LIST OF COMMENTERS
PROPOSED NATIONAL INSTRUMENT 51-103
ONGOING GOVERNANCE AND DISCLOSURE REQUIREMENTS FOR VENTURE ISSUERS
PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS,*
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*
AND
NATIONAL INSTRUMENT 45-106 *PROSPECTUS AND REGISTRATION EXEMPTIONS*
AND PROPOSED RELATED CONSEQUENTIAL AMENDMENTS

Request for Comment July 29, 2011

	COMMENTER	NAME	DATE
1.	Golden Oak Corporate Services Ltd.	Doris Meyer	September 8, 2011
2.	Millrock Resources Inc.	Larry J. Cooper	September 8, 2011
3.	Marrelli Support Services Inc.	Carmelo Marrelli	September 21, 2011
4.	Tribute Resources Inc.	Jennifer A. Lewis	September 22, 2011
5.	Clark Wilson LLP	Bernard Pinsky	October 7, 2011
6.	Fiore Financial Corporation	Gordon Keep	October 11, 2011
7.	Fraser Milner Casgrain LLP	Brian Abraham	October 21, 2011
8.	Cabo Drilling Corporation	Robin J. Preston	October 21, 2011
9.	Ansar Financial and Development Corporation	Pervez Nasim	October 24, 2011
10.	KPMG LLP	Laura Moschitto	October 26, 2011
11.	Ingrid Martin (French & English versions)	Ingrid Martin	October 26, 2011
12.	CNSX Markets Inc.	Rob Theriault	October 27, 2011
13.	Ronald P. Gagel	Ronald P. Gagel	October 27, 2011
14.	Adriana Resources Inc.	Daniel Im	October 27, 2011
15.	Daniella Dimitrov	Daniella Dimitrov	October 27, 2011
16.	Tres-Or Resources Ltd.	Laura Lee Duffett	October 27, 2011
17.	Canadian Coalition for Good Governance	Daniel E. Chornous	October 27, 2011
18.	Canadian Foundation for Advancement of Investor Rights (FAIR)	Ermanno Pascutto	October 27, 2011
19.	S. Mark Francis	S. Mark Francis	October 27, 2011
20.	Wildeboer Dellelce LLP	Mark Wilson	October 27, 2011

	COMMENTER	NAME	DATE
21.	TSX Venture Exchange Inc.	Zafar Khan	October 27, 2011
22.	Blake, Cassels & Graydon LLP	Brendan Reay	October 27, 2011
23.	Computershare Investor Services	Lara Donaldson	October 27, 2011
24.	Takara Resources Inc	Tania IIieva	October 27, 2011
25.	Ontario Bar Association	Arlene O'Neill	October 27, 2011
26.	Ernst & Young LLP	Douglas L. Cameron/ Matt Bootle	October 27, 2011
27.	Fiera Sceptre Inc.	Michael Chan	October 27, 2011
28.	George H. Gale	George H. Gale	October 27, 2011
29.	VECTOR Corporate Finance Lawyers	Graham H. Scott	October 27, 2011
30.	Peat Resources Limited	Patricia Mannard	October 27, 2011
31.	Darnley Bay Resources Limited	Patricia Mannard	October 27, 2011
32.	Canada Rare Earths Inc.	Dave McMillan	October 27, 2011
33.	Canada Gold Corporation	Dave McMillan	October 27, 2011
34.	Duran Ventures Inc.	Dan Hamilton	October 27, 2011
35.	Burnet, Duckworth & Palmer LLP	Burnet, Duckworth & Palmer LLP, Securities Department	October 27, 2011
36.	Morton & Company	James N. Morton	October 27, 2011
37.	Walton International Group Inc.	Kurtis T. Kulman	October 27, 2011
38.	Jiminex Inc.	Allan J. Willy	October 27, 2011
39.	Boughton Law Corporation	Rory S. Godinho	October 27, 2011
40.	Goldrush Resources Ltd.	Len Brownlie	October 27, 2011
41.	Tetra Tech Wardrop	Jeff Wilson	October 27, 2011
42.	San Gold Corporation	George Pirie	October 27, 2011
43.	PJX Resources Inc.	John Keating	October 27, 2011
44.	PJX Resources Inc.	Linda Brennan	October 27, 2011
45.	OSC Investor Advisory Panel	Members of the OSC Investor Advisory Panel	October 27, 2011
46.	Alpha Group	Alpha Group	October 27, 2011
47.	Rogue Resources Inc.	Stephen de Jong	October 27, 2011
48.	Desjardins Group (French & English versions)	Raymond Laurin	October 27, 2011

	COMMENTER	NAME	DATE
49.	BC Gold Corp.	Larry Okada	October 27, 2011
50.	RedQuest Capital Corp.	Larry Okada	October 27, 2011
51.	Laurentian Goldfields Ltd.	Nick Corea	October 27, 2011
52.	SLAM Exploration Ltd.	Roland Lovesey	October 28, 2011
53.	Kincora Copper Ltd.	Igor A. Kovarsky	October 28, 2011
54.	Platinex Inc.	James R. Trusler	October 28, 2011
55.	iCo Therapeutics Inc	John Meekison	October 30, 2011
56.	Talmora Diamond Inc.	Maria Grimes	October 31, 2011
57.	Lund Gold Ltd.	Chet Idziszek	October 31, 2011
58.	Madison Minerals Inc.	Chet Idziszek	October 31, 2011
59.	PricewaterhouseCoopers LLP	PricewaterhouseCoopers LLP	October 31, 2011
60.	Bear Creek Mining Corporation	Bradley J. Blacketor	October 31, 2011
61.	Dr. Desh B. Sikka, P. Geo.	Dr. Desh B. Sikka, P. Geo.	October 2011
62.	Murray Brook Minerals Inc.	Jean-Jacques Treyvaud	November 1, 2011
63.	The Canadian Institute of Chartered Accountants (CICA)	Thomas S. Chambers	November 4, 2011
64.	FONDS	Philippe Bonin	November 4, 2011
65.	Canadian Public Accountability Board (CPAB)	Brian Hunt	November 9, 2011
66.	Norton Rose OR LLP	Securities Group of Norton Rose OR LLP	November 11, 2011
67.	Pension Investment Association of Canada (PIAC)	Barbara Miazga	November 14, 2011
68.	BCF Business Law (English & French)	The securities team at BCF, LLP	-
69.	Centre CDP Capital (English & French)	Marie Giguére	November 4, 2011

The following questions ask how the removal of mandatory first and third quarter financial statement reporting would affect investor protection and capital-raising.

1. Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?

a) If you support this proposal, why? What are the benefits?
Yes I support this proposal – along with IFRS it brings us more in line with the world marketplace. Investors in the TSX-V are worldwide and it will make it easier for those investors to find the same information in the same kind of document whether it be London, Australia or Canada.

