resources properties, is not an option right now.

In completing a non-brokered private placement, an issuer realistically only has two exemptions available: the accredited investor exemption and the friends, family and business associates exemption. These two exemptions severely limit who can invest in a private placement. Many would-be investors either do not meet the requirements for accredited investor status or do not have a close relationship with an issuer's directors and officers. Because of this, I feel the Proposed Exemption would greatly benefit an issuer in raising capital. A current shareholder has a vested interest in the issuer and should be able to continue to support the issuer and have an opportunity to invest on par with accredited investors and insiders and their close friends, family and business associates. A current shareholder could purchase shares in the secondary market but with little or no benefit to the issuer. If they were able to purchase securities directly from the issuer through a private placement, they could support the issuer financially and benefit directly from the results.

Current shareholders have prior knowledge of an issuer by virtue of already investing in such issuer. They know enough about the issuer to have already become a shareholder. I think they should have an equal opportunity to participate in a private placement.

I provide the following answers to the questions set out in your Multilateral CSA Notice 45-312:

1. I believe many issuers will utilize the Proposed Exemption.

2. The Proposed Exemption should be made available to issuers listed on other Canadian markets, including the Canadian Securities Exchange.

3. I believe that the limit investors should be able to invest in a 12-month period should be at least $30,000. The rationale behind this limit is that realistically, most of an issuer's current shareholders will not avail themselves of the Proposed Exemption simply because of the state of the venture markets; however, there will be some shareholders who will want to utilize the Proposed Exemption and if an amount above $15,000 is available to be purchased, then those shareholders should be able to invest as much as $30,000. Also, if there are only a few shareholders willing to invest, the greater amount will make more sense from the offering standpoint.

4. Item 3 answers some of this question. Also, a shareholder who already has a significant interest in an issuer should be able to invest more, up to $30,000.

5. I agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer.

6. I believe being a current shareholder enables an investor to make a more informed investment decision in that issuer.

7. I believe 10 days before the announcement of an offering is an appropriate record date.

8. a) I agree that a four month hold period is appropriate for this exemption.

   b) I do not believe additional continuous disclosure is required for this exemption. It is assumed that a current shareholder already knows about an issuer and any further disclosure would be an additional cost to the issuer and not necessarily reviewed by the shareholder.

   c) I believe there should be some restrictions on insider participation.

   d) I believe a news release outlining all the terms of the offering should be sufficient disclosure in order to ensure that investors are aware of and have had an opportunity to participate in the offering.

9. I believe pricing should be consistent with existing pricing structures applicable to issuers on the exchange on which they are listed.

Thank you for your consideration.

Carrie Cesarone

Burnet,
Duckworth
& Palmer LLP
Law Firm

January 20, 2014

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Authorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

c/o the Addressees set forth in Schedule "A" hereto

Dear Sirs/Mesdames:

Re: Request for Comments – Notice of Proposed Prospectus Exemptions for Distribution to Existing Security Holders (the "Request for Comments")

We are writing in response to the Request for Comments and your invitation to provide comments in connection with the proposed Prospectus Exemption for Distribution to Existing Security Holders as contained therein. Capitalized words and phrases used herein but not defined have the same meanings herein as in the Request for Comments.

Please note that the comments provided herein are those of certain members of our firm's securities group and should not be taken to represent the position of the firm generally nor of any of our clients, who have not been consulted in connection herewith.

The proposed exemption is a welcome step in giving issuers access to capital markets without having to incur substantial costs in preparing an offering document and allowing issuers access to investors who do not meet the current private placement exemptions. We believe the proposed exemption will also help resolve the incongruity in the rules which presently allows a security holder who is not an "accredited investor" to purchase securities of an issuer on the secondary market but prevents the same security holder from purchasing securities in a private placement conducted by the issuer.

Comments

The following are responses to certain of the questions beginning on page 5 of the Request for Comments. The numbers referred to below refer to the question number found in the Request for Comments.

2. ***Should the proposed exemption be available to issuers listed on other Canadian markets?***

We do not see any reason to limit the proposed exemption to TSX Venture Exchange ("**TSXV**") listed issuers. It has been our recent experience that both issuers listed on the Toronto Stock Exchange (the "**TSX**") and the TSXV experience difficulties in accessing capital markets and even if access is available, the cost of raising capital is always something of concern to issuers. Further, the proposed exemption is founded on the principle that sufficient disclosure exists in the issuer's continuous disclosure record to provide adequate investor protection and given that TSX issuers must comply

with the same, if not stricter, continuous disclosure requirements as those listed on the TSXV and that insiders of both TSX and TSXV issuers are required to observe the same insider trading requirements, we do not see any public policy reason for limiting the exemption to TSXV issuers. We expect that both TSX and TSXV issuers would welcome the opportunity to raise capital through the proposed exemption and believe investors would receive substantially the same level of protection irrespective of which stock exchange the issuer was listed.

7. ***What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period of time? If you think it should be a more extended period of time, what would be the appropriate period of time?***

Although we recognize that picking a record date is relevant and necessary for determining what shareholders can participate in a private placement using this exemption, we are not certain whether the timing of the record date is the most important consideration in providing the appropriate level of investor protection. We suggest that an additional or alternative consideration that may be appropriate in determining a security holder's ability to withstand loss (and participate in an offering conducted using the proposed exemption) may be the value of the security holder's original investment in the issuer. For example, if the security holder held only one security of the issuer for a period of a year, does this provide any comfort in this regard?

8. ***We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.***

(a) Do you agree that a four month hold period is appropriate for this exemption?

A substantial difference between the proposed exemption and the rights offering exemption is that the former exemption does not require the issuer to prepare a prospectus level disclosure document in order to conduct the offering. We acknowledge that the proposed exemption does not prevent the issuer from preparing such a document, however, even if one was prepared we would suggest that, in and of itself, it would not be sufficient to merit the imposition of a seasoning period restriction because, unlike a rights offering: (i) there are currently no rules or form requirements guiding the preparation of the document to ensure that it contains full, true and plain disclosure; and (ii) it is not contemplated that the document would undergo review and be vetted by the securities commissions. For these reasons, we believe that the rules governing the proposed exemption as presently contemplated support the imposition of a restricted period on the securities issued thereunder.

(b) Should we require issuers to provide additional continuous disclosure, such as an annual information form?

Requiring a TSXV issuer to prepare and file an annual information form (or any other additional continuous disclosure document) in order to use the proposed exemption would increase the costs and time associated with the offering therefore reducing the cost savings associated with the exemption.

On the other hand, the proposed exemption is predicated on the fact that the issuer's continuous disclosure record is sufficient to provide investors with adequate information surrounding the issuer and its business. An annual information form, or a document containing similar-type information, provides investors with an overview of the issuer and its business as well as any associated risks with an investment therein and is arguably the most comprehensive document disseminated by an issuer.

Whether or not an issuer must file an annual information form (or other additional continuous disclosure document of a similar nature) in order to avail itself of the proposed exemption should be a decision made after evaluating the cost-benefit analysis of such a requirement.

(c) If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?

We do not believe that additional restrictions should be applied if the proposed exemption was subject to a seasoning period. We submit that the rules of the TSXV and the TSX should be sufficient to properly govern insider participation.

(d) Would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?

Requiring an issuer to take steps in addition to issuing a press release, to increase awareness of the offering may reduce the cost benefit of the proposed exemption to the issuer. As currently drafted, the proposed exemption does not require that the offering be made available to all or substantially all of the security holders of the issuer and therefore whether or not the issuer needs to increase the awareness surrounding the offering should be a determination made by management of the issuer on a case by case basis.

We understand that the Ontario Securities Commission is conducting its own review of the exempt market rules. We would encourage all provinces and territories to adopt the proposed exemption on substantially similar terms to ensure that it is of the greatest possible utility to issuers.

Thank you for allowing us to provide our input and comment on the issues raised by the Request for Comments and the proposed amendments.

If we can clarify or expand upon any of the foregoing, kindly contact Steven Cohen, Ted Brown or Bronwyn Inkster of our office at your convenience.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

SCHEDULE "A"
ADDRESSEES

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January 20, 2014

DELIVERED BY EMAIL

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Dear Sirs/Mesdames:

Re: Multilateral CSA Notice 45-312 – Proposed Prospectus Exemption for Distributions to Existing Security Holders.

TMX Group Limited welcomes the opportunity to comment on behalf of both Toronto Stock Exchange ("**TSX**") and TSX Venture Exchange ("**TSX Venture**") (each, an "**Exchange**" and collectively, the "**Exchanges**") on Multilateral CSA Notice 45-312 – *Proposed Prospectus Exemption for Distributions to Existing Security Holders* (the "**CSA Consultation**") published by certain members of the CSA on November 21, 2013.

All capitalized terms have the same meanings as defined in the CSA Consultation unless otherwise defined in this letter.

On a combined basis, the Exchanges have more than 3650 listed issuers and therefore are uniquely positioned to understand the current environment in which listed issuers are seeking to raise capital and to comment on the proposed prospectus exemption for distributions to existing security holders (the "**Proposed Exemption**"). The Exchanges have historically advocated for allowing existing security holders to participate in private placements and therefore strongly support the introduction of the Proposed Exemption. The Exchanges believe that the Proposed Exemption could result in tangible benefits to listed issuers and their security holders and ultimately, to the Canadian capital market, by fostering efficient capital raising.

The Exchanges continue to strongly support the harmonization of prospectus exemptions across all Canadian jurisdictions and are hopeful that the Proposed Exemption will benefit all market participants, regardless of the jurisdiction of their lead

regulator. We therefore welcome the Ontario Securities Commission's ("**OSC**") December 4, 2013 press release supporting the CSA Consultation and announcing that the OSC will consider the comments received through the CSA Consultation with the goal of substantial harmonization.

Both TSX and TSX Venture have rules, policies and review processes in place with respect to private placements that aim to protect investors and the integrity of the market. Many issuers rely heavily on private placements to raise capital and we believe that issuers listed on either of TSX or TSX Venture should be able to rely on the Proposed Exemption to facilitate capital raising. Further, we feel it would be inappropriate to restrict investor access to TSX listed private placements as this decision should be made by the investor.

You will find attached as Appendix A to this letter our responses to certain of the specific questions set out in the CSA Consultation.

We would like to take this opportunity to express how pleased we are to see the CSA Consultation. We believe that the Proposed Exemption will be well received by the market and applaud the CSA for moving forward with this initiative.

We thank you for the opportunity to comment on the CSA Consultation. Should you wish to discuss any of the comments with us in more detail, we would be pleased to respond.

Yours truly,

Ungad Chadda
Senior Vice President
Toronto Stock Exchange

John McCoach
President
TSX Venture Exchange

APPENDIX A
Responses to CSA Consultation Questions

1. **If you are a TSXV issuer, will you use the proposed exemption?**

Feedback received has confirmed that issuers are very supportive of the Proposed Exemption and that they would use the exemption if it were available. Several listed issuers noted that many of their current security holders cannot participate in certain of their financings because these security holders do not qualify under the current prospectus exemptions in National Instrument 45-106 – *Prospectus and Registration Exemptions* (**"NI 45-106"**).

To better gauge the views of market participants on the Proposed Exemption, TSX Venture is in the process of conducting a web-based survey of listed issuers and other market participants requesting that respondents confirm whether or not they support the Proposed Exemption and provide any comments or suggestions on the proposal. For your reference, the survey and accompanying letter are reproduced as Appendix C. With respect to the results of the survey, as at January 20, 2014, we had received a total of 318 responses with 302 of the respondents (95%) stating that they were in favour of the Proposed Exemption. We believe the responses to date serve as meaningful evidence that the Proposed Exemption is supported by market participants. We would be happy to share the full survey results, including any comments received, with the CSA. TSX will also be undertaking a similar survey of its listed issuers.

2. **Should the proposed exemption be available to issuers listed on other Canadian markets?**

We believe that the Proposed Exemption has potential benefits to listed issuers, their existing security holders and Canadian capital markets and that the Proposed Exemption should be available to listed issuers listed on both TSX and TSX Venture. We have set out certain factors in support of broadening the Proposed Exemption to TSX listed issuers below.

a) The Exchanges provide policy frameworks and review processes that preserve the quality of the marketplace:

We understand that members of the CSA considered the additional safeguards provided by the rules and review processes contained in the TSX Venture Corporate Finance Manual when drafting the Proposed Exemption. These rules and review processes require TSX Venture companies to meet additional disclosure obligations and TSX

Venture has implemented a framework for the issuance of additional securities. These rules and policies aim to protect investors and the integrity of the market.

While not identical to the TSX Venture regime, the private placement rules in the TSX Company Manual similarly provide a framework for issuers to complete private placements with the aim of protecting the rights of existing security holders and preserving the integrity of the market place. For example, TSX regulates pricing discounts, dilution and insider participation and may require security holder approval in certain circumstances, all with a view to investor protection and market integrity.

Both Exchanges conduct suitability reviews on significant security holders, officers, directors and, in the case of TSX Venture, promoters, to ensure that issuers meet their continued listing requirements and to maintain the integrity of the stock list.

Eligibility to rely on the Proposed Exemption should be extended to TSX listed issuers on the basis that TSX issuers are subject to extensive requirements and reviews which are comparable to those applicable to TSX Venture listed issuers. The policy frameworks of both Exchanges play an important role in raising capital and providing a fair and orderly market place.

b) Informed Decisions and Continuous Disclosure:

The Proposed Exemption is predicated on the idea that existing security holders have already made an informed investment decision about the issuer at the time of first becoming a security holder. If the original investment was made as a result of a purchase on the secondary market, that security holder has most likely already relied on the issuer's continuous disclosure record and an existing security holder is more likely to track the issuer's continuous disclosure and performance.

The continuous disclosure requirements of TSX listed issuers are similar to that of TSX Venture listed companies. TSX listed companies have the additional requirement of filing an Annual Information Form that provides additional information to security holders. Since existing security holders of both TSX and TSX Venture listed issuers have already made an informed decision to purchase securities of these issuers and have access to a comparable continuous disclosure record, the Proposed Exemption should also be available to TSX listed issuers.

c) Both TSX Venture and TSX issuers rely heavily on private placements to raise capital:

Both TSX Venture and TSX listed issuers rely heavily on private placements as a source of financing. Appendix B to this letter sets out financing statistics for issuers listed on each of TSX Venture and TSX for 2012 and 2013. These statistics show that 1,958 (or 84%) of the 2,327 financings completed by issuers listed on TSX Venture and TSX in 2012 were private placements. For 2013, the percentage of capital raises completed by way of private placement amounted to 85% of the total number of financings completed.

The Exchanges list a wide variety of issuers but have developed a niche for listing small and medium enterprises ("**SMEs**"). SMEs are more likely to raise money by way of private placement than larger, more established issuers. Due to the importance of private placements for SMEs in capital raising activities, the Exchanges believe that it would be beneficial to the Canadian capital markets to allow issuers on both Exchanges to rely on the Proposed Exemption. The Exchanges also note that facilitating capital raising from existing security holders through private placements may be attractive and beneficial to issuers of all sizes.

d) Securities issued pursuant to a private placement are often offered on more advantageous terms than securities available on the secondary market:

In our experience, securities offered under a private placement are often issued at a discount to market price or with a 'sweetener', such as a warrant, in accordance with applicable Exchange rules. The Exchanges believe that existing security holders of TSX listed issuers should also have the opportunity to rely on the Proposed Exemption which would permit the purchase of securities on potentially more advantageous terms than on the secondary market, without the security holder having to pay a commission.

3. Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?

The Exchanges believe that the $15,000 annual limit per issuer is reasonable, although we would be open to considering a higher limit. For example, $20,000.

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

We take no issue with the proposal to allow security holders to exceed the $15,000 limit in cases where the security holder obtains advice from a registered investment dealer.

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

We agree that an investor who is already a security holder of a listed issuer is well positioned to make an informed decision about an additional investment in the issuer. Although the continuous disclosure record of the issuer is publicly available to all investors, it is more likely that existing security holders who already have an economic interest in the issuer will have previously scrutinized and relied on the issuer's continuous disclosure record. Furthermore, subject to the appropriate safeguards, the Exchanges are of the view that existing security holders should have the opportunity to participate in the future of the issuer they have invested in and not risk potential dilution because a prospectus exemption was not available to them.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

A key element supporting the rationale for the Proposed Exemption is that the investor must already be a security holder of the issuer at the time of the announcement of the proposed private placement in order to rely on the Proposed Exemption. A record date that is at least one day prior to the announcement of any private placement satisfies that rationale.

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

a. Do you agree that a four month hold period is appropriate for this exemption?

The Exchanges agree that the four month hold period is appropriate. The Exchanges anticipate that issuer private placements will be subscribed for by a variety of investors that include accredited investors and non-accredited subscribers relying on the Proposed Exemption. Within that context, the Exchanges believe that it is important to have a level playing field among subscribers to the private placement when it comes to hold periods. The Exchanges also believe that the four month hold period provides protection to the secondary market.

b. Should we require issuers to provide additional continuous disclosure, such as an annual information form?

The Exchanges are of the view that the existing continuous disclosure regimes applicable to TSX Venture and TSX listed issuers provide adequate disclosure to support the Proposed Exemption. The existing continuous disclosure regime, together with the Exchanges' rules and policies governing private placements, provide sufficient information for current shareholders to make an informed investment decision. We believe that the continuous disclosure regime balances the issuers' ability to access capital in an efficient manner while providing investor protection.

c. If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?

As mentioned under our response to question 8 a. above, we are of the view that it is appropriate for securities issued under the Proposed Exemption to be subject to a four month hold period.

d. If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?

We believe that the four month hold period should apply to the Proposed Exemption. However, we believe that ensuring existing security holders are made aware of the issuer's intention to proceed with a private placement is essential to the Proposed Exemption. The proposed requirement for the issuer to publish a news release disclosing certain details about the offering satisfies this principle.

9. We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?

Provided that issuers relying on the Proposed Exemption will be conducting financings in accordance with applicable TSX Venture policies or TSX rules on private placements and subject to the review of the Exchanges, we believe that no additional conditions regarding the structure of such financings are required. We reiterate our view that the private placement policies and procedures of the Exchanges, together with applicable

securities law, provide sufficient safeguards and strike the proper balance between capital raising opportunities for listed issuers and investor protection.

APPENDIX B
Financing Statistics

TSX Venture Financings (other than IPOs)

2012	Prospectus	Private Placements	Total
Number of financings	65	**1,654**	1,719
$ raised in millions	1,826	3,985	5,811
2013			
Number of financings	57	**1,473**	1,530
$ raised in millions	866	2,780	3,646

TSX Financings (other than IPOs)

2012	Prospectus	Private Placements	Total
Number of financings	304	**304**	608
$ raised in millions	38,718	7,586	46,304
2013			
Number of financings	243	**260**	503
$ raised in millions	30,125	4,280	34,405

APPENDIX C
TSX Venture Survey Letter and Questions

TSXV Customer Survey
Subject: Prospectus Exemptions
January 2014

Subject: Brief Survey Regarding Proposed Prospectus Exemption (45-312)

Late last year, I wrote to you about a number of updates regarding Canada's public venture capital markets and our Exchange. I hope you found the update to be helpful and encouraging.

Today, I want to again highlight one item in particular. A proposed new prospectus exemption was published by the CSA in November and is open for comment until Monday, January 20. The exemption would, subject to certain conditions, allow TSX Venture Exchange (TSXV) listed companies to raise money by distributing securities to their existing shareholders. We have been advocating for this exemption and believe it would be a substantial benefit to listed companies who are raising capital. Equally as important, the proposed prospectus exemption will allow existing retail shareholders the opportunity to participate in financings that may not have otherwise been available to them.

To provide more depth to our response to the proposal, we are hoping to collect reactions to the proposed exemption from the venture community. To this end, we would appreciate your feedback through a brief – three question – online survey.

Please click here to complete the survey now.

While the full notice is available **here**, a brief summary is below.

The key conditions to the proposed prospectus exemption are:

- The issuer must be up-to-date on its continuous disclosure obligations;
- The offering can only consist of the class of equity securities the issuer has listed on TSXV or units consisting of the listed security and warrants to acquire the listed security;
- The issuer must issue a news release disclosing the terms of the offering, including use of proceeds;
- Each investor must confirm in writing that, at the record date, the investor held the class of listed security that the investor is acquiring;

- The maximum aggregate amount the investor can acquire under the exemption in a 12 month period is $15,000, unless the investor has acquired advice regarding the suitability of the investment from a registered investment dealer;
- The investor must be provided with certain rights of action in the event of a misrepresentation in the issuer's continuous disclosure record; and
- Similar to most other capital raising exemptions, certificates for securities issued under the proposed exemption would contain a legend and be restricted from trading for 4 months and a day after issuance.

As a valued participant of Canada's public venture capital marketplace, your input helps guide the regulations and policies under which securities are issued across Canada. Thank you, in advance, for completing the **brief survey**. We also encourage market participants to share their views directly with the commissions participating in this proposal.

Your attention to this important matter is appreciated. In closing, please accept our best wishes to you and your team for a successful and prosperous year.

Sincerely,

John McCoach
President, TSX Venture Exchange

Listed Issuer Services

Robert Kang	**Robert Fong**	**Tim Babcock**	**Louis Doyle**
Director	Director	Director	Vice-President
604-643-6577	403-218-2822	416-365-2202	514-788-2407
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TSX Company Services

Arne Gulstene	**Raina Vitanov**	**Steven Mills**	**Matthew Fireman**
604-602-6970	403-218-2826	416-814-8850	514-788-2419
1-888-873-8392	1-888-873-8392	1-888-873-8392	1-888-873-8392
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Survey questions:

Proposed Prospectus Exemption for Distributions to Existing Security Holders
(Multilateral CSA Notice 45-312)

1. Generally speaking, are you in support of the proposed exemption?

____ *Yes*
____ *No*
____ *Undecided*

2. Please share any comments or suggestions regarding the proposed exemption.

3. Which segment of the community do you represent?

____ *Listed Companies*
____ *Investment Banking*
____ *Legal*
____ *Other*

January 20, 2014

BY EMAIL

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Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Proposed Exemption")

We are a group of investment dealers and members of the Investment Industry Regulatory Organization of Canada ("**IIROC**") that participate in the financing of venture issuers. We submit this joint letter in response to your request for comments, and advise that some members of the group will also submit their own response letters.

As you know, as an ad hoc group, we have advocated that the Canadian Securities Administrators ("**CSA**") consider and implement the Proposed Exemption. We support streamlining the capital raising process for junior issuers to enable them to access capital in a more cost efficient and timely manner, while still protecting the integrity of the junior capital markets.

We strongly support the Proposed Exemption and look forward to you implementing same as soon as possible. We submit that the Proposed Exemption should be considered a first step towards the overall goal of simplification of the regulatory framework under which junior issuers operate.

Responses to your Questions

We provide the following responses to the questions posed by you.

1. ***If you are a TSXV issuer, will you use the Proposed Exemption?***

Not applicable.

2. ***Should the Proposed Exemption be available to issuers listed on other Canadian markets?***

We believe the rules and policies of the TSXV, and the oversight imposed by the TSXV on its listed issuers, provide added protection to investors that may not apply to junior issuers listed on other Canadian markets.

Generally speaking however, we submit that the Proposed Exemption should be a uniform exemption and available nationally to all Canadian listed issuers. We understand that the British Columbia and Alberta Securities Commissions are comfortable with allowing TSXV listed issuers to avail themselves of the Proposed Exemption due to the fact that the TSXV reports to and is governed by those commissions, whereas other exchanges are subject to the primary jurisdiction of the Ontario Securities Commission. Accordingly we presume that the Proposed Exemption would become available to issuers listed on other Canadian markets if Ontario participated in the implementation of the Proposed Exemption. We hope that will be the case.

3. ***Investors will only be able to invest $15,000 in a 12 month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?***

We agree that there should be a maximum limit of investment for investors who don't have the protection afforded by either prospectus-level disclosure or an IIROC registered investment advisor performing a "suitability" test. We submit that $15,000 is a reasonable limit.

4. ***In what circumstance would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?***

We believe that an investor that has been afforded "suitability" advice from an IIROC registered investment dealer should be allowed to participate to an unlimited amount, as proposed.

5. ***Do you agree that there should be no investment limit if an investor receives suitability advice from a registered dealer?***

Yes, if an IIROC investment dealer determines that the investment is suitable for its client, we see no reason to limit the amount of the investment. We note that over the past few years, venture issuers have reduced their reliance on brokered private placements as a primary source of capital. We believe this is mainly due to the compliance costs passed on by investment dealers to issuers in the form of corporate finance fees and legal expenses. Instead issuers have increasingly relied on non brokered private placements which provide the least amount of protection for investors.

6. ***Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?***

Yes. In our view, an existing shareholder of a listed issuer has already made an investment decision to participate in the issuer, has a relationship and some familiarity with the issuer, and is less in need of protection than a non-shareholder.

7. ***What is the appropriate record date for the Proposed Exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be more extended period what would be the appropriate period of time?***

The appropriate record date should be the date that is immediately prior to the public announcement of the offering. This would tie into the TSXV's pricing policy. We understand the rationale for having some length of relationship, but whether a shareholder determined to purchase shares of an issuer 60 days previously or 2 days previously does not really matter. What matters is that an investment decision is made. An argument could be made that someone who bought shares 2 years ago is likely less aware of the issuer's affairs than the person who bought 2 days ago. We suggest that any shareholder who holds shares as of the "Record Date", being the date prior to the announcement, should be eligible.

8. ***We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e.: a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption which is only subject to a seasoning period.***

a. ***Do you agree that a four month hold period is appropriate for this exemption?***

We submit that there should either be a seasoning period (if you feel that the Proposed Exemption should be given some preference of utilization over other existing exemptions – for which we believe there is a valid argument in favour) or the hold period applicable to this exemption should be consistent with those applicable to other exemptions (if the Proposed Exemption is to be put on the same footing as other exemptions). However, we strongly believe the concept of hold periods should be revisited for all exempt financings, as given the immediacy of information available to investors and the faster pace at which markets now operate, current hold periods do not serve a useful function and further limit the ability of issuers to raise funds. We recommend that hold periods for all exemptions should be reduced to a maximum of two months, if any at all. In current market conditions, many of these financings will be undertaken as last ditch efforts to save issuers, such that the imposition of a four month hold period may deter investor participation. Where the financing is for a small amount, an investor may not be sure the issuer will survive another four months.

b. ***Should we require issuers to provide additional continuous disclosure, such as an annual information form?***

No, we strongly oppose the requirement of additional disclosure, as this defeats the purpose of the Proposed Exemption by adding additional time, cost, and potential liability to the fundraising process.

c. ***If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering such as claw-backs limiting insider participation?***

No.

d. ***If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of, and have an opportunity to participate in the offering?***

The disclosure should be in the form of a news release that announces the terms of the offering, the use of the exemption, the use of proceeds and any other material information (such as a standby guarantee or backstop). Security holders and other potential investors should simply rely on the issuer's continuous disclosure record and the contents of the news release. Proceeding with an "Existing Shareholder" offering does not prevent an Issuer from concurrently completing a private placement utilizing other available exemptions. In fact we expect that would be the norm. We believe that in the current market conditions there is a valid reason for the Proposed Exemption to be given preference in terms of restrictive hold periods, in that many existing security holders have suffered substantial losses in the junior markets, and perhaps they should be given an advantage over new retail investors. Nevertheless we reiterate that the Proposed Exemption should be fashioned with a long term perspective in mind.

9. ***We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?***

The pricing should be consistent with the existing discount structure applicable to issuers on the exchange on which they are listed. This would also assist issuers using the Proposed Exemption in combination with other exemptions when raising funds in excess of the limits. We further suggest that: i) brokers should be entitled to be paid whatever commission they are able to negotiate to assist in the financing; and ii) brokers or insiders should be allowed to backstop the offering and in consideration of doing so be granted up to 40% warrants, similar to rights offerings. We highlight the fact that existing shareholders generally hold their shares in brokerage accounts, so in order to maximize the chance of utilizing the Proposed Exemption successfully, it is best to try to engage the brokerage community as much as possible.

We suggest that it would be inappropriate for there to be any "finder's fees" payable when utilizing this exemption unless the investor has been provided with "suitability" advice from an IIROC registered investment dealer.

Conclusions

In closing, we applaud the participating jurisdictions for taking the initiative to propose this sensible and useful tool for capital formation.

We again thank you for providing us the opportunity to offer input on these important matters.

Yours truly,

GLOBAL SECURITIES CORPORATION

Per: "*Adam Garvin*", Vice President Corporate Finance
Authorized Signatory

HAYWOOD SECURITIES INC.

Per: "*Frank Stronach*", Vice President, Investment Banking
Authorized Signatory

JORDAN CAPITAL MARKETS INC.

Per: "*Mark Redcliffe*", Chief Executive Officer
Authorized Signatory

LEEDE FINANCIAL MARKETS INC.

Per: "*Gord Medland*", Chairman
Authorized Signatory

MACKIE RESEARCH CAPITAL CORPORATION

Per: "*Rose Barbieri*", Senior Vice President Operations
Authorized Signatory

MACQUARIE CAPITAL MARKETS CANADA LTD. (VANCOUVER)

Per: "*Harry Pokrandt*", Managing Director, Mining
Authorized Signatory

PI FINANCIAL CORP.

Per: "*Jean-Paul Bachellerie*", President and Chief Operating Officer
Authorized Signatory

WOLVERTON SECURITIES LTD.

Per: "*Brent Wolverton*", President
Authorized Signatory

WOODSTONE CAPITAL INC.

Per: "*Mahmood S. Ahamed*", President
Authorized Signatory

Donald A. Simon
330 East 23rd Street
North Vancouver, BC V7L3E5

20 January 2014

Larissa Streu
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia St.
Vancouver, BC Vy7Y 1I2

Dear Sirs,

Re: Comment on CSA Notice 45-312

Notice 45-312 could be considered "progress" in the same way as the little Dutch boy putting his finger in the dike.

Principles are ignored; bandaids are applied.

If the CSA were in touch with what has been happening in the venture capital markets and understood its role in helping or hindering business, it would be doing more than fiddling with a few details.

Any CSA rule that limits a Canadian from investing in treasury shares of a listed public company violates the Canadian Charter of Rights - a point you will likely have to answer for some day soon.

Why aren't you trying to "qualify" and prevent 90+% of the Canadian population from going into casinos? or buying lottery tickets? or making stupid decisions about purchasing on credit?

Because you know you would get your asses kicked.

So why do you persist in interfering in the speculative investment markets? Job creation for parasites is the rational explanation.

My comment is therefore "Back off from all limitations on Canadian citizens' rights to invest in listed public companies" and find something more constructive and less intrusive to do.

"Regulate industry; do not regulate individuals"

Yours very truly,

Donald A. Simon

BW BURSTALL WINGER

Writer's Direct Line: (403) 234-3343
Writer's Email: harvey@burstall.com

March 11, 2014

Via E-Mail

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Dear Sirs/Mesdames:

Re: Multilateral CSA Notice 45-312 - Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Proposal")

We are writing in response to your request for comments on the Proposal.

Overall, we are in favour of implementation of the Proposal. We welcome the initiative to assist junior reporting issuers with options for growth during periods of market volatility. We think the policy reasoning behind the Proposal (specifically the combination of continuous disclosure records and previous investment decision-making) is sound and that the Proposal provides a more efficient and cost-effective way for issuers to access capital from their existing shareholder base in comparison to rights offerings and other existing alternatives.

We also offer two suggestions for improving the Proposal:

1) We believe the Proposal should be expanded beyond offerings of listed equity securities (with or without accompanying warrants) to include offerings of other securities convertible into listed equity securities. Many venture issuers, particularly in the resource sectors, rely heavily on acquisition financing, often in the form of subscription receipts and special warrants, in order to acquire new assets and properties to grow their businesses. Convertible securities in the context of acquisition financing are also attractive to investors as a means to participate in an issuer's success while providing greater investor protection than listed equity securities in the event that an issuer's acquisition is not successful. In some cases, market conditions prevent venture issuers from raising funds for an acquisition using offerings of listed equity securities and such issuers are only able to raise funds for their acquisitions by offering subscription receipts or special warrants convertible into listed equity securities. We believe this amendment to the Proposal would assist many junior issuers with the specific business problems that they face by providing them with greater flexibility to structure potential securities offerings in the context of current market conditions.

2) Based on client feedback to date, we believe that the combination of the $15,000 individual maximum investment (over twelve months) and the four month hold period should be reconsidered to make the exemption described in the Proposal more attractive to investors. Clients have expressed concern that these restrictions in the Proposal reduce the economic incentive of an investor to participate in an offering effected using the exemption described in the Proposal versus simply purchasing the listed equity securities of the issuer through the facilities of the TSX Venture Exchange. As a potential solution, we suggest that the Proposal be amended such that the four month hold period be applicable to an offering effected using the exemption described in the Proposal only if such offering is undertaken at a lower price than the most recent closing price of the listed equity securities on the TSX Venture Exchange as of the date that the terms of the offering are publicly disclosed. We believe this amendment would significantly increase the usefulness of the Proposal to venture issuers and to investors, while still addressing potential regulatory concerns.

Sincerely,

"*Adrian Harvey*"

Adrian Harvey
For and on behalf of
BURSTALL WINGER LLP

CADILLAC MINING CORPORATION

3741 West 36th Avenue
Vancouver, B.C. V6N 2S3
Tel: 604-684-7300 Email: v.erickson@cadillacmining.com

January 17, 2014

BRITISH COLUMBIA SECURITIES COMMISSION
Box 10142 Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2

Attention: Larissa Streu, Senior Legal Counsel, Corporate Finance

Sirs:

RE: MUTILATERAL CSA NOTICE 45-312: PROSPECTUS EXEMPTION FOR DISTRIBUTION TO EXISTING SECURITIES HOLDERS

I wish to express our limited support for the above-captioned initiative to relieve some of the regulatory constraints on the private financing of junior issuers. While we will in all likelihood use the exemption when the general market improves, I must state that the sole proposal falls far short of remedies required of the current situation.

Firstly, some general comments are necessary: To constrain financing sources as has developed over the past few years can only strangle our industry. It is obvious that the banking cartel will applaud this strangulation, but that is the only (short-sighted) group that possibly can enjoy or benefit from the demise of the sector. Further, the context within which regulations are formulated by the Securities Commissions appear to presuppose that all of us who participate in junior exploration are either latent or active criminals, and that all investors/speculators are brain-dead. I beg to differ, and would like to suggest that if you care to tar the professionals in our industry with such a brush, that the same instrument should also be applied to the professionals in your industry. Obviously the latter would be unreasonable; so is the former. As to the speculators, they are smarter than you think, to the extent that some are sharp enough to initiate lawsuits against brokers as a means of shirking personal responsibility for poor decisions. Reporting issuers disclose reams of information available to anyone to review. Still, it is agreed that the public needs some protection, but not to the level that all responsibility has been totally removed from the individual, which precept is helping to drive the junior sector over the cliff. Rather than condemn the insiders, and wet-nurse the remainder, the BCSC has the ability to more aggressively prosecute the malfeasants, (many of whom appear to operate in the non-reporting sector), which strategy the rest of us would applaud.

In its campaign to regulate, it appears the BCSC (and the other commissions) have limited or no understanding of the short and long-term wealth-creating capacity of the junior issuers. It is true that many die or absorb in the course of the business cycles we suffer (more severely than other sectors), but the writer must state that the monopolization of the financial industry by the big banks, the algorithmic trading (largely supported by the banks), the ability to short on down-ticks, without borrowing stock, and so on, as has been described in detail by many other parties, are going to cause such a contraction in our business that recovery of the sector to its former health and long-term effectiveness cannot occur. Our industry is responsible for the creation of wealth in both the short and

long term. Regarding the short-term effects, I suggest you survey your friends in the legal industry as to the number of paralegals laid off recently.

In summary, not only should the private financing regulations be overhauled for the long-term, with the current proposal as only a first step, (with no sunsets, thank you), but the very prejudicial trading regulations mentioned above must also be drastically revised particularly as applied to low-capitalization junior firms. Regulators destroyed the ability of the American exploration sector to finance; please do not repeat those errors, as the industry is definitely of much greater value in the Canadian context.

Turning to your nine "questions", it appears most are based on the premise that the "investor" (who in reality should be referred to as a "speculator") requires such a level of protection by regulatory and broker rules, that most are precluded from participating. Firstly, let's properly call him a "speculator", which term may scare off those who should in fact be discouraged. Next, I would suggest that if limits are deemed necessary, let us avoid the one-size-fits-all approach. The speculator should decide what is best for him, or failing that, set limits proportionate to net worth (brackets), and/or to a proportion of the issuer's specific funding. As to investment dealer advisory qualifications, those that know how to make a quick-flip are most abundant; those that truly know much about the minerals exploration business are very scarce. Consequently, I doubt many have any greater abilities to discern quality/risk than do the speculators. Further, attempting to restrict the exemption to TSXV issuers to the detriment of the CSE is ridiculous, as has likely been noted by Mr. Goodman by now. Finally, the undersigned has not considered the questions of hold period, or "record date", as they are but details that reason can resolve.

Prior to closing, the writer, as an experienced officer of Cadillac Mining Corp. and previously of other junior issuers, and a speculator in his own right, would like to reflect on the strong legalistic bias to most of the documentation we distribute and consume. The notes to financial statements contain as much "policy" verbiage as real data; the MD&A contains an unhealthy proportion of legalese; the Information Circular could be reduced by 80% to contain only useful data; and prospectuses are a legal field day. I personally believe that if the public is deemed by the regulators to be uninformed, it is due in part to the prescribed documentation the issuer must distribute. I personally cannot bear to read most of these repetitious documents. Let's educate the public by providing a far greater proportion of hard data in these instruments.

In closing, we support the initiative but it is far more important that the broader, systemic problems and prejudices be removed from the regulations and processes, if our industry is to survive in an effective form and critical mass.

Thank you for your consideration,

Victor F. Erickson, P.Eng.
President & CEO

January 20, 2014

BY EMAIL

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

c/o Larissa Streu
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2

c/o Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4

Dear Sirs/Mesdames:

Re: Multilateral CSA Notice 45-312 - *Proposed Prospectus Exemption for Distributions to Existing Security Holders*

We appreciate the opportunity to comment on Multilateral CSA Notice 45-312 - *Proposed Prospectus Exemption for Distributions to Existing Security Holders* (the "**Proposed Exemption**").

Overall, we are supportive of the Proposed Exemption and are hopeful that it will facilitate increased participation in the exempt market by retail investors and provide TSXV issuers with access to a potential source of capital. However, we think it is important that the Proposed

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Exemption be made available in all Canadian jurisdictions consistently. We believe that a harmonized set of rules across jurisdictions is necessary for the benefits of the Proposed Exemption to be realized.

The following are our responses to a number of the specific questions set out in the Proposed Exemption. We have only reproduced the questions to which we will be responding.

2. Should the proposed exemption be available to issuers listed on other Canadian markets?

Yes. We do not see the policy rationale for limiting the availability of the Proposed Exemption to TSXV issuers. Issuers listed on other Canadian markets are currently facing similar capital raising challenges as those faced by TSXV issuers.

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

We can anticipate circumstances where it might be suitable for a retail investor to invest more than $15,000 pursuant to the Proposed Exemption; for example, where the investor is relatively sophisticated or where the investor has previously made a decision to invest more than $15,000 in the secondary market.

In principle, the Proposed Exemption is largely based on certain fundamental assumptions about the protections afforded by being an existing security holder. For example, the Proposed Exemption assumes that existing security holders have some familiarity with the issuer (including its continuous disclosure record) and at least some limited investing experience. If the participating jurisdictions are in fact comfortable with these assumptions, then we think it makes sense to allow existing security holders to determine the level of investment that is appropriate for them.

5. Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?

Yes.