I think it should be the same for TSX companies in this regard.

b) If you do not support this proposal, why not? What are your concerns?

2. If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?

Yes I believe they are.

3. If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?

a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

If the full interim financial statements aren't produced then I don't think there should be some lesser form of financial information produced that isn't supported by the requirements of IFRS 34. All or nothing.

c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

I think that the issuers generating revenues should rely on material change reports – if they put out a forecast and they know they are not going to meet it they shouldn't wait for their financial statements to be produced before alerting the market place. There are other continuous disclosure obligations that would take care of the lack of 3 and 9 month financial statements.

4. If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?

No it would not – I look at the 12 month cash in hand and first and foremost I am looking at who is operating the company and their ability to acquire good properties and raise money. The financial statements don't give me that information.

5. If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.

See my response to question 4.

6. Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?

It would just as onerous and it wouldn't be IFRS – see 3 (b) response

Other financial statement requirements

7. The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?
a. If you think that 100% is the correct threshold, explain why.

Very few issuers are acquiring businesses – they may be acquiring companies to get at the underlying properties but that is an asset acquisition disguised as a business. I think more attention should be paid to defining if it really is a business in the first place. If it is and that business will continue, as revenues are generated, and the people will continue to operate it, then yes it is relevant and 100% is the correct threshold for it to be material enough.

b. If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

c. Should financial statements be required at all for these transactions?

My response to a answers this as well.

8. The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?

No I don't believe they do. It is an additional preparation and audit cost and I don't think any value is added. The deal should be well described elsewhere and the reader should be able to figure out the impact on a go forward basis. The pro forma's using historical information is not particularly useful.

a. If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

9. The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form 41-101F1. Should this exemption be expanded to apply to all venture issuers?

a. If you think the exemption should be expanded, explain why.

Anything that makes in simpler and the same for everyone should be done.

b. If you do not think that the exemption should be expanded, explain why.

Governance requirements and executive compensation disclosure
10. The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?

a. If you think that control persons should be added, explain why.

b. If you do not think that control persons should to be added, explain why.

The Issuer should be able to keep its board to a workable size. By excluding control person directors you are forcing the Issuer to increase the size of its board. The Issuer should be the one determining the optimum size.

11. The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.

a. Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

i. If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

ii. If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

If the information circular is delivered electronically then the shareholder should be able to view both documents easily. If the issuer was made to post the information circular and the annual report on its web site then readers could easily access both without having to "know" that they can get both from sedar. Some investors don't want to have to work that hard.

Having said that eliminate the duplication and keep it all in the annual report with all the other $ and numbers.

12. In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific

disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

I believe that the non-cash fair value of stock options should not be reported as compensation. It is a meaningless number and gives investors wrong information. The accounting Black-Scholes model is most commonly used and it is not an accurate measure but it is the only one that is easily accessible and accepted by the auditors.

As to amounts earned on exercise the sedi filings of insiders provides that information. Just because an option is exercised does not mean the option holder immediately sold the shares. Using the fair value on exercise date could well lead to more wrong information. The Sedi system already does this.

Saying how many options, the grant price, the life of the option is enough.

General disclosure requirements
13. The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?

CPC companies are clearly identified and I think they should not be exempted from any further aspects of the proposed requirements.

Completed by Doris Meyer, President of Golden Oak Corporate Services Ltd.
September 8, 2011

Doris Meyer is CFO of 8 companies listed for trading on the TSX Venture Exchange.

MILLROCK
RESOURCES INC

September 8, 2011

The Ontario Securities Commission
Cadillac Fairview Tower
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

Dear Commission:

Please consider this our statement of support for Proposed National Instrument 51-103 for institution as a permanent part of the Ontario Securities Commission's Rules.

As published in the July 29, 2011 Supplement to the OCS Bulletin volume 34, Issue 30 (Supp-5), (2011), 34 OSCB, proposal 51-103 on Ongoing Governance and Disclosure Requirements for Venture Issuers and Related Amendments, we in particular stand in favor of Form 51-103F1 regarding Annual and Mid-Year Reports.

We believe that Form 51-103F1 is the heart of what makes 51-103 a critically valuable Proposal.

Under 51-103F1, the elimination of the requirement for a quarterly filing of Financial Statements and Management Discussion and Analysis will save considerable time and effort presently consumed by producing and filing such reports each quarter. The requirement to file quarterly draws considerable management time and attention away from working toward the operational success of the Venture. Such operational success is the ultimate highest good to owners of shares of the Issuer. Many firms, such as ours, keep a lean management staff in order to minimize overhead costs in pursuit of maximizing shareholder value. The filing of a Mid-Year Reports under the new Rules will provide the valuable information the public needs while relieving a generally non-productive exercise on the Venture and still maintain the controls necessary to ensure the Commission's standards for proper accountability in reporting.

We ask that the Commission consider our strong support for institution of 51-103 as a part of the Securities Act of Ontario, and congratulate the Commission for this forward thinking Proposal.

750 World Trade Centre | 999 Canada Place | Vancouver, BC V6C 3E1
Tel: 604.638.3164 | Fax: 604.688.9620 | www.millrockresources.com

Sincerely,

Larry J. Cooper
CFO
Millrock Resources Inc.
907-250-7530
lcooper@millrockresources.com
www.millrockresources.com

September 12, 2011

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

Care of

Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-2082
Ashlyn.daoust@asc.ca
Attention: Ashlyn D'Aoust, Legal Counsel, Corporate Finance

Autorité des marches financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: (514) 864-6381
Consultation-en-cours@lautorite.qc.ca
Attention: Anne-Marie Beaudoin, Corporate Secretary

Subject: Proposed National Instrument 51-102 *Ongoing Governance and Disclosure Requirements for Venture Issuers*

It is our view that the proposed mid-year financial reporting proposal is not an adequate disclosure system for venture issuers. Specifically, it creates too much of a distinction between the regulatory requirements applicable to TSXV listed issuers as compared to those applicable to TSX listed issuers resulting in a framework where the reporting of continuous information for venture issuers could be compromised and become too subjective. The TSX listed issuers will have continuous disclosure each quarter for financial information, venture issuers will not.

TSX listed issuers and the current system for venture issuers require quarterly financial statements and Management Discussion and Analysis. By going to mid-year reporting for venture issuers, there will be too much of a gap of continuous important information that (i) shareholders or potential investors will require in determining if a venture issuer is a viable business to invest in; and (ii) regulators will have minimal oversight as a result of the proposed rules. The proposed rules will allow venture issuers to operate for six months before they have to disclose their cash position, operating expenses, accounts payable, stock options and warrants status and related party transactions. Potential investors will have limited information to make an investment decision other than through the disclosure of press releases. TSX issuers will be seen by the investment community as full disclosure reporting issuers while venture issuers will be considered a sub-tier investment with limited information.