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

Yes. In general, we think existing security holders are less likely to require the protections afforded by securities laws as compared to some of the other classes of persons currently permitted to purchase securities in the exempt market.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

We think the appropriate record date is one day before the announcement of the offering. While we have not conducted research on this matter, we assume that the typical hold period for a retail investor may be quite short. For example, those who were security holders 30 days ago may be unlikely to be security holders at the time of the offering in reliance on the Proposed Exemption. Extending the record date further back also seems likely to make it more difficult for issuers to determine who their security holders were on that date.

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

a. Do you agree that a four month hold period is appropriate for this exemption?

Yes. We think investors purchasing under the Proposed Exemption should be treated in the same manner as investors purchasing under most other prospectus exemptions.

We would welcome the opportunity to discuss with you the rationale for and length of hold periods generally, particularly in circumstances where offerings are priced at market.

b. Should we require issuers to provide additional continuous disclosure, such as an annual information form?

No. We think such a requirement would likely be a barrier to the adoption of the Proposed Exemption in the venture market. As you know, venture issuers have mostly avoided

distributions to retail investors by prospectus, offering memorandum or other offering document mostly due to the associated cost. For similar reasons, we believe that venture issuers would avoid the Proposed Exemption if an annual information form or other additional continuous disclosure is required.

9. **We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?**

We think it makes sense for a financing in reliance on the Proposed Exemption to be conducted under the standard private placement rules of the TSXV (or other recognized stock exchange).

We would not suggest any additional structural requirements with the following exception. We suggest that investment dealers agreeing to backstop offerings conducted in reliance on the Proposed Exemption be entitled to additional compensation. We think such a backstop would significantly reduce the risk to issuers of commencing an offering pursuant to the Proposed Exemption.

*****

We note that we have reviewed the submissions dated October 11, 2013 and October 31, 2013 made on behalf of the ad hoc investment dealer advocacy group and wish to express our strong support for the views expressed therein.

We would be happy to discuss our comments with you; please direct any inquiries to David Gunasekera at (604) 646-3325 or by e-mail at dgunasekera@moisolicitors.com, or Farzad Forooghian at (604) 646-3311 or by email at fforooghian@moisolicitors.com.

Yours truly,

McCULLOUGH O'CONNOR IRWIN LLP

"McCullough O'Connor Irwin LLP"

CASSELS BROCK
LAWYERS

January 20, 2014

ghogan@casselsbrock.com
tel: 416.860.6554
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British Columbia Securities Commission

Alberta Securities Commission

Financial and Consumer Affairs Authority of Saskatchewan

Manitoba Securities Commission

Autorité des marchés financiers

Financial and Consumer Services Commission (New Brunswick)

Nova Scotia Securities Commission

Prince Edward Island Securities Office -7-

Office of the Yukon Superintendent of Securities

Office of the Superintendent of Securities, Government of the Northwest Territories

Legal Registries Division, Department of Justice, Government of Nunavut

c/o

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Re: Multilateral CSA Notice 45-312 (the "Notice")

We are writing to express our views on the new prospectus exemption proposed in the Notice.

We are generally supportive of the proposal, believing that providing additional flexibility to issuers with restricted access to institutional and other accredited investor funding sources is to be encouraged, especially in time of difficult markets for smaller issuers.

We have the following comments on certain specific consultation questions:

2. Should the proposed exemption be available to issuers listed on other Canadian markets?

We believe that the proposed exemption should be available to issuers listed on TSX or on the Canadian Securities Exchange. While usage rates may differ as between markets, the policy rationale for the exemption is market-agnostic. As the rationale is based on familiarity with the issuer, for TSX issuers at least, such familiarity may in fact be easier to achieve. Furthermore, there are additional disclosure requirements for TSX issuers and there would be additional analyst coverage for such issuers to supplement the issuer's disclosure record, both of which are available to investors.

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights of ering exemption, which is only subject to a seasoning period.

a. Do you agree that a four month hold period is appropriate for this exemption?

Yes. We do not believe that there are sufficient similarities to a rights offering to make a seasoning period appropriate. The theoretical underpinnings of an offering of transferable rights require that shareholders who elect not to exercise their rights can realize value and mitigate dilution by selling the rights in the market. A seasoning period is needed to make such a mechanic available to shareholders. Exempt rights offerings are subject to additional regulation. In addition, there is an element of equal opportunity at the root of rights offering. This proposed exemption is unlikely to provide shareholders with similar equal opportunities to make additional investments in their companies due to the logistics of such an exercise, among other things. Those who do participate should not be seen to be receiving special treatment. Any efforts to make the proposed exemption more like a traditional rights offering would start to blur the distinction between the exemptions; efforts should instead be focused on making the rights offering more attractive to issuers.

More importantly, a seasoning period would potentially create additional incentives away from the current system's embedded incentives to file a prospectus as it is easy to imagine certain persons "gaming" the system and creating nominal share positions for their retail accounts thus expanding the potential pool of investors, many of whom may not have the assumed familiarity that underlies the rationale for the exemption.

You may also wish to consider whether the proposed exemption could be used to facilitate an "equity-line" type of financing and whether this is desired. For example, in such structures a party who is the financier could hold one share of the issuer, and on that basis, propose a financing commitment under an equity-line financing where it would obtain discounted shares relative the VWAP of such shares. Additional guidance would be helpful of whether this would be permitted or not under the proposed exemption.

Yours truly,

Greg Hogan
Brian Koscak

Teresa Cortese

From: William Murray [wmurray@prosperosilver.com]
Sent: January-21-14 1:13 PM
To: Larissa Streu; Tracy Clark
Cc: dmh@bht.com; Steph Hunter
Subject: Proposed Prospectus Exemption for Distributions to Existing Security Holders

To Whom it may concern.

I have been actively involved in senior positions in TSX listed companies in the mining industry for over 20 years and am currently chairman of Prospero Silver. Our securities lawyers have made me aware of Multilateral CSA Notice 45-312. I wish to confirm that I believe that the proposed new exemption for existing security holders will be beneficial to the public venture capital market.

I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged.

Regards, William Murray

Introduction
The securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba, Québec,
New Brunswick, Nova Scotia, Prince Edward Island, Yukon, Northwest Territories and Nunavut (the participating jurisdictions or we) are publishing for comment a substantially harmonized proposed prospectus exemption (proposed exemption) that would, subject to certain conditions, allow issuers listed on the TSX Venture Exchange (TSXV) to raise money by distributing securities to their existing security holders.

William Murray
Chairman
Prospero Silver Corp.
1450 - 701 West Georgia Street
Vancouver B.C.
V7Y 1G5

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January 20, 2014

BY EMAIL: lstreu@bcsc.bc.ca; tracy.clark@asc.ca; and comments@osc.gov.on.ca

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

c/o Larissa Streu
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Vancouver, British Columbia V7Y 1L2

c/o Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4

Dear Sirs and Madams,

Re: Multilateral CSA Notice MI 45-312 –
Proposed Prospectus Exemption for Distributions to Existing Security Holders.

Thank-you for extending the opportunity to comment on *Multilateral CSA Notice MI 45-312 – Proposed Prospectus Exemption for Distributions to Existing Security Holders* (the "**Proposed Exemption**"). This letter is submitted on behalf of the undersigned and Venture Law Corporation.

Venture Law Corporation is a boutique securities law firm in Vancouver, British Columbia focused on the micro-cap and small-cap markets. We act as legal counsel to a number of junior issuers listed on the TSX Venture Exchange ("**TSXV**") and Canadian Securities Exchange ("**CSE**").

We support the Proposed Exemption and its goal to expand and expedite capital raising

opportunities for small and medium sized enterprises listed on exchanges in Canada. The Proposed Exemption has the potential to assist venture issuers in raising capital more efficiently in Canada. It also has the potential to provide retail investors the opportunity to participate in unit offerings, flow-through offerings and discounted private placement offerings of issuers where they are existing security holders of without having to be an accredited investor.

Response to Specific Questions

We are providing our comments on the Proposed Exemption in response to the specific questions raised in the request for comments in MI 45-312. Our comments are:

1. If you are a TSXV issuer, will you use the Proposed Exemption?

Not applicable.

We are not a TSXV issuer, however, based on comments received from clients and non-client issuers, the Proposed Exemption if implemented will be used by venture issuers seeking to raise capital.

2. Should the Proposed Exemption be available to issuers listed on other Canadian markets?

Yes. All reporting issuers have the same continuous disclosure requirements under Canadian securities laws and should be treated equally. We see no reason to distinguish TSXV issuers and venture issuers listed on other exchanges for eligibility to use the Proposed Exemption.

3. Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?

No investment cap should be imposed. What is the CSA's rationale for imposing a $15,000 investment limitation? This numerical cap appears to be arbitrary and unrelated to the regulatory reasons for allowing retail investors to acquire an issuer's securities under the Proposed Exemption. According to the TSX Group 2012 MiG Report, the average raise size of a TSXV issuer in 2012 was $3.2 million. Over 213 existing security holders would have to participate in the offering if each investor was subject to a $15,000 investment cap. Requiring this number of investors to participate in an offering would make the cost of capital under this exemption much higher than that associated with using the accredited investor exemption. Let each existing security holder determine what they want to invest in an offering under the Proposed Exemption. If the CSA insists on an investment cap, the cap amount should be raised to at least $100,000 in a 12 month period.

Very few retail investors are likely to participate in any offering by venture issuers in the junior resource exploration sector at this time given current market conditions. We suggest you monitor the use of the Proposed Exemption and adjust the limit based on experience and future market conditions.

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

An investor knowledgeable about the company and its risks should be allowed to decide for his or herself what level of investment is suitable for them.

Micro-cap and small-cap issuers are heavily reliant on friends, family and other associates who may not otherwise meet the definitional requirements of the family, friends and business associates exemption in section 2.5 or the accredited investor exemption of section 2.3 of *National Instrument 45-106 Prospectus and Registration Exemptions*. This is true before and after these issuers list on a public market in Canada. These security holders often have a greater interest in the issuer and believe in management based on personal experience. They are also aware of the heightened risk issuers face in disappearing all together it they are unable to raise the required financing.

5. Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?

Yes. A registered investment dealer is subject to know your client, know your product and client suitability rules.

The Proposed Exemption should be expanded to allow investors to rely on the suitability advice of an exempt market dealer as well as a registered investment dealer when investing more than a stated limit. There is no reason to limit suitability advice under the Proposed Exemption to registered investment dealers only. Exempt market dealers are required to provide suitability advice in connection with all other private placement exemptions, including those involving the private placement of treasury securities by reporting issuers. Allowing exempt market dealers to provide suitability advice in addition to registered investment dealers may also help limit or control the costs these parties will impose when involved in these types of transactions. Brokered-private placements have fallen out of favour in recent years due to excessive fees.

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

Yes. Retail investors invested in the company are more likely to have read the public disclosure documents of the issuer versus potential investors recently introduced to the issuer. Current security holders also have watched the issuer's stock trading activity in the market place, and often seek and talk to management at investment shows and other settings. Existing security holders in general are informed investors.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

Record dates serve several purposes. There is no reason to extend the record date beyond one day before the announcement. This would then tie into the pricing policy of the TSXV and CSE. There are other means to catch and correct any perceived abuses in the private placement process without restricting the ability of issuers to efficiently raise capital by imposing an extended record date period.

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

- *Do you agree that a four month hold period is appropriate for this exemption?*

  Yes. The policy behind imposing a hold period is it prevents issuers from circumventing the registration requirement for public offerings by selling securities in a private placement to an individual with the understanding that the individual will immediately resell the securities to the public.

  Under the Proposed Exemption, existing security holders who participate in an issuer's private placement are put on equal footing to accredited investors and investors acquiring the issuer's securities under other available exemptions under *National Instrument 45-106 – Prospectus and Registration Exemptions* by imposing a four month hold period.

  The Proposed Exemption does not require an issuer to provide potential investors with an offering document such as a rights offering circular or a rights offering prospectus which justifies using a seasoning period versus hold period when a rights offering is conducted.

- *Should we require issuers to provide additional continuous disclosure, such as an annual information form?*

  No. The need to file an annual information form is one reason the short form prospectus and offering memorandum exemption for qualifying issuers is not used by venture issuers. If an annual information form is required the Proposed Exemption will not be widely used or used at all by venture issuers.

- *If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?*

  No comment since we do not support a seasoning period.

- *If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?*

  No comment since we do not support a seasoning period.

9. We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at

a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?

The Proposed Exemption should be allowed to be conducted under the standard private placement rules of the exchange on which the securities are traded. This class of investor, existing security holders of the issuer, should be treated identical to other investors in a private placement. No additional terms and conditions regarding the structure should apply.

***

As discussed above we strongly support the CSA's implementation of the Proposed Exemption with the understanding that it is provided to all venture issuers and not just TSXV issuers. We also strongly encourage the Ontario Securities Commission and the Newfoundland Labrador Financial Services Regulation Division join the CSA participating jurisdictions in adopting the Proposed Exemption. The capital raising exemptions in Canada must be harmonized to ensure issuers and investors have the same opportunities wherever they reside.

If you have any questions regarding our views, please contact the undersigned.

VENTURE LAW CORPORATION

Per:
Alixe B. Cormick

c:

The Secretary Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8

EMDA
Exempt Market Dealers Association of Canada

Educate | Advocate | Connect | Collaborate

January 20, 2014

VIA E-MAIL

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2	Alberta Securities Commission Suite 600, 250-5th Street SW Calgary, Alberta T2P 0R4
Attention: Larissa Streu, Senior Legal Counsel, Corporate Finance	*Attention*: Tracy Clark Legal Counsel, Corporate Finance
E-mail: lstreu@bcsc.bc.ca	*E-mail*: tracy.clark@asc.ca

Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 *Proposed Prospectus Exemption for Distributions to Existing Security Holders* (the "Proposed Exemption")

This submission is made by the Exempt Market Dealers Association of Canada (the **EMDA**) in response to the request for comments published by the Canadian Securities Administrators (the **CSA**) on November 21, 2013 in connection with the Proposed Exemption.

WHO IS THE EMDA?

The EMDA is a not-for-profit association founded in 2002 to be the national voice of exempt market issuers, exempt market dealers (**EMDs**) and participants in the exempt market across Canada.

The EMDA plays a critical role in the exempt market by:

- assisting its hundreds of dealer and issuer member firms/individuals to understand and implement their regulatory responsibilities;
- providing high quality and in-depth educational opportunities to exempt market participants;
- encouraging the highest standards of business conduct amongst its membership across Canada;
- increasing public and industry awareness of the exempt market and its role in the capital markets;
- being the voice of the exempt market to securities regulators, government agencies, other industry associations and the capital markets;
- providing valuable services and cost-saving opportunities to its member firms and individual dealing representatives; and
- connecting its members across Canada for business and professional networking.

Additional information about the EMDA is located on our website at: www.emdacanada.com.

WHO ARE EXEMPT MARKET DEALERS?

EMDs may act in two primary capacities in the capital markets: (a) as a dealer or underwriter for any securities which are prospectus exempt; or (b) as a dealer for any securities, including investment funds which are prospectus qualified (mutual funds) or prospectus exempt (pooled funds), provided they are sold to clients who qualify for the purchase of exempt securities. The qualification criteria for exempt purchasers and exempt securities are found in National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**).

EMDs are fully registered dealers who engage in the business of trading in exempt securities, or any securities to qualified exempt market clients. EMDs are subject to full dealer registration and compliance requirements and are directly regulated by the provincial securities commissions. The regulatory framework for EMDs is set out in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which applies in every jurisdiction across Canada.

EMDs must satisfy the same "Know Your Client" (**KYC**), "Know Your Product" or (**KYP**) and trade suitability obligations as other registered dealers which are IIROC or MFDA members. NI 31-103 sets out a comprehensive dealer regulatory framework (substantially similar for all categories of dealer, including investment dealers) which requires EMDs to satisfy a number of regulatory obligations including:

- educational proficiency;
- capital and solvency standards;
- insurance;
- audited financial statements;
- KYC;
- KYP;

- trade suitability;
- compliance policies and procedures;
- books and records;
- client statements;
- trade confirmations;
- disclosure of conflicts of interest and referral arrangements;
- complaint handling;
- dispute resolution;
- maintenance of internal controls and supervision sufficient to manage risks associated with its business;
- prudent business practices requirements;
- registration obligations; and
- submission to regulatory oversight and dealer compliance reviews.

EMDs may focus on certain market sectors (*e.g.*, oil and gas, real estate, mining or minerals, technology, venture financing, etc.) or may have a broad cross-sector business model. EMD clients may be companies, institutional investors, accredited investors, or eligible investors who are qualified to purchase exempt securities pursuant to an offering memorandum.

EMDs provide many valuable services to small and medium size enterprises (SMEs), large businesses, investment funds, merchant banks, financiers, entrepreneurs, and individual investors, through their ability to participate in the promotion, distribution and trading of securities, as either a principal or agent.

EMDA COMMENTS ON THE PROPOSED EXEMPTION

The EMDA is broadly supportive of the Proposed Exemption and applauds the introduction of appropriately designed prospectus exemptions designed to facilitate fair and efficient capital raising and investor protection in the Canadian marketplace. We are mindful, however, that not all CSA members have agreed to adopt the Proposed Exemption, but are optimistic that if implemented, the Proposed Exemption will be adopted in a uniform fashion across Canada. We encourage the CSA to continue to work with the securities regulators in Ontario and Newfoundland and Labrador to ensure a consistent adoption of this and other prospectus exemptions across Canada.

The EMDA comments on the following questions:

1. If you are a TSXV issuer, would you use the proposed exemption?

Not applicable.

2. Should the Proposed Exemption be available to issuers listed on other Canadian markets?

The availability of the Proposed Exemption should be consistent with its stated policy rationale which is to ameliorate time and cost concerns for issuers in preparing offering documents while ensuring investors are suitably protected. The EMDA believes that an issuer's marketplace should not, in principle, have any bearing on either of these issues. Time and cost burdens should be the same and investor protection is meant to be afforded by uniform disclosure obligations and marketplace oversight, not by limiting issuers

to any one marketplace. It is not clear why other recognized stock exchanges were excluded. Accordingly, we believe the Proposed Exemption should be extended to the TSX and the Canadian Securities Exchange since the basis of the exemption is a reporting issuer's public disclosure record on SEDAR and not marketplace considerations.

3. **Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?**

We believe there should be a limit on the amount a retail investor can invest under the Proposed Exemption without obtaining advice from a registrant.

It is not clear on what basis $15,000 was determined to be the appropriate threshold and some explanation should be provided. However, the EMDA has no objection with the proposed investment limit absent investment advice.

4. **In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?**

Limiting the amount an investor can invest who is a retail security holder and who would not otherwise qualify under an existing prospectus exemption, such as the accredited investor exemption, provides a measure of protection for such investor. The EMDA believes that an investor should be able to invest more than $15,000 with advice from an appropriate category of registrant. The EMDA does not support limiting the advice to investment dealers only as set out in the Proposed Exemption.

The EMDA believes that an EMD, in addition to an investment dealer, should be permitted to provide advice to investors, and if suitable, the investor should be able to invest more than $15,000. EMDs are required to provide such advice in connection with all other private placement exemptions, including those involving the private placement of treasury securities by reporting issuers. The fact that this is a private placement of treasury securities by an exchange-listed issuer should make no difference. In fact, the provision of such advice is a basic obligation under NI 31-103 for EMDs and other registrants. The EMDA strongly encourages the CSA to amend the Proposed Exemption to include EMDs to provide such advice in addition to investment dealers.

5. **Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?**

Subject to our comments above, we agree. Each individual investor has a different risk profile including investment objectives and risk tolerance which must be considered in its totality by a registrant who provides such suitability advice. Even though the Proposed Exemption does not impose a limit where an investor receives such advice, we believe a limit will be imposed based on the advice provided by a registrant albeit appropriately tailored to that investor.