The CSA has also suggested voluntary disclosure. Most boards, in our opinion, will have difficulty in determining what is needed to be disclosed and the detail of the information. The process of preparing quarterly financial

statements provides a structure where the audit committee and the directors of the issuers are reviewing the presentation, carrying values and determining if there are any going concern issues that need to be disclosed. The disclosure and materiality of the venture issuer and resulting disclosure will be left to management and or the directors with no structured process.

The proposed amendments will allow for a longer period of information to be reported under which the regulators will not readily have access to current information to review and investigate possible issues. The regulators will need to seek and obtain the timely co-operation of the venture issuer to obtain more current information if they should need to investigate or review any matters during the six month period. Presently we understand it is the regulators mandate to review all issuer disclosure to ensure each issuer is complying with the accepted rules. Investors should have this protection and this review provides for the development of a standard among the issuers in disclosing information. It is our view as mentioned that the issuers especially if they are active should not be segregated in this manner.

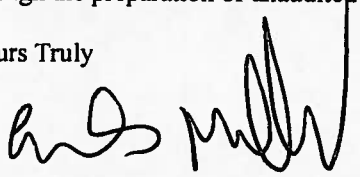
The perceived benefits of tailored regulation do not outweigh the costs associated with the distinct regulatory framework of tailored regulation. In particular, less regulation will create a sub-tier system where, as discussed above, will provide potential investors with time lagged information, subjective information and as a result may deter investors to continue to invest in those issuers who adopt this reduced continuous disclosure.

Our experience is that most issuers as a result of previous rules and regimes and timely reporting requirements take corporate governance seriously. However, those issuers with weak management teams and board of directors are the ones that will recommend that the CSA go to mid-year reporting as this will save companies on time and money. It is ironic in our view that the less diligent issuers will have an opportunity of not having to provide timely information.

We do agree that adding the Management Information Circular to the yearend financial information (ie annual financial statements and Management Discussion and Analysis) is a sensible idea. This will limit duplication of information that is presently separately disclosed in these various documents. We would encourage that this streamlining not be limited to venture issuers but provided for all issuers. At this time, other than the reporting through an Annual Information Form, all issuers are providing relatively the same information in the same format which is providing the investors the information in one standard format with which they are familiar.

We do recognize the burden of the reporting on the venture issuers who have limited resources both in financial and staff. Also many issuers are not in production and while in the development stages are carrying out programs of research and development, exploration or starting up their business. It is in this stage that the detail reporting through the Management Disclosure and Analysis is probably not providing that much additional information in each quarter. We therefore suggest that if there is to be a compromise of changing the regulatory requirements for venture issuer (voluntary disclosure is not one of them), we would suggest eliminating the Management Discussion and Analysis for Q1 and Q3. However as we have set out above we believe the reporting of financial information through the preparation of unaudited interim statements on a quarterly basis should remain.

Yours Truly



Marrelli Support Services Inc.
Per: Carmelo Marrelli, President

[Submitted by email]

Jennifer A. Lewis, HBA, CA

Tribute Resources Inc.

Response to Selected Questions from the CSA Notice and Request for Comments on Proposed National Instrument 51-103

Issued by the Ontario Securities Commission on July 29, 2011

1. Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?

Very much so.

a) If you support this proposal, why? What are the benefits?

As a CFO of a small venture issuer, the compliance expenses for the current reporting requirements are becoming a serious burden. Not only from a monetary perspective with auditors and accounting assistance, but also with significant internal staff and management time requirements. Preparing quarterly IFRS compliant statements with notes and MD&A takes hours and hours and the cost to us is becoming a hindrance to our operations and general day to day business requirements. We have less than 10 employees and we're finding that so much time is being spent on compliance, we are having trouble finding the time to run the business in an efficient and effective manner. Having 2 reporting periods rather than 4 will give both staff and management a better opportunity to focus on the business at hand and growing and moving forward, rather than on quarterly filings that have become so long and complex that investors are hesitant to read the full package (feedback obtained for our investors). Also, the monetary savings would help us to spend our limited resources much more effectively to grow our business rather than on compliance. To quantify this argument in a rough manner, I would anticipate that we spend approximately $350,000 per year on compliance including the audit, accounting assistance and internal time for statement and MD&A preparation including directors fees for audit committee and Board meetings to approve the statements and MD&A. I would estimate that we could save approximately $100,000 - $150,000 per year if the Q1 and Q3 reporting requirements were made optional (in our case, eliminated). This represents significant savings that would allow us to further our development projects or fund our overhead for well over a month.

If certain issuers feel as though their investors rely on the quarterly statements or if they determine so through discussions or feedback from their investors, they are able to continue to prepare them such that their investors will not suffer by losing information upon which they rely. If an issuer were to stop producing quarterly statements and their investors were needing this information, I'm sure they would receive the feedback and could voluntarily reinstate the quarterly reporting. It's a win win for both types of issuers and allows the smaller issuers flexibility to invest more time and resources in growing their business and focusing on operations and day to day business functions.

2. If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?

I would say no.

4. If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?

No, although investors would be receiving financial information only every 6 months, any important business news must be communicated via press release so investors could still remain apprised of the important business developments. Perhaps more information should be given in the press releases to ensure investors feel up to date and comfortable with important business developments if issuers elect to report twice per year.

6. Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?

There would likely be some time savings and some capital savings, however, it wouldn't be nearly as significant or helpful as not having to prepare any quarterly reporting. Based on the session I attended at the Ontario Securities Commission in Toronto and the discussions on the types of quarterly reports that may be selected as a "subset", I would anticipate the time and cash savings would be approximately 15-20% that of eliminating the need to prepare Q1 and Q3 statements totally (i.e. if Q1 and Q3 were eliminated completely, it would result in 100% cost savings for those quarters as opposed to 15-20% if a subset were required).

11. The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular.

The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.

a. Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

i. If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why. ii. If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

I don't understand why this change is necessary or at all beneficial. I would recommend that the director and executive compensation be kept in the information circular and not included in the annual report. The information circular is more technical in nature with share structure and compensation breakdown and I'd leave it as such. Sophisticated investors are aware of where to find this information so I don't see the need of duplicating it in the annual report.

CLARK WILSON LLP
BC's Law Firm for Business™

Reply Attention of **Bernard Pinsky**
Direct Tel. 604.643.3153
EMail Address bip@cwilson.com
Our File No. Admin CWA163788.1

October 7, 2011

VIA EMAIL

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-2082
ashlyn.daoust@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: 514-864-6381
consultation-en-cours@lautorite.qc.ca

Dear Sirs:

Re: Comments on Proposed NI 51-103

We have the following comments in response to the specific questions that you have posed regarding NI 51-103. The numbers of our paragraphs correspond to the numbers listed in your list of questions.

Mid-year Financial Reporting

1. We support the proposal to eliminate the requirement to file 3 and 9 month interim financial reporting requirements. We believe that doing so will reduce the regulatory burden on venture issuers without harming investor ability to access the issuer. However, we are of the view that in cases where the issuer decides to disclose partial financial information to the public, the partial information should be backed up by financial statements. Disclosure of financial information that is of the kind that would be in

financial statements (such as gross revenue) would be a "trigger", much like a NI 43-101 technical report trigger, so that the context of the financial information could be reviewed. Where an issuer, for example, announces that it has $X in revenue for the quarter, the financial statements should be available for anyone to review in order to put the specific number in context.

2. We are of the view that the changes to the BAR reporting requirements are substantial and warrant changing even if the financial statement requirements remain as they are.

3. We believe that full financials are not necessary for the 3 and 9 month quarters, but we believe that investors should be informed of cash on hand and shares issued during those periods. In addition, we believe that fully diluted share position is very important, with detail about the number of options or warrants exercisable at each price and for how long. No MD&A should be required, as that does not meaningfully change each 3 months for most venture issuers, but whatever financial information is provided should be backed up by CEO and CFO certifications to help ensure its accuracy.

Other financial statement requirements

7. We consider the 100% threshold to be the appropriate one. Where a new business of the issuer is more significant by market cap value than the current business, that is when a BAR with audited financial statements would be useful and necessary. We agree that it is the threshold of a truly significant acquisition for a venture issuer. In addition, we would ask that the carve-out for an acquisition that does not constitute a "business" be made clear: where a property or assets are purchased that are not a business it should be clear that audited financials are not required. That is the current policy but better guidance is required.

8. Other than the working capital figure, pro-forma financial statements are most often a mathematical exercise that is not particularly useful. If a potential investor wants to know the combined financial information of an acquirer and its target, that investor can do the math. We are of the view that pro-forma financials were much more useful when the accounting standards relied more on judgement than they do today. Today, accounting is primarily by rule and issuers have very little discretion to choose one accounting treatment over another. With those judgement calls gone, mathematics takes over and the utility of pro-formas fades.

9. We agree that the exemption permitting only one year of audited financial statements ought to be expanded to apply to all venture issuers. By nature and definition, venture issuers are generally in a state of change. They are exploring or developing. What happened financially 2 years ago is generally not relevant to venture issuers because since then they have raised financing, gone to another project, added or dropped substantial assets, etc. Several years of financial statements are definitely appropriate for senior issuers whose small trends make a difference to current and future profit. With venture issuers which do not yet have stable revenues and costs, these trends are less important and so is the need for reliable historical information.

Governance Requirements and Executive Compensation

10. We are of the view that 20% or greater control persons are not independent of management and if the purpose of the rule is to ensure that audit committees be comprised of independents, control persons should not be counted as independent. There are very few cases in our experience with venture issuers where a major shareholder is not intimately involved in management.

11. We think it should be presumed that persons who want detailed information about an issuer are able to use the internet and that an internet link from one document to another containing the compensation information or a website address should be sufficient.

12. Grant date FMV of stock options and current value assessment is, in our view, a misleading way to measure compensation, because of the volatile nature of the stock price of a venture issuer. Additionally, when an option holder does not exercise his/her options in a year, the compensation is reported again in the next year even though it is actually a duplication, because the compensation was not "paid" in the prior year in any sense of that word. We believe that the current regime of measuring the value of stock option compensation for both venture and senior issuers is seriously flawed and any change that would bring the calculations more in line with actual compensation would be welcomed.

13. Because of the nature of what a CPC can and cannot do, the only useful financial information regarding a CPC is cash on hand. CPCs should be exempted from other financial report requirements.

We hope you find these comments of use.

Yours truly,

CLARK WILSON LLP

Per: 

Bernard Pinsky
Incorporated Partner

BIP/dlj

October 11, 2011

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

C/o: Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
ashlyn.daoust@asc.ca

Re: Proposed National Instrument 51-103

Dear Sirs,

This letter is in response to the Proposed National Instrument 51-103 request for comments. I feel that I represent the Issuer community as I sit on 12 public company boards, advise on regulatory requirements and administration to 10 public companies and I am also an investor in public company opportunities. My expertise and knowledge is predominantly in the natural resources sector, but I have also been involved with some non-resource operating companies in both categories as well.

I noticed a proposed change to the requirement to file an updated 43-101 report with a preliminary short form prospectus. This change was not subject to a comment/question section. It is NOT a consequential amendment, this is a significant change that the industry worked hard to have removed from the previous 43-101 requirement. The concept of filing updated reports annually like the 51-101 is to allow resource issuers the opportunity to raise money on a timely basis and not have it delayed by 4 – 8 weeks while a new 43-101 report is prepared. PLEASE DO NOT make this change. If you don't get many comments on this point that is because it was just briefly referred to and not highlighted. In fact during the TSXV LAC committee meeting to discuss these policy changes no one was aware of this proposed change until I mentioned it. They all had the same negative reaction as I did to the proposal.

Issue 1 – Mid-year financial reporting

Question 1

I am not in favour of the requirement to eliminate the mandatory filing of the 3 and 9 month financial statements of junior public companies. The reasons for my position are:

a) The removal of these financial filings would reduce the timing of the release of key information to the market that the 4 quarterly statements currently provide. The key information is the amount of cash left in the treasury, the commitments to spend on properties and the burn rate over the last reporting period. In the junior market cash or the lack of it is a prime piece of information for the investing public.

b) Several junior issuers have chosen not to have their financials reviewed by their auditor for cost reasons. It is my experience that several companies struggle to produce accurate and timely financials at audit time. Removing the mandatory requirement to produce a set of statements on a regular basis is only going to exacerbate the situation. The requirement to file quarterly imposes discipline on management and provides the board the opportunity to discover accounting inadequacies much earlier. For those companies with proper procedures in place the requirement to produce quarterlies is not onerous on a time or cost basis.

c) It is true that other jurisdictions have opted for 6 month reporting but that requirement applies to all companies not just the junior ones. As the TSX companies will still require 4 reporting periods, the inference is that the junior market is not as strictly regulated and could cause investors to shy away from investing in the junior market. The junior market has worked hard over the last 20 years to improve our reputation and we should ensure we don't slide backwards.

d) I am also against the two year notice period to file voluntarily if you do eliminate the 3 and 9 month periods. As junior issuers could go through one or two significant acquisitions/changes of direction or management it is unreasonable to impose this requirement for a two year period.

e) I don't think issuers would voluntarily file due to increased legal/regulatory liability. These differences of filing frequency are just likely to confuse the market place.

Question 2

The other elements of the proposal, especially having most/all policies and regulations in one instrument would be very beneficial for the junior issuers, who by definition have limited corporate personnel to ensure compliance with several disjointed policies. Having one document, the Annual Report, will help focus management to provide quality disclosure and not be lax with all the current duplication.