6. **Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?**

The ability of investors to make informed investment decisions is dependent on a number of factors, and being a current security holder can be one of them. However, it is not necessarily a sufficient condition and

other factors such as the size of the position and the time period during which it was held must also be given weight and consideration. However, the ability of an existing security holder to access a reporting issuer's public disclosure record on SEDAR and make their own investment decision is a significant factor. The veracity of the information is important and the safeguards under the Proposed Exemption increase the likelihood that there are no material facts or material changes relating to the issuer that have not been generally disclosed. The Proposed Exemption requires this to be represented by an issuer in its subscription agreement while also providing an investor with a right of action under the statutory secondary market liability regime in securities legislation. We believe that investors want the choice to make their own investment decisions today and have the tools and resources available to help them. We also recognize that issuers need an easier and less costly way to raise capital from existing security holders who already have a relationship with and are familiar with the issuer.

7. **What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?**

The ability of an issuer to quickly access capital is important and a long record date would cause difficulty.

The EMDA does not recommend a specific record date, but believes it should be longer than one day for the reasons set out in the Multilateral CSA Notice. The imposition of a sunset clause allows the CSA time to monitor how the Proposed Exemption is being implemented and to deal with any issues or concerns.

8. **We are currently proposing the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.**

(a) Do you agree that a four-month hold period is appropriate for this exemption?

Yes. The EMDA favours the adoption of consistent and uniform securities laws across Canada, reason enough to adopt a four month hold period for the Proposed Exemption as currently drafted. Although the rights offering exemption is similar to the Proposed Exemption, it is also different in many important ways, including with respect to the disclosure requirements.

(b) Should we require issuers to provide additional continuous disclosure, such as an annual information form?

No, not if the policy rationale is cost and time burden. We would not anticipate widespread adoption of the Proposed Exemption if such a requirement were imposed.

(c) If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?

No comment since we do not support a seasoning period.

(d) If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?

No comment since we do not support a seasoning period.

9. We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to the market price. Is this appropriate or are there other structural requirements that we should make a condition of the exemption?

We believe that the Proposed Exemption should follow the private placement rules of the applicable stock exchange. Existing security holders should be treated the same as other investors in a private placement, where an issuer has the right to accept or reject a subscription, in whole or in part, from any investor. Requiring an issuer to allocate securities *pro-rata* among security holders who are interested in participating in a rights offering under the Proposed Exemption would unnecessarily add to the cost and burden of such an exemption especially where this is done on a non-brokered basis.

Other matters

The CSA may also wish to clarify whether the Proposed Exemption could be used to facilitate an "equity-line" type of financing and whether this is desired. For example, in an equity-line structure a party who is the financier could hold one share of the issuer, and on that basis, propose a financing commitment where it would obtain discounted shares relative the VWAP of such shares. We would appreciate if the CSA can provide additional guidance explaining whether this would be permitted or not under the Proposed Exemption.

* * *

We believe the Proposed Exemption strikes the right balance in protecting investors while providing for fair and efficient capital markets subject to our comments above. Many exchange-listed reporting issuers cannot raise capital in this economic climate in a cost effective manner and the Proposed Exemption seeks to accomplish this, while allowing members of the retail public to participate in such offerings in a manner that provides appropriate safeguards.

We thank you for the opportunity to provide you with our comments on the Proposed Exemption and welcome any opportunity for further dialogue on this matter.

Yours very truly,

***Exempt Markets** Dealers Association of Canada*

"Brian Koscak" ***Chair***	***"Conan McIntyre"*** ***Director***

RE: CSA Notice 45-312

January 17, 2014

To Whom It May Concern,

I am writing to provide comments regarding the proposed Prospectus Exemption noted.

The current regulatory framework is failing. A strong statement, but widely publicized evidence (such as the quantitative data on reporting issuers gathered by Mr John Kaiser and others) demonstrates that some 50% of the current smaller reporting issuers in Canada are in danger of complete corporate failure and delisting from their exchange during 2014. When 50% of your population base is threatened with failure or extinction, then by definition something in the environment is failing.

It is not government's responsibility to provide support to any business sector. It is almost always incorrect for government to attempt to pick winners and losers, economically speaking. It is always dangerous and virtually never a good idea for government to pick – actively or passively through poorly reasoned regulations – winners and losers in the marketplace, since this smacks of favouritism and the unjust execution of regulations across the population.

I have answered below, your specific questions w/r to the proposed exemption. Yes it should be implemented; no it should not be limited to members of a specific "club" (TSXV or otherwise); and yes the allowable limit should be modified and not be so arbitrary.

It is the desire of this proposed exemption to address some part of the current market environment and that is a positive development. But additionally, the proposed exemption does not go nearly far enough.

My family is a 3rd generation Canadian mining family. I have lived and breathed it since I was a child, as my father did and his father before him. I know that Canada is world-renowned for having the most highly respected and dynamic junior (and often, senior) mining industry in the world. You know that the disclosure standards have contributed to this reputation in the last ~15 years, even while sowing troublesome seeds along the way.

The cost to maintain a public company in Canada, meeting all the disclosure requirements, is much higher than in previous economic cycles. Data can be provided but is extraneous to this conversation at this time. Meanwhile, there are at least two major, fundamental shifts in the market that regulations have failed to keep time with.

The first of these are the universe of Know Your Client rules that have severely limited the participation of retail investors within the speculative investment sectors. Remember that Apple, Hewlett Packard, Dell and many other highly speculative technology companies were all started in garages or dorm rooms. Those companies would have NO chance of success if they were to be public companies starting

out in Canada. It is remarkable that Canada has no similar examples to point to, and should give you pause for thought.

The second is the change in investor appetite. Many retail investors have shifted from participation in private placements, and importantly, even from direct ownership positions in specific speculative public companies, and instead set their sights of ETFs. ETFs are a remarkable and welcome diversification tool in the marketplace. However, every dollar invested into an ETF is a dollar not available to MOST junior speculative companies.

GDXJ is a perfect example. It currently has a market cap of roughly US$1.3 billion. It holds equity positions in 69 junior gold and silver companies around the world, 60% of those Canadian. It offers great liquidity, often trading $50 million worth of stock daily. But since it only invests in 40-50 Canadian companies at any time, it specifically excludes most Canadian stocks. When an investor buys GDXJ, none of that investor money goes into the treasury of the targeted Canadian company.

GDXJ is only one of many examples, including things like the precious metals ETFs and more. All of these new investment vehicles siphon investor money AWAY from corporate treasuries – which as we have seen, require MORE capital than ever before in order to function.

Your regulatory environment needs to come to terms with these two important developments. If you fail to do so, and quickly, then the extinction event mentioned earlier will in fact occur unobstructed.

If a decision has been made that there are simply too many Canadian resource juniors and the market is better served to see them "weeded out", then no action need be taken. The current environment will see to that.

With respect I offer my comments both above and below,

/s/ Chris Bunka
156 Valleyview Road,
Kelowna BC V1X3M4
bossbunka@gmail.com

Questions. With respect to your specific question, I provide the following feedback.

1) If I were a TSXV issuer yes I would use the exemption.
2) Yes. It is illogical to make the exemption available to some reporting issuers but not to all. To limit the proposed exemption only to the participants of one exchange or another is an attempt to pick winners which regulatory bodies should not engage in. It is highly unethical to apply a provincial or national regulation to only a subset of the provincial or national populace and smacks of favouritism. The existing regulatory system of reporting issuers either does its job or it does not: if it does, then this new exemption should be open to all reporting issuers. If it does

not, then a hard look should be taken at the broader regulatory environment that perhaps inadvertently is attempting to pick winners and losers.

3) $15,000 is too small a number. The INTENT of this limit is clearly to prevent financial ruin or hardship from an investment decision gone bad. That intent is laudable. However remember that the exemption already requires the potential investor is a stock holder; therefore this stock holder has demonstrated an appetite for risk; and has further demonstrated some level of knowledge of the issuer. In a perfect world there should be no limit. But if a limit must exist, it should be much higher, likely $50,000 or $100,000.
    a. It would also be interesting to tie the amount of new investment to the amount of the pre-existing ownership position. This is an elegant method of letting the natural marketplace regulate itself: If a current shareholder owns 40,000 shares of an issuer, then this new proposed regulation could limit the new investment to not more than another 40,000 shares. If a current shareholder owns 300,000 shares of an issuer, then the new investment could be limited to not more than another 300,000 shares. Without any arbitrary limitations imposed by regulators, this concept allows the market of individuals to regulate itself. Those shareholders who have not been capable of funding a larger investment in the past would not be permitted to suddenly inject larger amounts of capital. While those shareholders who have already demonstrated an ability to invest larger amounts of capital, could continue to do so.
4) Many: but this question is not appropriate. It is not a securities regulator's job to determine when any investment is or is not suitable for any individual investor. Those circumstances reside within the lifestyle of each individual investor and are beyond the scope of legislation. (Examples: market downturns; inheritances; cash windfalls; etc.) The regulatory framework should exist to encourage and insist full and relevant disclosure of all material information. Is the attempt of suitability requirements one of protecting an investor from himself?
5) Yes. See #3, above.
6) "A more informed decision." Yes. It is not possible to create a perfect environment where all knowledge is equal: people are not equal. To attempt to publicize such an environment risks the creation of moral hazard and an increase in erroneous investment decisions. But someone who currently owns a security is in almost all cases likely to be better informed of the status of the investment target, than a newcomer.
7) The record date should be a more extended period than a single day before the announcement. This is important because a single day is likely to invite less honest ownership intentions. The record date should be at least 30 days, and one might argue at least 90 days. Why? Because in every 90-day period, the reporting issuer will have been required to file a quarterly report. If an investor has owned the stock for 90 days then he has had the ability to be better informed as to the status of the company, than if he perhaps only owned if for a few days.
8) A) Four month hold is appropriate.
   B) No. If the shareholder already owns the stock then what purpose is served with additional disclosure? And if the record date is sufficiently long, the absence of knowledge of the issuer's affairs at the outset – the time of making the new investment decision – is greatly reduced.
   C) No.

D) No. With a requirement to file the press release, all current shareholders should be aware of the opportunity. Plus it is in a company's own best interests, if the raising of capital is desired, to contact their own shareholders directly towards this end.

9) I see no reason why specialized rules are required. Existing conditions are well entrenched within the regulatory framework.

FAIR | Canadian Foundation *for* Advancement *of* Investor Rights

January 20, 2014

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RE: Multilateral CSA Notice 45-312: Proposed Prospectus Exemption for Distributions to Existing Security Holders

FAIR Canada is pleased to offer comments to British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Yukon, Northwest Territories and Nunavut (the "Participating Jurisdictions") regarding their proposed prospectus exemption that would allow issuers listed on the TSX Venture Exchange ("TSXV") to raise money by distributing securities to their existing security holders.

FAIR Canada is a national, non-profit organization dedicated to putting investors first. As a voice of Canadian investors, FAIR Canada is committed to advocating for stronger investor protections in securities regulation. Visit www.faircanada.ca for more information.

Executive Summary

1. **FAIR Canada Supports Refining Regulation to Improve Capital Formation by Venture Issuers**

1.1 FAIR Canada supports regulatory efforts to improve the ability of issuers to raise capital in a cost efficient manner that, at the same time, provides adequate protection to investors. FAIR Canada supports allowing TSXV-listed issuers to raise money by distributing securities to their existing security holders provided shareholders are given adequate notice and

disclosure, time to consider the offering and ability to participate in the offering. Further the rules should include protections to avoid abuse including making offerings on a pro-rata basis consistent with investors' existing shareholdings.

1.2 **FAIR Canada recommends that securities regulators and other interested stakeholders examine why certain prospectus exemptions such as rights offerings are commonly used in other jurisdictions such as the United Kingdom, Hong Kong, and Australia whilst they are rarely used in the various jurisdictions in Canada.** We recommend that any such findings be made public. Such information may inform the modification of existing prospectus exemptions so that issuers will use them to raise capital, in a manner which will increase market efficiency and provide adequate investor protection.

1.3 FAIR Canada would have liked to have seen a more fulsome analysis of the issues in the Notice, including providing further details of the key features of this exemption currently in use in other jurisdictions (such as Australia) along with available information on the amount of capital raised in other jurisdictions through the exemption, and the percentage of total capital raised using the exemption as compared to other prospectus exemptions (if available).

2. Key Components Needed in the Proposed Exemption

2.1 Below we summarize the key components of the proposed exemption and highlight in italics the additional key components that FAIR Canada recommends the Participating Jurisdictions adopt, in order to prevent abuse by market players at the expense of investors and thus provide adequate investor protection:

- the issuer must have a class of equity securities listed on the TSXV;
- the issuer must have filed all timely and periodic disclosure documents as required under applicable securities laws;
- the offering can consist only of the class of equity securities listed on the TSXV or units consisting of the listed security and a warrant to acquire the listed security;
- the issuer must issue a news release disclosing the proposed offering, including details of the use of proceeds;
- each investor must confirm in writing to the issuer that as at the "record date" the investor held the type of listed security that the investor is acquiring under the proposed exemption;
- *the investor can purchase additional shares consistent with their existing shareholdings. (For example, if an investor holds 10,000 shares, they can purchase up to an additional 10,000 shares (instead of an arbitrary $15,000 limit absent advice regarding the suitability of the investment or no limit is advice as to suitability is provided). The limit should be based on shareholders holdings on the "record date";*
- *the "record date" should be 30 days prior to the date of the announcement to prevent potential abuse by market participants;*

- *the private placement rules of the TSXV should be made an integral part of the proposed exemption so as to be enforceable by the regulators in the Participating Jurisdictions, including an aggregate limit on the amount raised to no more than 25% of the number of the existing outstanding securities of the class to be issued in any twelve month period;*
- *limits should be placed on the amount to which insiders can subscribe to their pro-rata amount where the offering is oversubscribed and public shareholders are subscribing for the balance of the offering. For example, if insiders own 10% of the outstanding shares, they should only be able to subscribe for up to 10% of the offering where the offering is oversubscribed, so as to allow all existing shareholders to have equal and fair access to the offering and to prevent abuses of the exemption;*
- *the announcement should disclose the holdings of insiders and whether the insiders intend to subscribe for the offering in full or in part. Insiders should not be permitted to subscribe for the offering unless they have disclosed an intention to subscribe in the announcement.*
- an investor should be provided with certain rights of action in the event of a misrepresentation in the issuer's continuous disclosure record and although an offering document is not required, if an issuer voluntarily provides one, an investor will have certain rights of action in the event of a misrepresentation in it;
- a standard four month hold period will be imposed on securities issued under the proposed exemption; and
- issuers must file a report of exemption distribution within 10 days after each distribution.

3. FAIR Canada Responds to Certain Questions Posed in the Request for Comments

(2) *Should the proposed exemption be available to issuers listed on other Canadian markets?*

The proposed exemption should be limited at present to TSXV issuers as it is small and medium sized issuers that have been identified as having the greatest need to access capital and the greatest difficulty raising it. Larger issuers tend to have a much larger shareholder base and number of institutional shareholders who qualify as accredited investors, making it easier to access existing exemptions such as private placements to accredited investors. Another reason for the difficulty may be the small size of most TSXV issuers and the proportionately smaller size of potential offerings which make them less attractive to the larger investment dealers.

In addition, since the proposed exemption is new and experimental, it makes sense to monitor its usefulness to issuers, its take up by investors and whether it provides adequate investor protection and adequate controls to prevent abuses before broadening its scope further.

(3) *Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?*

A $15,000 limit is an arbitrary amount which will be too low for many retail investors and too high for others. As an alternative to an arbitrary amount, FAIR Canada recommends that the amount allowed to be invested through the proposed exemption should be based on current holdings and on a pro-rata basis which may help ensure that the investor has the wherewithal to make the investment but more importantly, will help protect investors from potential manipulation by less scrupulous actors who want to take advantage. For example, friends and associates of insiders of the issuer could purchase very small shareholdings in the issuer prior to the offering and then proceed to obtain large shareholdings as part of the offering (at a discount to the current market value) which would not be fair to the existing shareholders. Or, promoters of the issuer could convince unsophisticated investors to buy a small number of securities on or just before the record date, in order to sell to each of the retail investors an unsuitable number of securities in a speculative issuer. The opportunity for such manipulative schemes will be reduced through basing the maximum number of shares that may be subscribed for on the holdings of the shareholder on the record date and through requiring a pro-rata take up of the offering through the use of the exemption. This is also consistent with the approach in rights offerings which are generally considered the fairest way to make offerings to existing shareholders.

Given that investing in TSXV-listed issuers is high risk, FAIR Canada recommends that investors be warned that increasing their shareholdings results in increasing their exposure to high-risk investments and that they should consider whether, in light of their portfolio of holdings, it is appropriate to do so or not.

Should the investor wish to utilize the services of a registered investment dealer, the registrant in fulfilling their "know-your-product" and "know-your-client" obligations would determine whether the investment would be suitable given the individual's personal financial circumstances, investment objectives, time horizon and risk tolerance level, and existing portfolio holdings. FAIR Canada has provided comments to the CSA as to why a statutory best interest standard would be both feasible and desirable to implement and stresses that having such a standard would help to ensure that the investment dealer's recommendation as to whether to purchase the security is in the client's best interest.

(4) In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

See answer to question 3 above.

(5) Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?

See answer to question 3 above.

(6) Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

FAIR Canada's understanding is that most shareholders of TSXV issuers are at least aware that such investments are high risk, or they may be sophisticated investors. However, it may also be the case that some retail investors purchase the securities of TSXV-listed issuers anticipating large investment returns, without being fully aware of the risks of doing so. Therefore, being a current security holder of an issuer may mean that the investor will have made an informed decision by considering available information about the issuer or have engaged an investment adviser to do so but it certainly is no guarantee that this is the case. Thus, it is particularly important for venture issuers that their continuous disclosure obligations be met so that retail investors have as much information as possible in order to make more informed investment decision, for the announcement of the offering to include the most up to date information and for the notice to investors to clearly state that such investments are speculative and high risk and the investor should consider whether purchasing additional shareholdings in the TSXV-listed issuer would be suitable for them, given their portfolio of investments (as some investors will have purchased the securities through a discount brokerage rather than through an investment dealer with "know-your-product" and "know-your-client" obligations).

(7) What is the appropriate record date for the exemption?

FAIR Canada recommends that the record date be thirty days prior to the announcement of the offering so as to prevent any gaming of the system, in particular by persons close to the issuer who may have access to information about the proposed offering. This, when coupled with distribution on a pro-rata basis, should reduce the potential for abuse and would be more effective at providing investor protection.

(8) We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

a) *Do you agree that a four month hold period is appropriate for this exemption.*

Yes, as a four month hold period will be helpful to ensure that investors are purchasing as principal. In any event, investors who are existing shareholders would be free to trade their securities of the issuer held on the record date during the four month hold period for the newly issued securities.

b) *Should we require issuers to provide additional continuous disclosure, such as an annual information form?*

FAIR Canada supports the proposed requirement for an issuer to certify to investors in the subscription agreement that there are no material facts or material changes relating to the issuer that have not been generally disclosed and the statutory or contractual right of action in the event of a misrepresentation in an issuer's continuous disclosure documents. The announcement should disclose the holdings of insiders and whether insiders intend to subscribe for the offering in whole or in part. Insiders

should only be permitted to subscribe where they have disclosed an intention to do so in the announcement. Provided our proposed enhanced requirements are adopted, we do not think that an annual information form is necessarily required in addition to these requirements.

c) *If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation.*

Yes, as noted in section 2 above, FAIR Canada believes that a limit should be set, similar to the rights offering exemption, so that no more than 25% in the amount of outstanding securities of the class to be issued can be offered in any 12 month period. Furthermore, insiders should only be allowed to participate based upon their pro-rata existing shareholdings where public shareholders are willing to subscribe for the securities being offered.

d) *If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?*

Existing shareholders should be provided with notice of the offering and given a reasonable opportunity (e.g. five business days) to consider whether to subscribe.

(9) We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?

The private placement rules of the TSXV should be made an integral part of the proposed exemption so as to be enforceable by the securities regulators in the Participating Jurisdictions, including: (1) an aggregate limit on the amount raised to no more than 25% of the principal amount of the outstanding securities of the class to be issued in any twelve month period and (2) a limit on price discounts based on the TSXV rules for private placements. The equivalent of the private placement rules of the TSXV should be included in the rule or exemption order and compliance should be a condition of the exemption.

We thank you for the opportunity to provide our comments and views in this submission. We welcome its public posting and would be pleased to discuss this letter with you at your convenience. Feel free to contact Ermanno Pascutto at 416-214-3443 (ermanno.pascutto@faircanada.ca) or Marian Passmore at 416-214-3441 (marian.passmore@faircanada.ca).

Sincerely,

Canadian Foundation for Advancement of Investor Rights

BONTERRA
RESOURCES INC.
BTR:TSX.V | BONXF:OTCBB | 9BR:FSE

noka
resources.
NX:TSX-V

January 20, 2014

Larissa Streu
Senior Legal Counsel, Corporate Finance
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lstreu@bcsc.bc.ca

Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
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tracy.clark@asc.ca

Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Exemption")

I am the principal of BonTerra Resources Inc. (TSX.V – BTR) and Noka Resources Inc. (TSX.V – NX) and write in response to your request for comments on the Exemption.

I strongly support the Exemption, and see a critical need to bring it into effect as soon as possible. I offer the following comments to the questions posed by you in Multilateral CSA Notice 45-312:

- I feel the "record date" for security ownership should be 5 days day before the announcement of the offering. Much of an investor's knowledge of an issuer is acquired before he or she makes the decision to invest. Accordingly, I do not see any reason why investors should be unable to participate in an offering of an issuer's securities immediately after their purchase of the issuer's securities in the public market. I believe that in many instances, the day after making a decision to purchase an issuer's securities in the public market may be one of the times an investor is most familiar with, and best informed about, that issuer.

- I believe the $15,000 limit on the total amount that can be invested in any 12-month period (without suitability advice from a registered investment dealer) is too low. The success of the Exemption, assuming it is implemented, will not only be measurable in how many shareholders participate in such offerings, but also in the amount of money issuers are able to raise in reliance on the Exemption. I acknowledge that limiting the amount of total loss is a valid consideration in implementing a prospectus exemption; however I feel that a $30,000 limit strikes a fairer balance between the need to protect investors, the right of investors to make their own investment decisions and the need to allow junior issuers to raise meaningful levels of capital in reliance on the Exemption.

- I agree that there should be no investment limit if an investor receives suitability advice from a registered dealer.

- I strongly oppose coupling the use of the Exemption with any disclosure requirements beyond a comprehensive news release. Requiring an offering document to be delivered or an annual information form to be filed runs counter to the spirit and purpose of the Exemption, being that issuers should have an opportunity to distribute securities from treasury to those investors who are already familiar with the issuer and its business without prohibitively expensive and cumbersome disclosure obligations and filing requirements.

In closing, I applaud the participating jurisdictions for taking the initiative to propose the Exemption and hope that you implement it as soon as possible.

Yours truly,

Nav Dhaliwal

GREENOCK
RESOURCES

January 20, 2014

Canadian Securities Administrators
Larissa Streu, BCSC
Tracy Clark, ASC
TMX Group
OSC

Subject: Multilateral CSA Notice 45-312

Greenock Resources Inc. (GKR) is one of the many mineral exploration and development small cap TSXV issuers that has been negatively impacted by the severe downturn in sector share valuations and corporate funding availability. The reasons for these very adverse circumstances are multiple and complex and unfortunately no simple solution is available.

The solutions will require more complete study to determine the real causes, but it is my opinion a significant portion of the problem is related to capital market policy and expensive corporate finance regulations, that has restricted to flow of investment capital to the issuers. In contrast, unrestricted secondary trading models allow third parties with very little at risk capital, to control company valuations to the harm of all shareholders in small issuers.

In principle I support any sound policy that makes the flow of investment capital to listed companies both easier and less expensive. Unfortunately as an Ontario issuer, Notice 45-312 will not apply. Given the resources of the CSA members I encourage a more proactive and responsible approach to harmonize Canadian regulations that allow capital to flow to all Canadian entrepreneurial small issuers that have already met many of the disclosure and compliance barriers by meeting SEDAR listing requirements.

I am concerned that CSA 45-312 will end up with additional restrictions that make it equivalent to a proportionate rights offering. Public comment by the advocacy group FAIR Canada suggest they are advocating for these more restrictive exemptions that will prove to be expensive to administer and likely raise very little new capital.

As an alternative, I recommend that a simple exemption of $15,000 per listed issuer for any non-accredited investor be available to any issuer (public or private) that provide regular disclosure on the SEDAR system (or equivalent). This will expand the pool of Canadian investors that are available to support entrepreneurial small cap issuers. It will simpler to administer and will attract more investment capital.

I also encourage CSA, the provincial securities regulators and exchanges to take more joint responsibility for the adverse circumstances that many small cap listed issuers are experiencing. The regulators and exchanges have recieved significant annual filing and corporate finance fees over that last number of years when financing revenues were more robust. Many of the corporate managment teams, and associated legal and accounting support teams have been working for nominal (or nil) compensation in order to maintain compliance and listing status of many of these small cap issuers for the benefit of all shareholders.

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As an emergency measure, I recommend that upon application demonstrating a lack of working capital that exchanges and regulators waive all listing and SEDAR fees for 2014. The same organizations should examine possible backstop guarantee funding solutions to allow auditors to complete the annual audits for these same companies.

A very significant amount of shareholder wealth will be lost if these small companies are allowed to go into default and delisted without some type of immediate emergency assistance to maintain listing status. Even a simple analysis of 300 companies delisted at an average pre-crisis $10 Million market cap is equivalent to $3 Billion in lost shareholder wealth. The underlying assets of these companies has not substantially changed, metal prices are still are reasonable levels and other parts of the capital markets are robust. We need immediate solutions. The regulators and exchanges have the common oversight, responsibililty and resources to ensure the investors are protected from the significant loss caused by delisting. Longer term transition plans such as mergers or new business plans for the listed companies can then be completed in an orderly manner. The precedent for this type of emergency assistance is found in many other private and public sector situations.

We need harmonized and urgent action by Canadian Securities Adminstrators, Regulators and exchanges.

Regards

James S. Hershaw CFA MBA BSc(Eng)
CFO and Director
Greenock Resources

Teresa Cortese

From: Nazma Lee
Sent: January-22-14 5:14 PM
To: Loretta Wong
Subject: FW: New Exemption for Existing Shareholders
Attachments: image001.png

Another email comment. Let's circulate final batch Friday by noon. Thanks!

Nazma Lee
Senior Legal Counsel
Legal Services, Corporate Finance
British Columbia Securities Commission
Phone: 604 899-6867
Toll-free (across Canada): 800 373-6393
E-mail: nlee@bcsc.bc.ca

From: David Little [mailto:davidaverylittle@gmail.com]
Sent: January-14-14 12:00 PM
To: Tracy Clark
Cc: 'Michele Lepage'
Subject: New Exemption for Existing Shareholders

Tracy,

The $15,000 limit is FAR too low.
There should be no requirement for brokerage advice to invertors using this exemption since they will be existing shareholders of record and will therefore be current through continuous disclosure.
(Likely, the bank-owned brokerages will refuse to allow advice to be given, in any case.)

A necessary remedy, slow in coming. While glacial, it is a move in the right direction.
Much more is still needed in liberalizing our capital raising opportunities.

David Little

From: Michele Lepage [mailto:michele.lepage@tsx.com]
Sent: January-14-14 11:47 AM
To: Michele Lepage
Subject: New Exemption for Existing Shareholders - Please forward this onto your clients/stakeholders and others involved in the securities industry.
Importance: High

On behalf of John McCoach and Robert Fong.....

Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

As you may know the CSA is looking for comments for its new proposed prospectus exemption for existing security holders. The deadline for comments is January 20, 2014. The attached link will take you to the proposed exemption.

http://www.bcsc.bc.ca/uploadedFiles/securitieslaw/policy4/45-312_[Multilateral_CSA_Notice]_revised.pdf

Under the proposed exemption, security holders of TSX Venture listed companies would, subject to certain conditions, be able to participate in private placements done by listed companies. We believe that the proposed new prospectus exemption is an excellent initiative which (if it becomes effective) will have a positive impact for our listed companies as well as for their security holders (who are often not eligible to participate in private placements under existing exemptions).

Without support from the community there is no guarantee that the exemption will be implemented. If you support this exemption please send a brief comment to the one of the below noted addresses expressing your support. The CSA is looking for a detailed response as the link indicates, however, the comment could be as brief as the following:

"I am involved in the securities industry (as a legal professional, with a TSXV listed issuer, in the brokerage industry) and believe that the proposed new exemption for existing security holders will be beneficial to the public venture capital market. I support the introduction of this exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged."

Without your comments it is possible the exemption may not be implemented so any comment at all will be beneficial.

Please send your comments only to the addressees below. Your comments will be forwarded to the other participating jurisdictions.

Larissa Streu
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Michele A. Lepage
Administrative Assistant | Listed Issuer Services

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Australia
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Tel 61 8 9322 7755 Fax 61 8 9322 6020

15 January 2014

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tracy.clark@asc.ca

Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Exemption")

We are a listed resource company and write in response to your request for comments on the Exemption.

We believe that the Exemption will be beneficial to the public venture capital market.

We strongly support the Exemption, and see a critical need to bring it into effect as soon as possible. We offer the following comments to the questions posed by you in Multilateral CSA Notice 45-312:

- We feel the "record date" for security ownership should be ten days before the announcement of the offering. Much of an investor's knowledge of an issuer is acquired before he or she makes the decision to invest. Accordingly, we do not see any reason why investors should be unable to participate in an offering of an issuer's securities immediately after their purchase of the issuer's securities in the public market. We believe that in many instances, the day after making a decision to purchase an issuer's securities in the public market may be one of the times an investor is most familiar with, and best informed about, that issuer.

- We believe the $15,000 limit on the total amount that can be invested in any 12-month period (without suitability advice from a registered investment dealer) is too low. The success of the Exemption, assuming it is implemented, will not only be measurable in how many shareholders participate in such offerings, but also in the amount of money issuers are able to raise in reliance on the Exemption. We acknowledge that limiting the amount of total loss is a valid consideration in implementing a prospectus exemption; however we feel that a $100,000 limit strikes a fairer balance between the need to protect investors, the right of

investors to make their own investment decisions and the need to allow junior issuers to raise meaningful levels of capital in reliance on the Exemption.

- While we do not oppose a seasoning or hold period, we feel that, generally, the traditional "four month hold period" is no longer necessary with the current amount of public disclosure and should be revised or removed in the context of most, if not all, prospectus exemptions. SEDAR and SEDI are well established and technology has allowed the pace of capital markets and the amount of public access to information concerning companies to increase considerably, and accordingly the resale restriction regime should be reviewed. Imposing a four month hold period on securities issued in reliance on the Exemption decreases the attractiveness of such securities from the perspective of an investor, and accordingly would decrease the potential effectiveness of the Exemption.

- We agree that there should be no investment limit if an investor receives suitability advice from a registered dealer.

- We strongly oppose coupling the use of the Exemption with any disclosure requirements beyond a comprehensive news release. Requiring an offering document to be delivered or an annual information form to be filed runs counter to the spirit and purpose of the Exemption, being that issuers should have an opportunity to distribute securities from treasury to those investors who are already familiar with the issuer and its business without prohibitively expensive and cumbersome disclosure obligations and filing requirements.

In closing, we applaud the participating jurisdictions for taking the initiative to propose the Exemption and hope that you implement it as soon as possible.

Yours truly,

Clive Hartz
President

PROSPECTORS & DEVELOPERS ASSOCIATION OF CANADA

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January 20, 2014

Re: Multilateral CSA Notice 45-312 - *Proposed Prospectus Exemption for Distributions to Existing Security Holders* ("Proposed Existing Shareholder Exemption")

Dear Sirs/Mesdames:

This letter is submitted on behalf of the Prospectors & Developers Association of Canada ("PDAC") in response to the invitation to comment on the Proposed Existing Shareholder Exemption.

The Prospectors & Developers Association of Canada (PDAC) is the national voice of the Canadian mineral exploration and development community. With a membership of over 9,000 individual and 1,250 corporate members, the PDAC's mission is to promote a responsible, vibrant and sustainable Canadian mineral exploration and development sector. The PDAC encourages leading practices in technical, environmental, safety and social performance in Canada and internationally. The PDAC is also known worldwide for its annual convention, regarded as the premier event for mineral industry professionals. The PDAC Convention has attracted over 30,000 people from 125 countries in recent years and will next be held March 2-5, 2014, at the Metro Toronto Convention Centre in downtown Toronto.

PROSPECTORS & DEVELOPERS ASSOCIATION OF CANADA

The PDAC has long been an advocate for regulatory reforms that facilitate capital-raising. These reforms are even more necessary now, as mineral exploration companies experience a profound capital-raising crisis. Data from the TMX (pro-rated based on September 30 data) highlights how the volume and value of financings are at their lowest level in years: just over 1200 financings are projected to have been completed by companies listed on the TSX-V; one of the lowest levels since 1999. The total value of TSX-V financings is projected to be ~6.3 billion, one of the lowest since 2005.

The percentage of smaller financings has also increased. In the first three quarters of 2013, 11% of financings were for $100,000 or less (vs. 5% in 2012 and only 0.5% in 2010). Approximately 50% of all financings in 2013 were for raises at or below $500,000 (32% in 2012, 13% in 2010). Financings priced at or below $0.10 per share have accounted for 50% of the total so far in 2013 (in 2012, this value was 22% and in 2010 it was 13%). This is desperation financing we're seeing, to keep the lights on.

Most worryingly - as of November 2013, according to newsletter writer John Kaiser, 46% of TSX-V listed companies had working capital of less than $200,000, up from 35% one year previously.

As such, PDAC strongly supports this proposal which would, subject to certain conditions, allow issuers listed on the TSX Venture Exchange (TSXV) to raise money by distributing securities to their existing security holders. A detailed response to each of your questions can be found in Annex A.

PDAC appreciates any initiatives designed to simplify the process of raising capital in Canada and to increase the opportunities for all investors to be able to participate in capital markets on an equitable basis. PDAC agrees with the CSA's statements with respect to the investment opportunities and disadvantages that retail investors face, including that retail investors:

- must pay market price instead of the discounted price typically available in private placements to accredited investors;
- must pay brokerage commissions; and
- are unable to acquire the warrant "sweeteners" typically issued with shares in private placements to accredited investors.

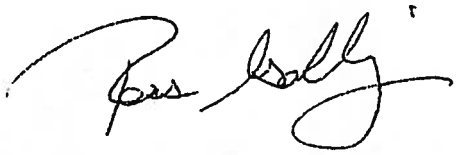
Moreover, PDAC would like to highlight the fact that retail investors are often also denied the opportunity to participate in the numerous "flow-through" financings that are one of the fundamental capital raising structures used in the mining industry. While accredited investors can take advantage of these investment opportunities and the ensuing tax benefits that go with them, the retail investor is often excluded from receiving these benefits. PDAC supports any initiatives put forth by the CSA to rectify this inequality.

This initiative, if implemented effectively, would help to address this issue and allow mineral exploration companies to access capital from a wider pool of investors without compromising the integrity of Canada's capital markets.

PROSPECTORS & DEVELOPERS ASSOCIATION OF CANADA

PDAC appreciates this opportunity to provide our comments. If you have any questions regarding the foregoing, please do not hesitate to contact me.

Sincerely,



Ross Gallinger, P.Ag.
Executive Director
Prospectors & Developers Association of Canada

C.c. Jim Borland, Co-chair, PDAC Securities Committee
Brian Prill, Member, PDAC Securities Committee
Nadim Kara, Senior Program Director, PDAC

PROSPECTORS & DEVELOPERS ASSOCIATION OF CANADA

ANNEX A

1. If you are a TSXV issuer, will you use the proposed exemption?

PDAC members, no matter what exchange they are listed on, would make use of the proposed exemption.

2. Should the proposed exemption be available to issuers listed on other Canadian markets?

Our members are listed on the TSX Exchange, TSX Venture Exchange (the "TSXV") and the Canadian Securities Exchange ("CNSX"). PDAC recommends that this exemption be available to any issuer listed on any Canadian exchange. Alternatively, if the CSA decides to restrict this exemption to venture issuers, PDAC notes that "venture issuer" with respect to stock exchanges is already a defined term in National Instrument 51-102 and is applicable to a much broader range of exchanges than just the TSXV.

3. Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?

PDAC supports a limit on the amount a retail investor can invest under the Proposed Existing Shareholder Exemption without receiving the appropriate suitability advice from a securities registrant. However, this limit should be the greater of $15,000 or the current market value of the securities the shareholder already holds of the particular issuer as of the record date. For example, if a shareholder has already purchased securities with a market value of $30,000 based on information the shareholder had at the time of the purchase, then the shareholder should not be disadvantaged by any restriction that would force him/her to purchase a lesser amount.

We note that, besides issuing securities directly to existing shareholders under the proposed exemption, our members may decide to engage other agents or dealers to assist them in accessing the capital markets under this exemption. PDAC does not support any restrictions on the category of registrant they may decide to engage in an existing shareholder financing, so long as those agents or dealers are listed in the appropriate registration category set out in National Instrument 31-103 ("NI 31-103"). Given the know-your-client, know-your-product and suitability obligations of registrants under NI 31-103 and the fact that the potential purchaser is already a shareholder of the issuer, there should not be any restrictions on the category of registrant that an issuer may use to access its shareholder base under this exemption.

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

PDAC believes that the limit that is set should be the greater of (i) $15,000 or (ii) the current market value of the securities the shareholder already holds of the particular issuer. If a retail investor has received suitability advice, however, from a firm or individual registered to market securities pursuant to NI 31-103, they should be able to invest more than the limit.

5. Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?

Yes, so long as the suitability advice is received from a registrant and is not limited to investment dealers.

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

Yes. The investor has already made the decision to purchase the securities of the issuer based on information the investor had received at a prior date. Subsequent to that date, the issuer has a number of continuous disclosure obligations to comply with under National Instrument 51-102 ("NI 51-102"), as well as any material change reports or press releases set out under provincial securities laws or set out under the disclosure policies of the applicable exchange. Therefore, all material information with respect to an issuer should be available on SEDAR.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

PDAC supports a record date in excess of one day prior to the announcement of the offering but not more than 21 days prior to date of the announcement.

However, the establishment of a record date should not cause the issuer to incur additional offering costs to identify shareholders of record that hold their securities in the name of a financial intermediary. The onus should be on the shareholder to establish that they are a shareholder of the issuer as of the record date and the issuer should be able to rely on a certificate of the shareholder to that effect.

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there

are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

a. Do you agree that a four month hold period is appropriate for this exemption?
The four month hold period is consistent with the four month hold period for a number of other prospectus exemptions and would be appropriate for this exemption.

b. Should we require issuers to provide additional continuous disclosure, such as an annual information form?
No. The continuous disclosure requirements are already set out in NI 51-102, where we note that annual information forms (an "AIF") are not a mandatory continuous disclosure requirement for venture issuers under existing securities laws. Therefore, an AIF should not become a mandatory continuous disclosure requirement for venture issuers merely because they decide to utilize the Proposed Existing Shareholder Exemption. We note that TSX listed issuers are already subject to the AIF requirement and, as stated above, PDAC believes that this exemption should be available to all issuers, no matter what exchange they are listed on.

c. If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?
PDAC does not support a seasoning period.

d. If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?
PDAC does not support a seasoning period.

9. We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?

PDAC recommends that the private placement rules of the applicable exchange should be the rules that govern a financing using the Proposed Existing Shareholder Exemption. The Proposed Existing Shareholder Exemption should be an exemption that enables existing shareholders to take advantage of the price structures and offering structures that accredited investors currently have access to with respect to the exchange the issuer is listed on. The Proposed Existing Shareholder Exemption should not become an exemption that is seldom used by issuers because of additional regulatory burden or offering costs.

PROSPECTORS &
DEVELOPERS
ASSOCIATION
OF CANADA

Harmonization

PDAC notes that under the current proposal, issuers and investors in Ontario will be denied access to the Proposed Existing Shareholder Exemption. PDAC encourages the Ontario Securities Commission (the "OSC") to work with the other CSA jurisdictions to provide a consistent investment climate for all investors and issuers in Canada.