Question 3

I am in favour of the proposal to reduce parts of the filing such as the quantity of the financial statements notes and would be in favour of eliminating the MD&A. Most junior's MD&A is not

enlightening and the key information is in the numbers of the financials and the news releases issued during the quarter. The removal of the MD&A would remove the weakest part of the document and the source of the most comments from commission compliance reviews. The key notes in the financials that should be retained are Going Concern, Share Capital (including options and warrants), Property Plant and Equipment, Exploration and Evaluation Assets, Commitments and Related Parties. The balance of notes mostly ends up being boiler plate. Issuers that feel a particular note is relevant to their specific case should be free to add these notes as well.

Questions 4 and 5

I would not likely stop investing but would have less confidence in doing so and be frustrated when surprises happen due to reduced and delayed disclosure. I seldom invest in the companies that currently only report semi-annually.

Question 6

I don't think an alternative form, except as discussed in response to question 3, is worthwhile.

Questions 7 and 8

I think BARs are a waste of time and have caused unnecessary problems for junior issuers doing acquisitions. The historic information is seldom relevant to the success and future fortunes of the new issuer as the new funding and asset prospects are much more relevant to the investor. Any improvements suggested such as changing the date of value determination and thresholds of significant tests would be better than the current requirements, but I am in favour of complete removal of the requirement to file BARs for all venture issuers. It seems a little backwards to consider removing proformas which have some value to the new company and the new investors and not BARs. Proformas provide a starting position for the new company including the effect of the usual funding associated with the acquisition.

Question 9

I agree with the thought of only requiring one year of historical audits with unaudited comparatives for all venture issuers. This is based on my firm belief that historical financials offer limited value to venture issuers.

Issue 2 – Governance and Compensation disclosure

Question 10

I have no issues with control persons being on the audit committee assuming they are also not management.

Question 11

If we have the Annual Report concept where the information is all contained in one document the investor will know to find complete disclosure there and will not need separate disclosure in the Information Circular.

Question 12

The theoretical values derived from the arbitrary valuation techniques provide little or no value and in fact confuse the reader. Too many investors think that the director/management actually realized this amount. It is much more valuable to provide realized values or just the value that could be realized if they had been exercised at the period end.

Thank you for considering my comments.

Sincerely,

"Gordon Keep"

Gordon Keep
Executive Vice President
Fiore Financial Corporation
Exclusive Advisor to Endeavour Mining Corporation

Cc: TSXV Zafar Khan

FMC
— LAW —

Fraser Milner Casgrain LLP
20TH Floor, 250 Howe Street
Vancouver, BC, Canada V6C 3R8

MAIN 604 687 4460
FAX 604 683 5214

Brian Abraham, Q.C.
Brian.Abraham@FMC-Law.com
Direct .(604) 443-7134

October 21, 2011

DELIVERED VIA EMAIL

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

Attn: Anne-Marie Beaudoin, Corporate Secretary

and

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

Attn: Ashlyn D'Aoust, Legal Counsel, Corporate Finance

Dear Sirs/Mesdames,

RE: Proposed National Instrument 51-103 ("NI 50-105")

As part of this proposed national instrument, I note that a resulting amendment is being proposed to National Instrument 43-101 ("**NI 43-101**") with respect to a filing of a short form prospectus.

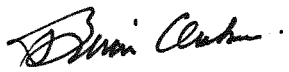
As you are no doubt aware, the recent changes to NI 43-101 allowed for filing of the short form prospectus without a current report being filed so long as the report was subsequently filed within a specified period of time. The proposal under NI 51-103 to amend this provision only for venture issuers imposes a difficult situation in that venture issuers would be forced to comply with this provision whereas an issuer on the TSX would not.

One of the intentions of the amendment to NI 43-101 was to allow short form prospectuses, which are done often on a very short timeline, to take place in order that an issuer can take advantage of a financing which might not be available if it were forced to file a technical report where there had been a material change to a material property prior to a receipt being issued.

It seems that this proposed provision would take away that advantage to an issuer in the event that it were to file a short form prospectus and the proposed amendment to NI 43-101 would hardly be conducive to assisting issuers to raise capital. This is likely to result in lost opportunities for junior issuers to raise capital particularly when it is difficult enough to do in the current capital markets for such issues.

Yours truly,

Fraser Milner Casgrain LLP



Brian Abraham
Partner
BEA/tg

CSA/ACVM Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

Notice and Request for Comment

Proposed National Instrument 51-103
Ongoing Governance and Disclosure Requirements for Venture Issuers

Proposed Amendments to
National Instrument 41-101 *General Prospectus Requirements*, National Instrument 44-101 *Short Form Prospectus Distributions*
and
National Instrument 45-106 *Prospectus and Registration Exemptions*

and Proposed Related Consequential Amendments

July 29, 2011

1. Introduction

The Canadian Securities Administrators (the CSA or we) are publishing for comment proposed rules and rule amendments which introduce a new mandatory regulatory regime for venture issuers intended to streamline and tailor venture issuer disclosure to reflect the needs and expectations of venture issuer investors and to make the disclosure requirements for venture issuers more suitable and more manageable for issuers at this stage of development. The proposals address continuous disclosure and governance obligations as well as disclosure for prospectus offerings and certain exempt offerings that require prescribed disclosure. The proposals were influenced by our understanding of the characteristics of the venture market, which are set out in Appendix A to this Notice.

2. Goals of the current proposals

(a) Governance and disclosure

The proposed new governance and disclosure regulatory regime for venture issuers:

- is designed to provide tailored disclosure to enhance informed investor decision making in this segment of the market, by
    - eliminating certain disclosure obligations that may be of less value to venture issuer investors,
    - providing supplemental disclosure that we think is of relevance to venture issuer investors,

CSA/ACVM Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

Notice and Request for Comment

Proposed National Instrument 51-103
Ongoing Governance and Disclosure Requirements for Venture Issuers

Proposed Amendments to
National Instrument 41-101 *General Prospectus Requirements,* National Instrument 44-101
Short Form Prospectus Distributions
and
National Instrument 45-106 *Prospectus and Registration Exemptions*

and Proposed Related Consequential Amendments

July 29, 2011

1. Introduction

The Canadian Securities Administrators (the CSA or we) are publishing for comment proposed rules and rule amendments which introduce a new mandatory regulatory regime for venture issuers intended to streamline and tailor venture issuer disclosure to reflect the needs and expectations of venture issuer investors and to make the disclosure requirements for venture issuers more suitable and more manageable for issuers at this stage of development. The proposals address continuous disclosure and governance obligations as well as disclosure for prospectus offerings and certain exempt offerings that require prescribed disclosure. The proposals were influenced by our understanding of the characteristics of the venture market, which are set out in Appendix A to this Notice.

2. Goals of the current proposals

(a) Governance and disclosure

The proposed new governance and disclosure regulatory regime for venture issuers:

- is designed to provide tailored disclosure to enhance informed investor decision making in this segment of the market, by
    - eliminating certain disclosure obligations that may be of less value to venture issuer investors,
    - providing supplemental disclosure that we think is of relevance to venture issuer investors,

- reduces the length of regulatory instruments by
    - tailoring the regulatory requirements to focus on those applicable to venture issuers,
    - streamlining and reducing disclosure redundancies,
- makes it easier for venture issuer investors to read disclosure documents and locate key information,
- is designed to enhance the substantive governance standards for venture issuers, relating to conflicts of interest, related party transactions and insider trading, in order to maintain or improve investor confidence in the venture market,
- is expected to allow venture issuer management more time to focus on the growth of the business,
- enhances regulators' abilities to focus on the unique challenges associated with the venture market when considering rule making.

(b) Prospectus and exempt offerings

The revised prospectus and exempt offering disclosure regime for venture issuers:

- in the case of short form prospectuses, TSXV short form offering documents and qualifying issuer offering memoranda, contemplates incorporation by reference of the continuous disclosure documents required by the new governance and disclosure regime,
- in the case of long form prospectuses,
    - introduces a new long form prospectus form that more closely conforms the required disclosure to the new governance and disclosure regime, in particular, the disclosure required under the proposed new annual report,
    - requires only two years of audited annual financial statements, but maintains the junior issuer financial statements exemption that currently exists in the long form prospectus form,
- replaces business acquisition reports (BARs) with enhanced material change reporting including financial statements for acquisitions that are 100% significant,
- does not require three and nine month interim financial reports or associated management's discussion and analysis (MD&A).

3. Purpose of this Notice

The CSA is publishing this notice, and related materials, in order to obtain input on the current proposal. There are a number of specific questions set out in section 10 that we would like to receive comments on, but we are also interested in general comments about the proposal.

This notice and the following materials are being published for a 90-day comment period:

- Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (Proposed Instrument),
- Proposed amendments to National Instrument 41-101 *General Prospectus Requirements* (NI 41-101),
- Proposed amendments to National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101),
- Proposed amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106),
- Proposed consequential amendments to National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102),
- Proposed consequential amendments to National Instrument 52-109 *Certification of Disclosure In Issuers' Annual and Interim Filings* (NI 52-109),
- Proposed consequential amendments to National Instrument 52-110 *Audit Committees* (NI 52-110),
- Proposed consequential amendments to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101),
- Proposed consequential amendments to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101),
- Proposed consequential amendments to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101),
- Proposed consequential amendments to National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107)
- Proposed consequential amendments to National Instrument 44-102 *Shelf Distributions*,
- Proposed consequential amendments to National Instrument 45-101 *Rights Offerings*,
- Proposed consequential amendments to National Instrument 55-104 *Insider Reporting Requirements and Exemptions*,

- Proposed consequential amendments to National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*,

- Except in Ontario, proposed consequential amendments to Multilateral Instrument 11-102 *Passport System*, and

- In Ontario and Quebec, proposed consequential amendments to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*

The materials also include proposed changes to the following policies:

- Companion Policy 41-101CP *General Prospectus Requirements*;
- Companion Policy 44-101CP *Short Form Prospectus Distributions*;
- Companion Policy 44-102CP *Shelf Distributions*;
- Companion Policy 45-106CP *Prospectus and Registration Exemptions*;
- Companion Policy 43-101CP *Standards of Disclosure for Mineral Projects*;
- Companion Policy 51-101CP *Standards of Disclosure for Oil and Gas Activities*;
- Companion Policy 51-102CP *Continuous Disclosure Obligations*;
- Companion Policy 52-107CP *Acceptable Accounting Principles and Auditing Standards*;
- Companion Policy 52-109CP *Certification of Disclosure In Issuers' Annual and Interim Filings*;
- Companion Policy 71-102CP *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;
- National Policy 12-202 *Revocation of a Compliance Related Cease Trade Order*;
- National Policy 12-203 *Cease Trade Orders for Continuous Disclosure Defaults*;
- National Policy 51-201 *Disclosure Standards; and*
- National Policy 58-201 *Corporate Governance Guidelines.*

The Proposed Instrument including the guidance, the proposed amendments, the proposed consequential amendments and proposed changes to the above policies are collectively referred to as the Proposed Materials. We are publishing the Proposed Materials with this Notice. You can also find the Proposed Materials on the websites of many CSA members.

4. Background

The securities regulators in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Saskatchewan initially published CSA Multilateral Consultation Paper 51-403 *Tailoring Venture Issuer Regulation* (Consultation Paper) on May 31, 2010, to elicit feedback on a number of proposals designed to create a new regulatory regime for the venture market (Consultation Proposals). In order to better demonstrate the Consultation Proposals, Sample Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers,* including all related forms, was attached to the Consultation Paper. The Consultation Paper can be accessed at the following internet address:

www.albertasecurities.com/securitiesLaw/Pages/ViewDocument.aspx?ProjectId=f9c626cd-81a5-4a5f-8174-a15069b30589.

In addition to publishing the Consultation Paper, we coordinated consultation sessions across the country to solicit feedback on the Consultation Proposals. Invitations were extended to issuers, company associations, investors, investor associations, dealers, advisers, lawyers, accountants and stock exchange staff (from both the TSX Venture Exchange (TSXV) and the Canadian National Stock Exchange). We initially held 14 consultation sessions in Halifax, Toronto, Montreal, Winnipeg, Calgary, Edmonton and Vancouver. Following the main consultation sessions, a number of smaller meetings were held in September and October 2010 with investors, investment advisors, accounting firms and local bar associations.

In addition to the feedback obtained from the in-person consultation sessions, we received 35 comment letters in respect of the Consultation Paper.

The Consultation Paper was published to help us assess market interest in a more tailored approach to regulating venture issuers. Although there were different levels of support for each of the specific Consultation Proposals, the results of the consultations indicated strong support for pursuing a more tailored approach to venture issuer regulation, including the development of a separate instrument tailored to the continuous disclosure and governance obligations of venture issuers.

5. Why we are pursuing the current proposals

There are numerous reasons behind the CSA's initiative for a more targeted and tailored approach to regulation of the venture market. Some of these reasons include:

- **Significance of venture issuers** - We think that the role venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime.

    - **Significance of venture market** - Venture issuers by number represent a significant component of the total number of reporting issuers. For example, of the 3,730 issuers listed on the Toronto Stock Exchange (TSX) and the TSXV as at May 31, 2011, 2,188 or approximately 59% are listed on the TSXV. This is a significant portion of the equity capital markets.

    - **Economic role** - Venture issuers, as small and medium-sized enterprises, can play an important economic role. They directly and indirectly provide jobs, explore for new resources, serve as incubators for new technologies, and contribute to gross domestic product.