PDAC encourages the CSA to continue in its efforts to develop prospectus exemptions that remove the inequities that currently exist in the current prospectus exemption regime. Along with providing greater access to exempt market securities for retail investors, PDAC encourages the CSA to work together to harmonize the prospectus exemption regime across Canada.

The lack of harmonization of prospectus exemptions has been an ongoing issue with respect to issuers and investors resident in Ontario. Historically, Ontario capital market participants are regularly denied the opportunities that their fellow Canadians have with respect to participating in certain investment opportunities because the applicable prospectus exemption is not recognized in Ontario. PDAC would be very disappointed to see that this exemption would be one more example of a prospectus exemption and investment opportunity that is denied to issuers and investors resident in Ontario.

Darford International Inc.

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Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
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Calgary, AB T2P 0R4
tracy.clark@asc.ca

January 20, 2014

Dear Sirs and Mesdames:

Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Exemption")

As a past TSX.V issuer (now residing on the NEX exchange) I write in response to your request for comments on the Exemption.

We strongly support the Exemption, and see a critical need to bring it into effect as soon as possible. We offer the following comments to the questions posed by you in Multilateral CSA Notice 45-312:

- We feel the "record date" for security ownership should be no greater than 10 days before the announcement of the offering. Much of an investor's knowledge of an issuer is acquired before he or she makes the decision to invest. Accordingly, we do not see any reason why investors should be unable to participate in an offering of an issuer's securities immediately after their purchase of the issuer's securities in the public market. We believe that in many instances, the day after making a decision to purchase an issuer's securities in the public market may be one of the times an investor is most familiar with, and best informed about, that issuer.

- We believe the $15,000 limit on the total amount that can be invested in any 12-month period (without suitability advice from a registered investment dealer) is too low. The success of the Exemption, assuming it is implemented, will not only be measurable in how many shareholders participate in such offerings, but also in the amount of money issuers are able to raise in reliance on the Exemption. We acknowledge that limiting the amount of total loss is a valid consideration in implementing a prospectus exemption; however we feel that a $30,000 limit strikes a fairer balance between the need to protect investors, the right of investors to make their own investment decisions and the need to allow junior issuers to raise meaningful levels of capital in reliance on the Exemption.

- While we do not oppose a seasoning or hold period, we feel that, generally, the traditional "four month hold period" is no longer necessary with the current amount of public disclosure and should be revised or removed in the context of most, if not all, prospectus exemptions. SEDAR and SEDI are well established and technology has allowed the pace of capital markets and the amount of public access to information concerning companies to increase considerably, and accordingly the resale restriction regime should be reviewed. Imposing a four month hold period on securities issued in reliance on the Exemption decreases the attractiveness of such securities from the perspective of an investor, and accordingly would decrease the potential effectiveness of the Exemption.

Darford International Inc.

- We agree that there should be no investment limit if an investor receives suitability advice from a registered dealer.

- We strongly oppose coupling the use of the Exemption with any disclosure requirements beyond a comprehensive news release. Requiring an offering document to be delivered or an annual information form to be filed runs counter to the spirit and purpose of the Exemption, being that issuers should have an opportunity to distribute securities from treasury to those investors who are already familiar with the issuer and its business without prohibitively expensive and cumbersome disclosure obligations and filing requirements.

In closing, it is obvious that action is needed sooner than later. The attendance at this years Cambridge show appears to be *another* record low with probably less than 250 booths...not that long ago, there were 3x that amount. With healthy markets returning to the US and Canada still floundering in the weeds, big changes are needed or the markets will simply cease to exist.

We applaud the participating jurisdictions for taking the initiative to propose the Exemption and hope that you implement it as soon as possible.

Yours truly,

Darcy Bomford
Founder/ Past CEO
Darford Industries/ Darford International Inc.

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January 20, 2014

SENT VIA E-MAIL

British Columbia Securites Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité de marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Re: Comments on Multilateral CSA Notice 45-312 - *Proposed Prospectus Exemption for Distributions to Existing Security Holders*

Dear Sirs/Mesdames:

This letter is provided to you in response to your request for comments on the proposed prospectus exemption set forth in Multilateral CSA Notice 45-312 (the "**Notice**").

General Comments

We are supportive of any regulatory regime which effectively balances the need to protect the investing public and the need of junior companies to have better access to capital. We are supportive of the efforts of the Canadian Securities Administrators (the "**CSA**") to identify and address issues and concerns relating to access to capital for junior and mid-size issuers. We support the proposed prospectus exemption and feel that other similar initiatives should be encouraged.

Responses to Specific Questions Raised by the CSA

In addition to our general comments above, we have the following comments:

We think it would be appropriate to monitor how the exemption is received and utilized by TSXV issuers for an initial period. If well-received and effective, we do not see a policy reason for limiting the proposed prospectus exemption to TSXV issuers and consideration could be given to extending is availability to other issuers, such as all issuers that are not "exempt issuers" as defined under NI 46-201 (although issuers listed on the TSX may in practice opt to use other exemptions or issue securities under a short-form prospectus). We have no comment on the amount of the proposed $15,000 limit and feel that any limit is somewhat arbitrary given the current ability to purchase an unlimited amount in the secondary market.

We believe it is reasonable to have no investment limit when suitability advice from a registered investment dealer is obtained. We note, however, that this policy does shift the liability to the advisor and it is incumbent upon the adviser to exercise its duty of care in establishing a limit for each individual investor based on the investor's own risk tolerance and individual circumstances. In this sense, the total amount is not "unlimited", but rather is an individualized limit to be determined by the registered investment dealer.

We generally think that if investors have held more than a minimal number of securities in an issuer for a reasonable period of time that such investor may be more informed as to the business and historical trading price of the issuer.

With respect to the appropriate record date for the use of the exemption, if the policy rationale is that existing shareholders of the issuer have had access to and considered the continuous disclosure record of the issuer then setting the record date to be any date prior to the announcement of the offering should be acceptable as presumably the investor would have reviewed the continuous disclosure record of the issuer prior to making their initial investment in the secondary market. However, we would submit that any investor, be it a current shareholder or not, has access to the same information on the issuer's continuous disclosure record and can also make a purchase in the secondary market at any time in an unlimited amount and as such the setting of the record date for use of the exemption is a somewhat arbitrary concept.

With respect to the resale restrictions that should be applicable to trades made pursuant to the use of the exemption, if the policy rationale is to treat this exemption in the same fashion as a private placement, then the four month hold period would be appropriate. However, to the extent that this exemption is meant to be a modified form of the rights offering exemption, then a seasoning period would be more appropriate. We would submit that a seasoning period on first trades of securities acquired pursuant to the exemption would likely result in greater use of the exemption, since the securities would be immediately tradable. However, we acknowledge that the exemption could encourage speculative or short-term purchases of the shares of the issuer with a view to quick resale if the offering price is less than the market price of the shares, which may not be in keeping with the policy rationale of the proposed exemption.

We submit that the issuer's continuous disclosure obligations under securities legislation, as supplemented by its obligations under the TSXV Corporate Finance Manual currently provide investors with sufficient information on which to base an investment decision on the secondary market or through an exempt financing and that the proposed exemption does not change this.

Our view is that if the regulators decide that the appropriate resale restriction should be a seasoning period as opposed to a restricted hold period, then this should not have any bearing on whether investors are made aware of or should have a greater opportunity to participate in the financing.

With respect to the appropriate structure of the financing, the regulator should give consideration to the underlining policy rationale and to which structure the financing is meant to be analogous, be it a private placement or a modified rights offering, and should then mirror the applicable conditions that would apply to either a private placement or a rights offering, as the case may be.

We appreciate the opportunity to comment on the proposed amendments. Please do not hesitate to contact us if you would like to discuss further. Please note the foregoing comments reflect the views of the authors and do not necessarily represent the views of Dentons Canada LLP or other lawyers of the firm.

Respectfully submitted,

Donald Leitch	Peter Yates	Trevor Korsrud
"Signed"	*"Signed"*	*"Signed"*

BW BURSTALL WINGER

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Writer's Email: harvey@burstall.com

March 11, 2014 Via E-Mail

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Dear Sirs/Mesdames:

Re: Multilateral CSA Notice 45-312 - Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Proposal")

We are writing in response to your request for comments on the Proposal.

Overall, we are in favour of implementation of the Proposal. We welcome the initiative to assist junior reporting issuers with options for growth during periods of market volatility. We think the policy reasoning behind the Proposal (specifically the combination of continuous disclosure records and previous investment decision-making) is sound and that the Proposal provides a more efficient and cost-effective way for issuers to access capital from their existing shareholder base in comparison to rights offerings and other existing alternatives.

We also offer two suggestions for improving the Proposal:

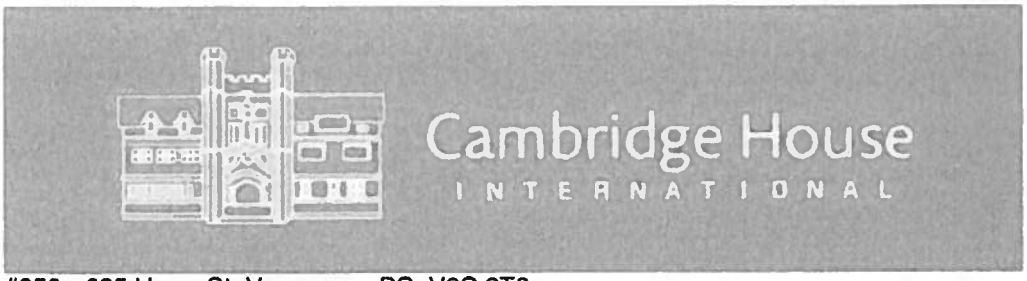
1) We believe the Proposal should be expanded beyond offerings of listed equity securities (with or without accompanying warrants) to include offerings of other securities convertible into listed equity securities. Many venture issuers, particularly in the resource sectors, rely heavily on acquisition financing, often in the form of subscription receipts and special warrants, in order to acquire new assets and properties to grow their businesses. Convertible securities in the context of acquisition financing are also attractive to investors as a means to participate in an issuer's success while providing greater investor protection than listed equity securities in the event that an issuer's acquisition is not successful. In some cases, market conditions prevent venture issuers from raising funds for an acquisition using offerings of listed equity securities and such issuers are only able to raise funds for their acquisitions by offering subscription receipts or special warrants convertible into listed equity securities. We believe this amendment to the Proposal would assist many junior issuers with the specific business problems that they face by providing them with greater flexibility to structure potential securities offerings in the context of current market conditions.

2) Based on client feedback to date, we believe that the combination of the $15,000 individual maximum investment (over twelve months) and the four month hold period should be reconsidered to make the exemption described in the Proposal more attractive to investors. Clients have expressed concern that these restrictions in the Proposal reduce the economic incentive of an investor to participate in an offering effected using the exemption described in the Proposal versus simply purchasing the listed equity securities of the issuer through the facilities of the TSX Venture Exchange. As a potential solution, we suggest that the Proposal be amended such that the four month hold period be applicable to an offering effected using the exemption described in the Proposal only if such offering is undertaken at a lower price than the most recent closing price of the listed equity securities on the TSX Venture Exchange as of the date that the terms of the offering are publicly disclosed. We believe this amendment would significantly increase the usefulness of the Proposal to venture issuers and to investors, while still addressing potential regulatory concerns.

Sincerely,

"*Adrian Harvey*"

Adrian Harvey
For and on behalf of
BURSTALL WINGER LLP



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Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
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Re: Canadian Securities Administrators
Multilateral CSA Notice 45-312
Proposed Prospectus Exemption for
Distributors to Existing Security Holders

This year, Cambridge House International Inc ("CH") celebrates its 20th anniversary producing investment conferences that bring together retail and professional investors to hear knowledgeable speakers discuss investment opportunities in companies listed on Canadian venture exchanges and to meet directly with principals of those companies that exhibit as part of their investor relations programs.

Without question, over the past two decades these conferences have been extremely beneficial in assisting companies to create investor awareness and attract venture capital.

CH initially focused on "juniors" trading on the Vancouver, Alberta, and Montreal exchanges, and on the Toronto Stock Exchange. In the "bust" cycle of the late '90s, CH expanded its focus to include venture companies involved in technology. Both sectors relied on the same elements and regulations in raising venture capital.

As the "boom" cycle" in mineral exploration returned and the tech sector went into a downturn, Cambridge re-focused on the mineral exploration sector and expanded to host eight annual events. Its annual January conference in Vancouver has become the world's largest such event. This conference attracts upwards of 10,000 investors, with hundreds of those coming to Vancouver from Europe, South America, the US, Africa, Australia, and Asia.

Canada Dominates World Mineral Exploration

The participants at CH conferences dominate the world's mineral exploration activities. It is the one industry where Canada is truly the world's leader, responsible for approximately 60% of worldwide mineral exploration. Its geology schools boast dozens of graduates who can claim the title of being a "mine finder". The country has established support services that are the best in the world: worldwide logistics, building camps to handle all climates, prospecting, sampling, trenching, airborne surveys, computer modeling of ore bodies, financing – everything that is involved in the long and arduous task of bringing ore bodies into production.

Canada's versatile financial sector has developed the ability to raise the required venture capital for this high risk, high reward business.

Technology and the Investor

Today, investors are able to undertake quick and efficient research to assist them in making informed decisions. The roles of the "gurus" and investment advisors have changed dramatically.

There is no reason why any investor cannot be an informed investor, with detailed knowledge superior to that of those who presume to regulate them. Companies can be held accountable by their shareholders in the blink of an eye. With the increasing use of social media, venture companies and their personnel are in essence policed and regulated by the world at large. There is no coherent reason for the immense amount of regulation impeding venture capital companies.

Investing in venture companies is, by its very nature, speculative. If correctly played, it is thousands of times less risky than gambling at a casino or buying lottery tickets, which are both industries that have no restrictions on individuals and that actually have their regulators advertising their availability.

What Happens When One Invests in a Venture Capital Company?

Jobs are created. It is as simple as that!

In mineral exploration, lawyers, accountants, brokers, finders, and others support the exploration process and get paid for their contributions. Schools teach. Geologists go to work. Students get summer jobs in the field. Drills start working. Helicopters and

planes are busy. Camps are set up. Provisions are supplied. Labs produce assays. Vehicles and equipment are bought. Fuel is burned. IR people get the stories out. Conferences, large and small, are held in financial centers around the world. A village in Cambodia gets a water well. First Nations people in the NWT take on the diamond business. Programmers analyze information. The list goes on and on.

You do not create the number one mining exploration country in the world without an extremely large and active infrastructure. JOBS! Canada can be proud!

What Ifs

What if Murray Pezim had said "enough is enough" after hole #78 at Hemlo or hole #108 at Eskay Creek?

What if Vancouver's legendary Chester Miller had said "heap leaching has no future"?

What if Robert Friedland had said "No results, so we'll cancel all flights over Newfoundland"?

What if Chuck Fipke and Stuart Blusson had said "we are done; there'll never be diamonds in the North West Territories"?

What if Sir Harry Oakes' backers had said "Harry, Kirkland Lake is in the middle of nowhere, You are on your own."?

Venture Capital is all about JOBS!

The multiplier effect of dollars invested in venture capital is the largest job generator in the history of the world.

The reality is that the imaginative development of venture capital has made mineral exploration by Canadians the country's only world-wide dominant industry. Towns around the world owe their existence to the determination by Canadian explorers to take risks and overcome obstacles, and they did it with venture capital raised in Canadian markets.

The Future of Venture Capital

Unless the Canadian regulators governing capital markets change their attitudes and respect global realities, venture markets will leave Canada and relocate to friendlier political climates. Watch for public markets to open in Hong Kong, Singapore, Uruguay, or wherever. Watch the Australians surpass Canada as the world leader in mine finding. Even today, the lessons that Canadians have taught the Chinese over the past several years are evident as the Chinese are becoming more and more involved in places like Africa, South America, and Greenland.

Canada's Future is in the hands of Regulators

Cambridge House International Inc. unequivocally supports the submission to CSA Notice 312 43 by the Venture Capital Markets Association and attached to this response, and asks regulators to seriously read and understand that document.

The future of thousands of Canadian jobs, and of venture capital, is in the hands of regulators and politicians, who seem to be negatively influenced by regulators.

CH respectfully asks each and every member of all the 13 securities commissions in Canada to think long and hard about their responsibilities to the future of Canada, its industries, and its citizens.

And, always remember, "If you Cannot Grow It, you must Mine It.!"

Jay Martin
President
Cambridge House International Inc.

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File No. 4612-2

VIA E-MAIL

January 20, 2014

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Attention: Larissa Streu, Senior Legal Counsel, Corporate Finance, British Columbia Securities Commission
Tracy Clark, Legal Counsel, Corporate Finance, Alberta Securities Commission

Dear Sirs/Mesdames:

Re: Multilateral CSA Notice 45-312 (the "Notice") ***Proposed Prospectus Exemption for Distributions to Existing Security Holders***

We write in response to the request for comments on the proposed prospectus exemption (the "**Proposed Exemption**") set forth in the Notice.

We are a firm of corporate and securities lawyers. Many of our clients are listed on the TSX Venture Exchange ("**TSXV**") and the Toronto Stock Exchange ("**TSX**"). We write in support of the Proposed Exemption.

The questions set forth in the Notice are reproduced and addressed below:

1. If you are a TSXV issuer, will you use the proposed exemption?

   N/A

2. Should the proposed exemption be available to issuers listed on other Canadian markets?

   We believe the Proposed Exemption should also be made available to issuers listed on TSX. However, we believe issuers listed on the TSXV have a greater need for and will make greater use of the Proposed Exemption. As such, we think the Proposed Exemption should be implemented for TSXV-listed issuers as soon as possible, and any further consultation required in order to make the Proposed Exemption available to TSX-listed issuers should follow such implementation.

3. Investors will only be able to invest $15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is $15,000 the right investment limit?

   Yes. We believe $15,000 per investor per issuer in a 12-month period is a reasonable investment limit.

4. In what circumstances would it be suitable for an investor that is a retail security holder to invest more than $15,000 in a TSXV issuer?

   In the absence of having received suitability advice from a registrant, we believe it would be suitable for an investor who is an accredited investor to invest more than $15,000 on a prospectus exempt basis. Given that there is an existing accredited investor exemption, we believe that $15,000 is a reasonable limit for the Proposed Exemption.

5. Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?

   Yes.

6. Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?

   Yes. While all investors have access to all material information about an issuer at any given time, via SEDAR and the issuer's website, we believe that in general a person will be more informed about issuers whose securities they hold than those whose securities they don't hold. The entitlement to receive financial statements, MD&A and information circulars is a relevant factor in enabling investors to make a more informed investment decision in issuers whose securities they hold.

7. What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?

   We believe a record date of one calendar day before the announcement of the offering is an appropriate period of time.

   We believe having a record date of a longer period prior to the offering would only be appropriate if the subscription limit were set in relation to the number or value of securities held by the investor, rather than a fixed amount as proposed. For example, if the exemption provided that the investor could only purchase the number of securities that s/he held prior to the announcement of the offering, it would make sense to impose a "cooling off" period, such as ten days prior to the announcement of the offering during which the investor would

have to hold the securities. Having such a requirement would reduce the incentive for promoters to pressure investors to make a significant investment without adequate time to consider its merits, if making such an investment allowed them the ability to invest (potentially at a discount to the market price) under the offering.

Given that the Proposed Exemption does not set a "floor" on the number or value of securities required to be held by an investor, we see no rationale for having a record date set at more than one day before the announcement of the offering.

8. We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.

    a. Do you agree that a four month hold period is appropriate for this exemption?

    Yes. An issuer who wants to issue freely-tradable securities to their existing securityholders can do so by way of rights offering, which of course offers protections to investors not available under the Proposed Exemption.

    b. Should we require issuers to provide additional continuous disclosure, such as an annual information form?

    No.

    c. If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as "claw-backs" limiting insider participation?

    We believe a hold period is the appropriate restriction.

    In the event that the exemption was made subject to a seasoning period instead of a hold period, we believe that additional restrictions would be required. However, we believe the relative simplicity of the Proposed Exemption is one of its attractive features. If the exemption provides for a seasoning period with additional restrictions than those in the Proposed Exemption, it should include an option to avoid the additional restrictions by issuing securities subject to a hold period.

    d. If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?

    Yes.

9. We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?

    We believe the proposed approach is appropriate.

Please feel free to contact the undersigned if you have any questions regarding the foregoing, all of which is respectfully submitted.

Yours truly,

DuMOULIN BLACK LLP

Per: (Signed) "*Daniel G. McElroy*"

Daniel G. McElroy

DGM/

William R. Johnstone
Direct Line: 416 865 6605
bjohnstone@gardiner-roberts.com

GARDINER ROBERTS

January 24, 2014

VIA EMAIL

Ms. Nazma Lee
Senior Legal Counsel, Legal Services, Corporate Finance
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2

Dear Ms. Lee:

Re: Multilateral CSA Notice 45-312 – *Proposed Prospectus Exemption for Distributions to Existing Security Holders* (the "Proposed ESH Exemption")

Thank you for taking the time to talk to me yesterday and allowing me to make submissions in respect of the Proposed ESH Exemption. As discussed, I would be happy to have you share my comments with the Ontario Securities Commission. As I advised you, I am in favour of the Proposed ESH Exemption and would like to address the two major issues of contention under the Proposed ESH Exemption. It is my view that the record date for shareholders entitled to participate in a financing under the Proposed ESH Exemption (an "**ESH Offering**") should be one (1) trading day before the announcement of the ESH Offering for the reasons set out below. My greater concern is with the $15,000 limit on investment. It is my view that the $15,000 limit is an appropriate metric or limit for risk for most shareholders wishing to participate. However, for more significant shareholders, it is my view that they should be entitled to subscribe for the greater of $15,000 and a subscription amount equal to the offering price under the ESH Offering multiplied by the number of shares they hold in the offering issuer. A "**Significant Shareholder**" would be defined as a shareholder holding 0.5% or more of the issued and outstanding capital of the issuer making the ESH Offering. The theoretical maximum number of Significant Shareholders would be 200 but the actual number would be significantly less. Since shareholders subscribing under an ESH Offering have to certify that they are shareholders, they can also certify that they own a certain number of shares, which can be verified by the issuer, to avail themselves of the higher subscription amount. I will address this issue first and provide my minor comments on the record date thereafter and provide some closing comments on the utility of the Proposed ESH Exemption in all jurisdictions in Canada.

Subscription Limit

It is my view that a general risk limit of $15,000 (except where advice regarding suitability of the investment is obtained from a registered investment dealer) is a reasonable limit. This would mean that shareholders holding as little as a board lot could subscribe for up to $15,000 based upon a reasonable assessment of risk using the arbitrary limit of $15,000. The problem with this is that it has the potential to be dilutive to larger shareholders and puts a limit on the amount of money that may be able to be raised in the ESH Offering. One can only assume that the ESH Offering will not be fully subscribed by all shareholders and therefore the success of the ESH Offering would be uncertain. Significant Shareholders may be able to separately

subscribe for securities of the issuer by way of a separate private placement using the accredited investor exemption, if they qualify (but with investment portfolios having been decimated in recent years, many former accredited investors are no longer accredited investors), leaving the raising of sufficient capital to the accredited investor private placement regime. This is problematic for the following reasons:

1. A separate accredited investor private placement defeats the purpose of the Proposed ESH Exemption by forcing an issuer to continue to use the accredited investor exemption rather than relying on the Proposed ESH Exemption.

2. Unless a separate private placement is priced and announced contemporaneously with the ESH Offering (and while this is possible, it continues to promote the accredited investor exemption to the possible detriment of existing security holders) there is a risk that in order to raise sufficient capital, the issuer has to subsequently proceed with a private placement pursuant to the accredited investor exemption. At the time this decision is made (if it is not made at the time the ESH Offering is announced), the stock price may have increased as a result of the announcement of the ESH Offering and in order to receive sufficient funding for the issuer, an accredited investor may have to be given a deeper discount or a sweeter warrant to entice participation. This would result in the continuing presumption that accredited investors are favoured over existing shareholders who do not qualify as accredited investors and would continue to promote the concern of existing shareholders that there is not a level playing field for investment.

3. I have been involved in many private placement financings over the years and a constant theme of every financing is push back from existing shareholders who do not meet the accredited investor test and their complaints to management about the inequalities of their position in relation to accredited investors. Many existing shareholders are willing to participate in a financing but are unable to do so because they do not qualify as accredited investors.

In order to avoid the need for a concurrent accredited investor private placement, allowing Significant Shareholders to participate beyond the $15,000 limit to the extent of their current shareholding multiplied by the offering price of the ESH Offering provides the following benefits:

1. If there is one financing, being the ESH Offering, there is no disparity between the terms of the financing (as there could be if two separate financings are required) and the issuer is at liberty to take advantage of the administrative efficiencies of proceeding only with the ESH Offering.

2. One of the marketing issues that will likely be addressed by issuers relying upon the Proposed ESH Exemption will be the "averaging down" argument for existing shareholders. When I first started practicing securities law, it was very common for brokers to advise clients to reinvest and average down in a particular company. I am not aware that such a philosophy is being expounded by investment advisors in the current market, notwithstanding the obvious potential benefits. The averaging down argument for all existing shareholders and the benefits to be obtained from averaging down and providing the issuer with money (rather than paying money to another shareholder in the open market to acquire a further interest in the issuer) applies perhaps more strongly in respect of the Significant Shareholder who may have been a large supporter of the issuer in the past, who may have made substantial prior investments including by way of an accredited investor exemption and who

may have accumulated a large number of shares over a long period of time resulting in a significant adjusted cost base which would benefit from the ability to average down. A Significant Shareholder may be more motivated to take advantage of averaging down when the funds are going into the treasury of the issuer and actually adding value to their prior investment.

3. Arguably, any shareholder with investment advice could subscribe for an unlimited amount of the offering and a Significant Shareholder could obtain investment advice and subscribe for more than $15,000 of the ESH Offering. However, without having to involve an investment advisor (and incur any costs that may be associated therewith) a Significant Shareholder could subscribe for more than the $15,000 limit but only to the extent of their current shareholding in the issuer which provides an effective cap on their investment tied to their existing shareholding.

4. In order to provide an issuer with sufficient funds to meet its business needs and to make the ESH Offering itself worth the effort, allowing Significant Shareholders to participate to the extent of their shareholdings substantially increases the likelihood that sufficient funds will be raised since they have the most to gain from participating in the ESH Offering. Limiting a Significant Shareholder to a $15,000 cap reduces the likelihood of success of the ESH Offering.

5. The majority of shareholders of a listed public company each hold less than 0.5% of the issuer so that the majority of shareholders will be protected by the $15,000 limit. The 0.5% threshold, I submit, is a reasonable threshold because it is not based upon a specified number of shares but rather a number tied to the issued capital of the issuer and represents a material investment in the issuer. While the 0.5% minimum ensures that the majority of shareholders are protected from risk, it is a reasonable basis for the issuer to seek additional financing from Significant Shareholders which will still be tied to the number of shares actually held by a Significant Shareholder. Subscriptions by Significant Shareholders will be subject to early warning filing requirements, SEDI filings, Personal Information Form filings and change of control rules under the TSX Venture Exchange ("**TSXV**") policies, as applicable. In my experience, very few shareholders actually hold 0.5% or more of a public company but to deny additional funds from the Significant Shareholders is a disservice to the issuer and all of the existing shareholders.

6. Since the issuer can obtain a registered shareholders list and a non-objecting beneficial owners list (a "**NOBO list**") as at the record date for the ESH Offering, the issuer can easily verify the shareholdings of Significant Shareholders seeking to subscribe for more than the $15,000 limit. The Significant Shareholders would certify in the subscription agreements that they are a shareholder and hold a certain number of shares. The onus would be on the Significant Shareholder to establish his or her share position if there was any discrepancy. The subscription cap is a simple mathematical calculation based upon the number of shares held and the price of the ESH Offering. This cap would apply as the annual limit for the Significant Shareholder in the same way the $15,000 applies to all other shareholders holding less than 0.5% of the issued capital of the issuer. Since the issuer would need the registered list and the NOBO list in any event to be able to contact the shareholders to solicit subscriptions under the Proposed ESH Exemption and obtain signed subscription agreements from the subscribing shareholders, it would have the means to determine the over-subscription limit that would apply to Significant Shareholders.

Creating a new exemption based upon subscriptions by existing shareholders is a great concept and could have the ability of raising much needed risk capital for junior public companies. The presumption that the existing shareholders have sufficient information about the issuer to subscribe is, in my view, a fair and reasonable presumption. We have been experiencing difficulties in the junior capital markets in recent years that I haven't seen in any other time in the 28 years I have been practicing securities law. The problems are systematic and all pervasive. If the premise of the Proposed ESH Exemption is to right some of the wrongs in the marketplace by allowing existing shareholders to subscribe in a summary way to facilitate the raising of capital by junior public companies, then capping Significant Shareholders at $15,000 is, in my view, both counter-intuitive and counter-productive. The Significant Shareholders in the issuer are generally those most familiar with the issuer, have been associated for the longest time with the issuer and are the most in need of a correction in their investment having made previous investment decisions at much higher prices. It would seem unfair for a shareholder with 1,000 shares to be able to subscribe for $15,000 worth of a risk stock at the bottom of the market and as part of a financing to facilitate the reactivation of the issuer when a shareholder with 1,000,000 shares is limited to $15,000 or, if they qualify, a separate accredited investor private placement or the need to obtain investment advice. Allowing Significant Shareholders to subscribe for more than $15,000 based upon their current shareholdings provides controls and allows Significant Shareholders to partially maintain their position. However, where there is an over-subscription, all subscriptions should be adjusted pro-rata based upon the amount invested by each subscribing shareholder relative to the total amount raised. Adjustments pro-rata would have a far less significant effect (in terms of absolute dollars) on smaller investors than it would on Significant Shareholders providing further protection to shareholders holding less than 0.5%.

In conclusion, allowing Significant Shareholders to participate to the greater of $15,000 and their share position multiplied by the ESH Offering price supports the objectives of the Proposed ESH Exemption to facilitate financing for junior public companies and allow existing shareholders to participate in the financing. It will increase the likelihood that sufficient funds would be raised to actually advance the business of the issuer due to the incentive that Significant Shareholders may have in participating. It may virtually eliminate the need for a separate accredited investor private placement harmonizing the interests between Significant Shareholders and smaller shareholders by creating a relatively level playing field for investment (which arguably is biased towards shareholders that currently hold less than $15,000 worth of stock in an issuer). The other thing to note is that the ability to over-subscribe is easy to calculate, easy to confirm and easy to administer making it superior to proceeding with a contemporaneous accredited investor private placement.

Record Date

The record date should precede the notice of the ESH Offering by no more than one (1) trading day. The debate about the record date is partially focused on whether someone really is a shareholder that has sufficient information about the issuer. In my view, an extra 15 or 30 days would not really add to the knowledge base of an investor who has already invested. New investors may in fact have more knowledge than old existing shareholders because they haven't given up on and ignored an investment that has long gone bad. They are looking at all current information about an issuer and are likely well-weathered in the markets having lived through the past five years and its effects on the junior capital markets. In my view, they are very likely more familiar with an issuer than most existing shareholders. As everyone can appreciate, timing is everything in the market when trying to raise capital. If there is activity in an issuer's stock because savvy investors are becoming aware of the value proposition that many barely surviving junior public companies represent today,

it is better to proceed with an offering when there is such new activity and movement in the issuer's stock. If there is current momentum in an issuer's stock and a record date substantially precedes that momentum, any well-informed new investors would be deprived of the ability to participate in the offering merely because of bad timing by investing 10 days after a subsequently determined record date. This could have a negative effect on the markets and the momentum in the markets and in any event it is grossly unfair to those investors who have made informed investment decisions to invest in an issuer. Please note my comments previously about the knowledge level new investors may have in the affairs of an issuer. This position is, of course, premised upon the fact that the investment decision made by a new investor was made without knowledge of the proposed ESH Offering. Since the ESH Offering would be a material fact and likely a material change in the affairs of a junior public company, it would be confidential until announced so the investor should not have any knowledge of a proposed ESH Offering. If the investor has been able to obtain knowledge about an undisclosed material event, then the insider trading rules provide a remedy for this behaviour. Since the subscription for shares is premised upon the fact that each subscriber is an existing shareholder, the identity of the shareholder and the date the shareholder become a shareholder would be easily determined and therefore the likelihood that someone would become a shareholder and trade on this information for the purpose of subscribing to an ESH Offering is extremely unlikely.

To facilitate financing and to create a fair and level playing field for all those who make informed investment decisions in a junior public company, there should only be one (1) trading day between the announcement of the ESH Offering and the record date for those shareholders entitled to subscribe.

Final Comments

I would like to make a few additional comments that are not germane to the two main issues in dispute in respect of the Proposed ESH Exemption, being the record date and the subscription limit. The first issue is that adopting the rule in Ontario would be a great benefit to Ontario issuers who are suffering at least as much as issuers in the other provinces that are supporting the Proposed ESH Exemption. In addition, Ontario's participation would help to foster the harmonization of securities rules in Canada and avoid the complications that could arise where an Ontario issuer wishes to proceed with an ESH Offering and is restricted to only making the ESH Offering to its shareholders resident in provinces other than Ontario or Newfoundland. This may result in a tremendous backlash from the investment community in Ontario, but I can only hope that this can be avoided by a harmonization of the rule across Canada before it is implemented.

The second issue I wish to address in closing is that I do not see the need to limit the application of the Proposed ESH Exemption to TSXV listed companies and submit that both TSX companies and companies listed on the Canadian Stock Exchange ("**CSE**") should be able to avail themselves of this exemption. All issuers have the same basic continuous disclosure obligations and are subject to the same rules and sanctions with respect thereto. Those continuous disclosure obligations are the basis upon which CSE operates with its listed companies and I do not see any reason why issuers listed on CSE should not have access to the Proposed ESH Exemption for the same rationale that applies to TSXV listed companies. To some extent the rule may be less relevant for a number of issuers on TSX but there are definitely a number junior public companies listed on TSX that could benefit from the application of the Proposed ESH Exemption.

Conclusion

The Proposed ESH Exemption is moving in the right direction. With a record date set as one (1) day before the announcement of an ESH Offering and with the ability of Significant Shareholders to subscribe for more than $15,000 of the ESH Offering to a maximum of an investment calculated as their share position in the issuer multiplied by the offering price of the ESH Offering, this new exemption may well be the most innovative and beneficial change in the junior capital markets to facilitate the financing of junior public companies since the hold period on exempt securities was reduced to four months.

Yours truly,

GARDINER ROBERTS LLP

William R. Johnstone
Partner
WRJ/hh

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January 20, 2014

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Dear Sirs and Mesdames:

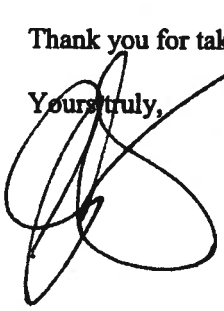
Re: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders (the "Exemption")

I write in response to your request for comments on the Exemption.

I am involved in the venture markets industry and believe that the Exemption for existing security holders will be a constructive change to the public venture capital market. I support the introduction of this Exemption and feel that it will aid venture companies to raise additional capital and will keep shareholders engaged.

Thank you for taking the initiative to propose the Exemption.

Yours truly,



Gordon Bellstein

Executive

January 20, 2014

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Yours truly,

SCOTT BROUGHTON
(INVESTOR, CEO eAC)

January 20, 2014

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In closing, thank you for taking the initiative to propose the Exemption, and I hope that you implement it as soon as possible.

Yours truly,

R Brian Ashton

R. BRIAN ASHTON
(604) 657-1600

January 20, 2014

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Yours truly,

Thomas Athens
Investor

January 20, 2014

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Yours truly,

Don Baxter
ISSUER

January 20, 2014

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Yours truly,

Hannah Bernard.

Media.

January 20, 2014

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Yours truly,

Patrick Butler

Corp Development

January 20, 2014

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Yours truly,

Eric Carlson

January 20, 2014

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Yours truly,

Charles Chebry, CEO
Graphite One Resources

January 20, 2014

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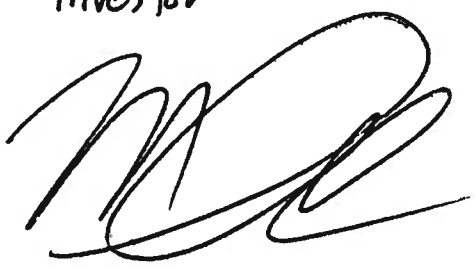
Yours truly,

Mike Clark
Investor



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Yours truly,

DENIS CLEMENT
Investor

January 20, 2014

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Yours truly,

BOB COOPER

"INVESTOR"

January 20, 2014

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Yours truly,

TERRY COUGHLAN

PRES + CEO. GOGOLD RESOURCES.

January 20, 2014

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Yours truly,

David Duggan
CEO - Viral Network Inc

13

January 20, 2014

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Yours truly,

Garth Edgar

Investor

January 20, 2014

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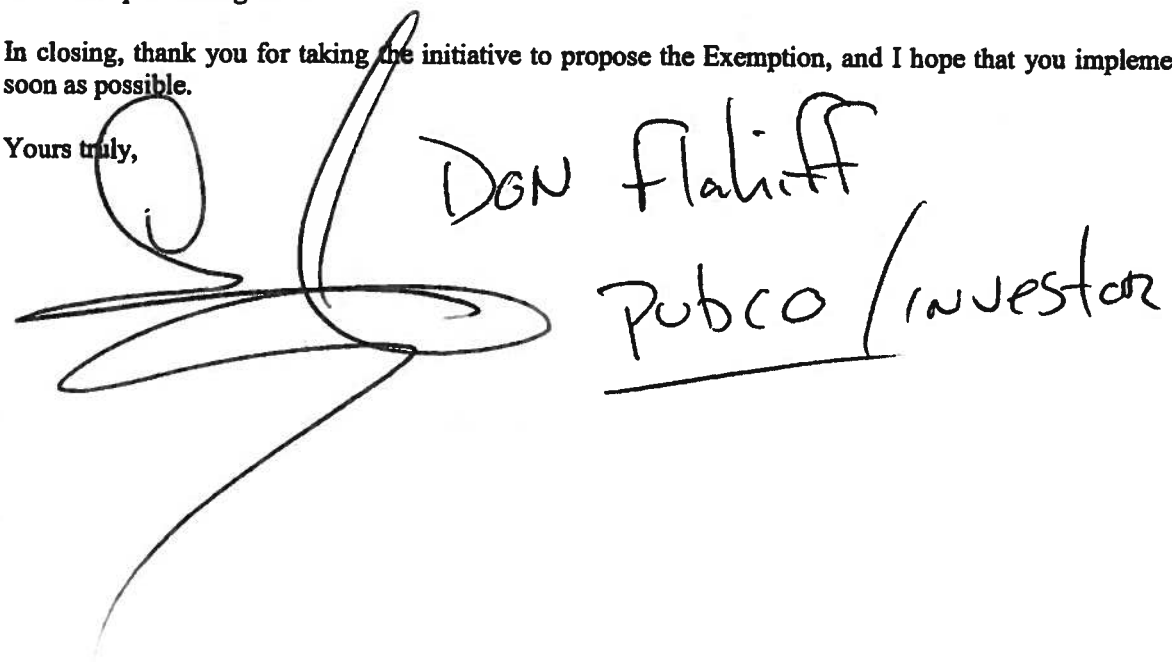
Yours truly,



January 20, 2014

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Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
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tracy.clark@asc.ca

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Yours truly,

Leonard Gareau
Investor Advisor.

January 20, 2014

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Yours truly,

Ronan Geoghegan Geologist

January 20, 2014

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Yours truly,

S. Cotham

Shannon Cotham
P.R.