    - **Senior issuers of tomorrow** - Venture issuers grow and become the senior issuers of tomorrow. For example, over the last five years, approximately 50 venture issuers

have graduated to the TSX per year with approximately 335 of the 1,542 currently listed TSX issuers being graduates of the TSXV.[1]

- **Compliance challenges** - Venture issuers have advised us that they have difficulty meeting existing disclosure requirements. For example, the length and complexity of, and the necessary duplication in, the existing rules may create more of a compliance challenge for venture issuers given that they are less likely to have the funds to readily access professional advisers or employ specialized staff to focus solely on securities regulatory compliance matters.

- **Current disclosure format** - The current format of required periodic disclosure, consisting of separate MD&A, financial statements, CEO and CFO certifications, information circulars, and, in some cases, annual information forms (AIF), requires that each of these documents be capable of standing on its own. This creates duplication between the documents as it is necessary for each to be read on a stand-alone basis and provide a complete picture of the issuer's business.

    - **Implications for issuers** - This duplication lengthens the rules and creates additional compliance costs for issuers in reading and interpreting them and ensuring each of the documents required by the rules conforms to the others. The duplicative disclosure can also add to the printing and mailing costs for those documents required to be mailed.

    - **Implications for investors** - The duplication can impact investors.

        - Investors may be less likely to read disclosure documents due to the length and duplication. This issue may be exacerbated for retail investors with limited time and resources. The lack of a periodic narrative summary of the business may also make it difficult for an investor to get a complete picture of the issuer.

        - Venture market investors are frequently investing without the benefit of research reports prepared by analysts to aid investment decisions. Requiring a single disclosure document that would encapsulate all annual disclosure and another for a mid-year period allows us to remove much of the duplication. It could also provide investors with a more complete, yet concise, picture of the venture issuer's business.

- **Regulatory instruments applicable to all issuers** - Although the existing regulatory framework already accommodates venture issuers, it can often be necessary to read and understand an entire regulatory instrument, including the inapplicable portions, to appreciate the scope of the venture issuer-specific provisions. Separate instruments applicable only to venture issuers that are streamlined and targeted at venture issuer regulation may make it easier for venture issuers to understand the requirements they must follow.

---

[1] Information derived from TSX information at May 31, 2011. The 335 currently listed graduates do not include those that have been acquired by other issuers.

- **Market concerns** - New securities regulatory initiatives often arise in response to developments in international markets or emerging shareholder concerns and are often directed at issues in the senior market. Although Canadian securities regulators already consider the needs and characteristics of the venture market when developing new regulations, the scope of possible adjustments for the venture market can be limited when the adjustments are crafted to work within the confines of the regulatory regime for senior issuers. Consequently, the current securities regulatory regime is largely "one size fits all" with variations built in to address venture issuer differences. While the current regime does work, we think that improvements can be made.

  Issues particular to the venture market can take longer to gain attention than those that arise in the senior market. This may arise because of the size of the venture market and the limited presence of institutional investors. A regulatory regime directed and tailored to venture issuers could facilitate greater attention to the venture market.

6. Summary of current proposals

The Proposed Instrument introduces a new definition of venture issuer which, unlike the current definition, will exclude debt-only issuers, preferred share-only issuers and issuers of securitized products. Debt-only, preferred share-only and securitized product issuers are outside the scope of this CSA project but may be, or currently are being, considered in other CSA projects. Debt-only, preferred share-only and securitized product issuers that meet the current NI 51-102 venture issuer definition (collectively to be referred to as "senior unlisted issuers") will continue to be subject to the NI 51-102 venture issuer requirements.

The proposed venture issuer definition also excludes issuers which are subject to BC Instrument 51-509 *Issuers Quoted in the U.S. Over-the-Counter Markets.* The CSA, other than Ontario, has published for comment proposed Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* (MI 51-105). If MI 51-105 becomes effective, we plan to exclude issuers which are subject to MI 51-105 from the venture issuer definition.

The Proposed Instrument would replace the governance, disclosure and certification obligations of venture issuers currently covered by the following:

- NI 51-102 *Continuous Disclosure Obligations*,
- NI 52-109 *Certification of Disclosure In Issuers' Annual and Interim Filings*,
- NI 52-110 *Audit Committees*, and
- NI 58-101 *Disclosure of Corporate Governance Practices*.

As a result, consequential amendments to the above instruments are being made.

(a) Governance and continuous disclosure

The key proposals relating to governance and continuous disclosure are:

- introduction of an annual report requirement that combines into one document business, governance and executive compensation disclosure, audited annual financial statements, associated MD&A and CEO/CFO certifications,
- streamlining of information circular disclosure requirements, including moving governance and executive compensation disclosure to the annual report,
- make filing of three and nine month interim financial reports and associated MD&A voluntary,
- introduction of a mid-year report that includes a six month interim financial report, associated MD&A and CEO/CFO certifications,
- replacing BARs with enhanced material change reporting, including financial statements for acquisitions that are 100% significant,
- introduction of an optional significance test which permits significance to be calculated using the acquisition date market capitalization instead of market capitalization at the announcement date,
- introduction of substantive corporate governance requirements relating to conflicts of interest, related party transactions and insider trading,
- tailored director and executive compensation disclosure,
- requiring the delivery of disclosure documents only on request in lieu of mandatory mailing requirements, and
- requiring only two years of historical financial statements in connection with an initial public offering prospectus offering.

The proposals are not intended to have any material impact on other instruments dealing with continuous disclosure obligations. The following instruments will continue to apply to venture issuers:

- NI 51-101 *Standards of Disclosure for Oil and Gas Activities*,
- NI 43-101 *Standards of Disclosure for Mineral Projects,*
- NI 52-107 *Acceptable Accounting Principles and Auditing Standards,*
- National Instrument 52-108 *Auditor Oversight,* and

- National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (NI 54-101).

The CSA has published for comment proposed amendments to NI 54-101 and related amendments to NI 51-102.We plan to make corresponding changes to the Proposed Instrument to reflect any NI 54-101 related amendments that the CSA implements.

(b) Prospectus and certain exempt offerings

The key proposals relating to prospectus and certain exempt offerings are:

- modifying the disclosure obligations required of venture issuers in connection with a long form prospectus under NI 41-101,
- modifying the documents required to be incorporated by reference in the case of
    - a short form prospectus under NI 44-101,
    - a qualifying issuer offering memorandum under NI 45-106, and
    - the TSXV short form offering document contemplated under NI 45-106.

The disclosure currently required under Form 41-101F1 *Information Required in a Prospectus* (Form 41-101F1) is being modified by way of the introduction of a proposed new form to be used by venture issuers. The new form conforms prospectus disclosure to that required by an annual report under the Proposed Instrument.

The proposals would modify the prospectus financial statement requirements to require only two years of audited financial statements. The proposals would remove the requirement for BARs (and associated financial statements) in connection with an offering, although financial statements would be required for reverse take-overs and acquisitions that are 100% significant. Further, three and nine month interim financial reports and associated MD&A would not be required in connection with a prospectus offering or one of the exempt offering disclosure regimes referred to above.