January 20, 2014

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Yours truly,

Ethan Heale
Investor
Investor relations

January 20, 2014

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Yours truly,

Dave Hodge

President

January 20, 2014

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Yours truly,

Ravi Mehrit
CEO West Point Res Inc.

J1

January 20, 2014

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Yours truly,

Tim Kenny

IR

Investor

January 20, 2014

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Yours truly,

Farhan Lalani

Partner

January 20, 2014

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Yours truly,

Joe Markewich

JOE MARKEWICH
CORPORATE CONSULTANT

January 20, 2014

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Yours truly,

REZA MOHAMMED
DIRECTOR / TSXV.

January 20, 2014

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Yours truly,

LUKE MONTAINE
ASSOCIATE @
ELEMENT 9 ASSOCIATES PROJECT 9 CORP. FINANCE

January 20, 2014

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Yours truly,

TRAVIS McPHERSON
Investor

January 20, 2014

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Yours truly,

Peter Paterson

Account Executive

28

January 20, 2014

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Yours truly,

Brian Peel
BRIAN PEEL
INVESTOR

January 20, 2014

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G. P. SCHROEDER.
#612 - 1485 W 6TH AVE.
VAN. BC. V6H 4G1

INVESTOR.

January 20, 2014

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Yours truly,

RICHARD SILAS
DIRECTOR

January 20, 2014

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Yours truly,

Daniel Sgotheun - Dwyer

Mentor?

Investor

January 20, 2014

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Yours truly,

Tom Steer

TOM STEER
CONSULTANT

January 20, 2014

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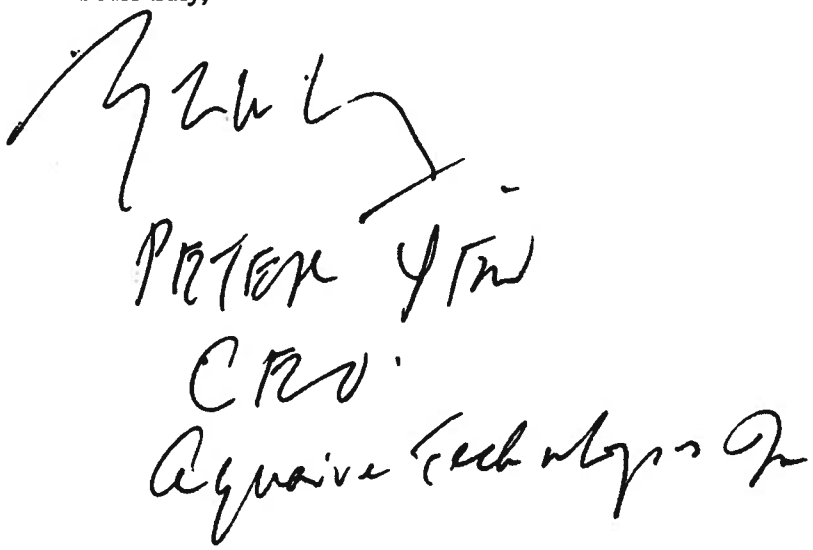

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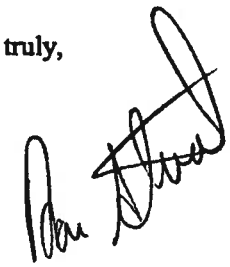

Dan Stuart

C.E.O

Market One Financial.

35

January 20, 2014

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Yours truly,

ADRIAN SHDENHAM

INVESTOR RELATIONS

January 20, 2014

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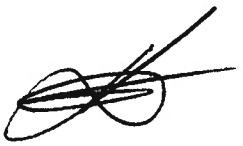
James Tobbe



investor

January 20, 2014

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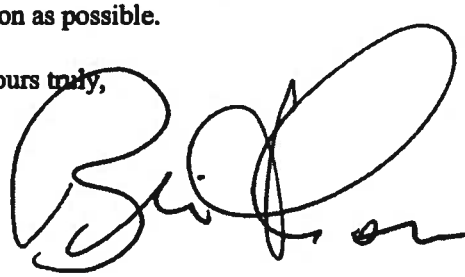

BRIAN THOMAS
BUSINESS VALUATION
FIRM.

January 20, 2014

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I am an active venture-market investor, and write in response to your request for comments on the Exemption.

I support the immediate implementation of the Exemption, which will provide much needed assistance to many venture-market investors who have suffered losses in recent years. The Exemption also remedies what many have felt to be the inherent unfairness of the exempt market, by offering existing shareholders the opportunity to participate in private placements alongside accredited investors and those with a close relationship to management.

In closing, thank you for taking the initiative to propose the Exemption, and I hope that you implement it as soon as possible.

Yours truly, Sean Tufford, Vice President, Dofold Resources.

January 20, 2014

Larissa Streu
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
PO Box 10142 - 701 West Georgia Street
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Tracy Clark
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Alberta Securities Commission
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tracy.clark@asc.ca

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Yours truly,

A.H. von Kursell
Director

January 20, 2014

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Yours truly,

Terri Anne Welyki
Consultant / Investor

January 20, 2014

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Yours truly,

Bruce Winfield
President/CEO

January 20, 2014

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Yours truly,

ADITYA
Quadros
INVESTOR

January 20, 2014

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Yours truly,

Tom Anderson.
Anderson Jones & Associates.

4

January 20, 2014

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Yours truly,

Victoria Anderson

Victoria Anderson
Legal Secretary

5

January 20, 2014

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Yours truly,

INVESTOR
(John ARCHIBALD)

January 20, 2014

6

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Yours truly,

Antonio ARIAS
Healthy Crowdfunder Corp

7

January 20, 2014

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Yours truly,

J.K. Arias
Director

8

January 20, 2014

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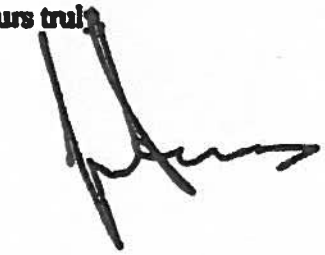

JON ARMES

January 20, 2014

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Yours truly,

Sandra@foodee Advertising
larissa@food.ee Invoke Media

10

January 20, 2014

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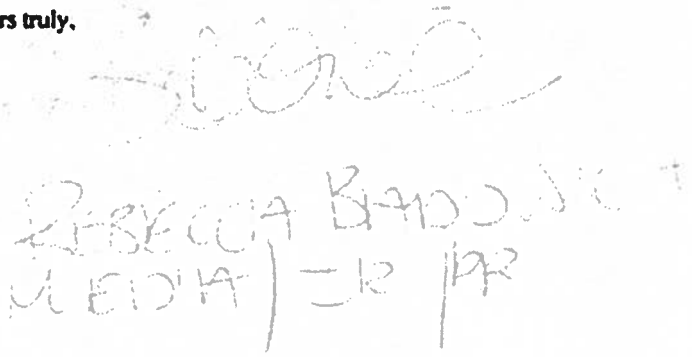

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January 20, 2014

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Yours truly,

Eler Bahai, Davis & Company LLP

12

January 20, 2014

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Yours truly,

James Black
Director Business Development, CSE – Canadian Securities Exchange

13

January 20, 2014

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Yours truly,

GRANT BLOCK
AUDITOR

14

January 20, 2014

Larissa Streu
Senior Legal Counsel, Corporate Finance
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January 20, 2014

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Yours truly,

Douglas Bowie
Sophisticated Investor

January 20, 2014

16

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Yours truly,

Clifford Boychok
Director – Aston Bay Holdings Ltd. "BAY"

17

January 20, 2014

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Yours truly,

Chris Bruton
Investor

18

January 20, 2014

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Yours truly,

Jesse Campbell
Sub-co & issuer

January 20, 2014

19

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Yours truly,

David A. Canfield

Investor

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January 20, 2014

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Yours truly,

DAVID CHANDLER

21

January 20, 2014

Larissa Streu
Senior Legal Counsel, Corporate Finance
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PO Box 10142 - 701 West Georgia Street
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Tracy Clark
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Yours truly,

W. COETZER

INVESTOR.

22

January 20, 2014

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Yours truly

NICOLE CHARTRAND
INVESTOR

23

January 20, 2014

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Yours truly,

G. Bret Conkin,
CMO FundRazr
770 329-RAZR
bret@fundrazr.com

January 20, 2014

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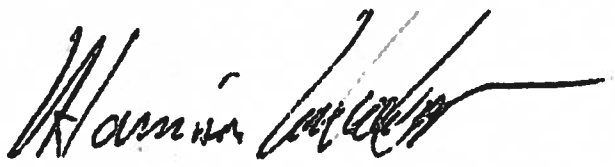

Harrison Cookenboo
Ph.D. P.Geo

January 20, 2014

25

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Yours truly,

Eric Coutts

26

January 20, 2014

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Yours truly,

David Coweur
Del Rio Partners

27

January 20, 2014

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British Columbia Securities Commission
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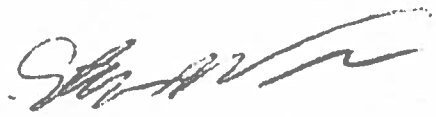

Steve Davidson
Cambridge House International

28

January 20, 2014

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Yours truly,

Lyle Davis

29

January 20, 2014

Larissa Streu
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Yours truly,

January 20, 2014

30

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Yours truly,

Peter M. Dimmell

Silver Spruce Res Inc

Pres/CEO

Peter M. Dimmell

January 20, 2014

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Yours truly,

Nathalie Dion

NATHALIE DION

RETAIL INVESTOR

32

January 20, 2014

Larissa Streu
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Yours truly,

Mario Drolet
professional Trader

January 20, 2014

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Yours truly,

Peter Eberhardt

34

January 20, 2014

Larissa Streu
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Yours truly,

Hani El Rayess

Corp. Comm.

35

January 20, 2014

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Yours truly,

DONALD ERICKSON
RETAIL INVESTOR

January 20, 2014

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Yours truly,

Robert Fisher

Robert Fisher Investor / Junior & Explorer

January 20, 2014

37

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Yours truly,

Taryn Flint
Investor

38

January 20, 2014

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Yours truly,

Sandy Gardner

Sandy Gardner

39

January 20, 2014

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Yours truly,

Jason Giglio Hi
President

HaSanpio

40

January 20, 2014

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Yours truly,

A. Paul Gill
CEO – Lomiko Metals Inc.

41

January 20, 2014

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Yours truly,

Ravneet Gill

Women In Mining

42

January 20, 2014

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Yours truly,

K Graboski

Kuba Graboski
Investor

January 20, 2014

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Yours truly,

Brian Rusk

44

January 20, 2014

Larissa Streu
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British Columbia Securities Commission
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Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
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tracy.clark@asc.ca

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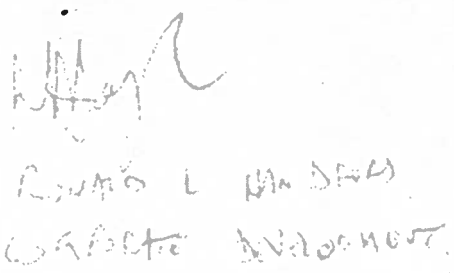

45

January 20, 2014

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Yours truly,

BRIAN HAWES

INVERNESS

46

January 20, 2014

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Yours truly,

Ethan Hoole

Investor and Investor Relations

January 20, 2014

47

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Yours truly,

Augostin Henriques

Investor

January 20, 2014

48

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Yours truly,

Eugene Hodgson

Eugene Hodgson
Corporate Director.

January 20, 2014

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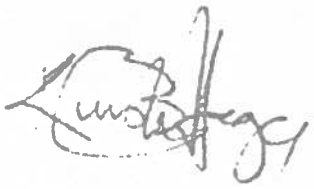

Kirsty Hogg
Investor

51

January 20, 2014

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Yours truly,

Allen Haldrich
Media/IR

52

January 20, 2014

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Yours truly,

Yuliya Inoping
IR | PR | Marketing

53

January 20, 2014

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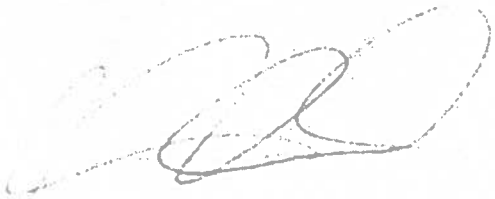

Caleb Jefferies
Leading Brands Inc.

54

January 20, 2014

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Yours truly,

Twila Jensen
Stackhouse

55

January 20, 2014

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Yours truly,

Bernie Kennedy

January 20, 2014

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Yours truly,

Richard Kgosana
INVESTOR

January 20, 2014

57

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Yours truly,

Terry Gilley. Toronto

January 20, 2014

58

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Yours truly,

Carbon 2 Power Ventures Inc.
Jan Kindler
President / Director

January 20, 2014

59

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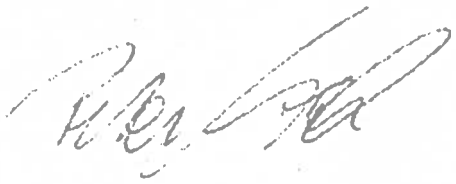

Peter Krah
German Mining Networks

60

January 20, 2014

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Yours truly,

M. Kleeman

DURANGO RESOURCES INC.

61

January 20, 2014

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Yours truly,

Paul W. Kuhn
CEO Avrupa Minerals

62

January 20, 2014

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Yours truly,

PREETH KUMAR

Investor

63

January 20, 2014

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Yours truly,

Michael Lake
Jordan Capital Markets Inc.

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January 20, 2014

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John Lando
New World Resource Corp
Northern Lion Gold
Perfect Lithium Corp

65

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DAVID S. LARSEN
dslarsen@eskimo.com

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In closing, I applaud the participating jurisdictions for taking the initiative to propose the Exemption and hope that you implement it as soon as possible.

Yours truly,

Roger Leschuk

ROGER LESCHUK
CORPORATE COMMUNICATIONS

67

January 20, 2014

Larissa Streu
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
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Tracy Clark
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tracy.clark@asc.ca

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Yours truly,

Hastassia Machy

Legal Secretary

68

January 20, 2014

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Yours truly,

James Black

Jim Mosk. emeritus 17 yrs.

69

January 20, 2014

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Yours truly,

Jeremy Martin

Investor / Media

70

January 20, 2014

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Yours truly,

STEPHEN WATTS

TORONTO.

71

January 20, 2014

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Yours truly,

Massicotte

Nancy Massicotte
IR PRO COMMUNICATIONS. INC

72

January 20, 2014

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Yours truly,

James K. Mortensen

Geological consultant

73

January 20, 2014

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Yours truly,

Murray McCutcheon

January 20, 2014

74

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Yours truly,

Sean McCole

75

January 20, 2014

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Yours truly,

BROCK MCMICHAEL
Brock McMichael

Investor

76

January 20, 2014

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Yours truly,

Chad McMillian
Public Executive

77

January 20, 2014

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Yours truly,

James Nelson
Director

78

January 20, 2014

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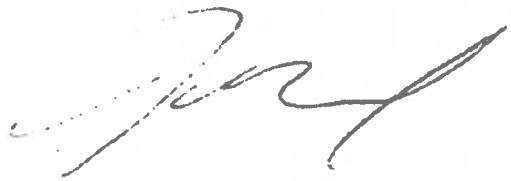

Jason Nickel
Banks Island Gold

79

January 20, 2014

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Yours truly,

Kevin O'Brien

MEDIA

30

January 20, 2014

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Yours truly,

Jordan Capital

81

January 20, 2014

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Yours truly,

PATERSON, JAMES CEO KIVALLIQ ENERGY

January 20, 2014

82

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Yours truly,

Brian Petsnik

BRIAN PETSNICK.
1360 CHARTER HILL DR
COQUITLAM, B.C. V3E 1R6

January 20, 2014

83

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Yours truly,

Rudy
PI Financial

84

January 20, 2014

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Yours truly,

Chris Reynolds

January 20, 2014

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Yours truly,

Brent Rusin
604-396-4855
Naturally Splendid (NSP.V)
Investor Relations

86

January 20, 2014

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Yours truly,

Rick

87

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Yours truly,

Jay Roberge
Zimto Capital Corp.

88

January 20, 2014

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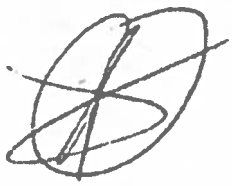

George Rodriguez

89

January 20, 2014

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Dear Sirs and Mesdames:

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In closing, I applaud the participating jurisdictions for taking the initiative to propose the Exemption and hope that you implement it as soon as possible.

Yours truly,

MARK SAXON
CEO TASCIAN METALS LTD

January 20, 2014

90

Larissa Streu
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
PO Box 10142 - 701 West Georgia Street
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Yours truly,

RICK SCHAFER

91

January 20, 2014

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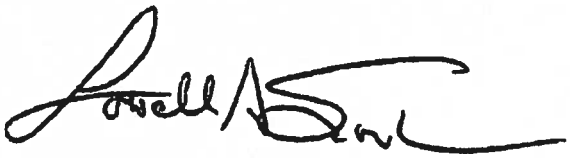

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January 20, 2014

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Yours truly,

Tim Shearcroft
CEO - Anthony Mining

January 20, 2014

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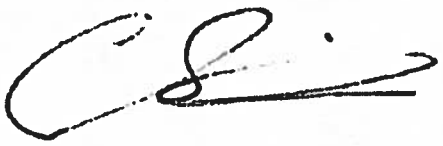

CODY SIMPSON
INVESTOR

94

January 20, 2014

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Yours truly,

Kevin Spiro

MEDIA

January 20, 2014

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Yours truly,

Jeremy Swanson
CEO. Grizzly Discoveries Inc.

97

January 20. 2014

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Yours truly,

AL STAN
780-7214299
INVESTOR

January 20, 2014

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British Columbia Securities Commission
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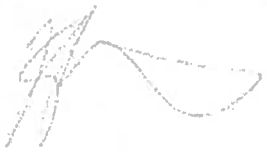

Kyle Steveson

January 20, 2014

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O. TIELENS
INVESTOR
BELGIUM

January 20, 2014

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Yours truly,

Jordan Trimble

CEO of Public Issuer

January 20, 2014

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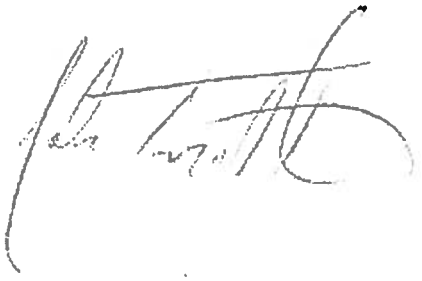

Josh Trujillo

January 20, 2014

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Bob Turner

January 20, 2014

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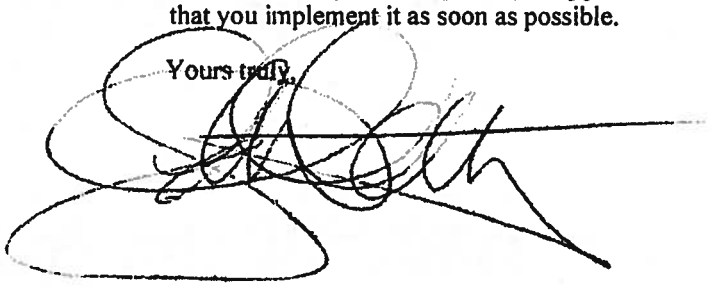

John A. Versfelt
President & CEO, Cabo Drilling Corp.

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January 20, 2014

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Matt Watson
Investor

January 20, 2014

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Yours truly,

Steve Williams
President & CEO
Pasinex Resources Limited
Issuer.

January 20, 2014

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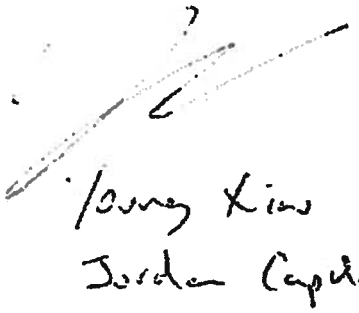

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Yours truly,

CHRISTINE LAM

P. Christine Lam - active member of Women in Mining Vancouver - agrees with the above