NI 44-101 and NI 45-106 are being revised to permit incorporation by reference into a short form prospectus, TSXV short form offering document or qualifying issuer offering memorandum of the continuous disclosure documents contemplated under the Proposed Instrument rather than the continuous disclosure documents currently required under NI 51-102.

The proposals are not intended to:

- modify the procedures for conducting a prospectus offering as set out in NI 41-101 or NI 44-101,
- modify the requirements in connection with issuer bids or take-over bids, other than allowing the disclosure in a securities exchange take-over bid circular to conform to the

disclosure that would be required of a venture issuer under the revised continuous disclosure and prospectus requirements contemplated above.

The CSA has published for comment proposed amendments to NI 41-101 which clarify that item 32 of Form 41-101F1 does not require financial statements of predecessor entities and primary business acquisitions for certain reporting issuers, but that item 35 disclosure should be provided for these acquisitions. Major acquisitions under the venture issuer regime would be expected to constitute the primary business of a venture issuer, however, we have retained item 35 in the proposed venture issuer long-form prospectus form since certain reporting issuers may be subject to item 35 disclosure for primary business acquisitions. We plan to make corresponding changes to the proposed venture issuer long-form prospectus form to reflect any prospectus amendments that the CSA implements.

Consequential amendments to NI 43-101 are being proposed to introduce the filing of a preliminary short form prospectus as a trigger to file a technical report for venture issuers.

7. Summary of key changes to the current proposals from those outlined in the Consultation Proposals

As a result of the feedback received on the Consultation Paper, we are proposing a number of changes to the Proposed Instrument from what was originally contemplated in the Consultation Proposals. Some of the key changes are identified below.

(a) Replacing the requirement for three and nine month interim financial reports with the option to provide voluntary disclosure

Similar to the Consultation Proposals, the Proposed Instrument eliminates the requirement for venture issuers to file three and nine month interim financial reports and associated MD&A.

In this Notice we wish to emphasize that under the Proposed Instrument venture issuers have the option to elect to voluntarily file interim financial reports and/or MD&A for three and nine month interim periods (Optional Interim Periods). If a venture issuer decides to file interim financial reports for Optional Interim Periods, pursuant to NI 52-107, those interim financial reports would have to be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises. We are proposing to require that optional interim financial reports be filed within 60 days after the end of the Optional Interim Period. We would also require the issuer to issue a news release disclosing its intent to file optional interim reports and would require the cover page of the annual report to include a statement, in bold text, that the venture issuer intends to file three and nine month interim financial reports. Once an issuer had decided to file interim financial reports for Optional Interim Periods, it would be required to do so for a minimum period of two years. To discontinue filing interim financial reports for Optional Interim Periods, the venture issuer would be required to issue a news release prior to the start of the annual financial period for which the interim financial reports will no longer be filed.

The Proposed Instrument does not require that financial reports prepared for an Optional Interim Period be accompanied by MD&A or a certificate of the CEO or CFO. However, the financial reports and any accompanying discussion, analysis or other narrative would be subject to the

statutory prohibitions against misrepresentations. Interim financial reports for Optional Interim Periods would not be required to be mailed to shareholders.

(b) Duties to act honestly and in good faith and to exercise care, skill and diligence

We are no longer proposing to introduce, into securities law, obligations on directors and officers to act honestly and in good faith and to exercise the care, skill and diligence of a reasonably prudent person acting for a venture issuer in comparable circumstances (similar to those in business corporations law) and the associated governance certification.

Venture issuers will be required to disclose and describe whether their directors and officers are subject to any statutory or contractual requirements that require them, in performing their services as directors and officers, to act honestly and in good faith and to exercise the care, skill and diligence of a reasonably prudent person. If an issuer is subject to similar requirements under an incorporating statute, it would be sufficient to refer to the name of the statute and quote the provisions of that statute. It would not be necessary to summarize general common law obligations.

(c) Material changes and disclosable events

We eliminated the "Disclosable Event" concept. However, one of the elements of the former definition of "Disclosable Event" was a material related entity transaction. Given the prevalence of these types of transactions in the venture market, and investor interest in them, we are proposing to maintain an obligation to report on a timely basis any material related entity transactions. Another element of the definition of Disclosable Event was the refiling of a continuous disclosure document. Although refiling will not trigger a Disclosable Event report, similar to the requirements under NI 51-102, issuers will be required to file a news release in the event of a refiling.

(d) Annual report triggering a mining technical report

Mining issuers that file an AIF that contains scientific or technical information that relates to a mineral project on a property material to the issuer must file a technical report unless the issuer previously filed a technical report that supports the scientific or technical information and there is no new scientific or technical information concerning the subject property not included in the previously filed technical report.

Commenters questioned whether the introduction of an annual report with mining disclosure would trigger a technical report filing requirement for venture issuers.

In order to maintain the status quo for venture issuers, we propose that a technical report would be triggered if either of the following two circumstances apply:

1. a venture issuer files a short form prospectus;

2. a venture issuer's annual report contains disclosure of the type that would trigger a technical report under paragraph 4.2(1)(j) of NI 43-101 (i.e., first time disclosure of mineral resources, mineral reserves or a preliminary economic

assessment or a change to that disclosure, if that change constitutes a material change for the venture issuer).

We are proposing amendments to NI 43-101 to implement this proposal. Under paragraph 4.2(1)(b.1) of NI 43-101, an issuer that is a venture issuer must file a technical report with a preliminary short form prospectus. We have re-introduced this requirement for venture issuers because they will not be required to file a technical report with their annual report under the Proposed Instrument.

(e) Companies with mineral projects

We are proposing to change the annual report disclosure requirements to reflect amendments that have been made to the technical report requirements under NI 43-101. The changes to the technical report requirements became effective June 30, 2011. We are also proposing equivalent amendments to the AIF under NI 51-102.

(f) Material contracts - summaries vs. filing of contracts

The Consultation Proposals required venture issuers to summarize material contracts in their annual reports but not file them. NI 51-102 requires that venture issuers file materials contracts, but does not require venture issuers to provide material contract summaries unless they file an AIF.

We have decided to revert to the status quo, requiring venture issuers to file material contracts but not require material contracts to be summarized in their annual disclosure. Venture issuers would be required to provide a list of the material contracts in their annual report.

(g) Summary of insider trading

We have removed the requirement to provide a summary of insider trading in the annual report. Instead we propose to require venture issuers to disclose each person or company, other than executive officers, that, to the venture issuer's knowledge, is or was, during the last completed financial year a "reporting insider", as that term is defined in National Instrument 55-104 *Insider Reporting Requirements and Exemptions.*

(h) Aggregation of executive compensation disclosure

The Consultation Proposals permitted aggregation of compensation of executive officers, other than the CEO, CFO and any higher paid executive and director compensation.

The Proposed Instrument requires individualized compensation disclosure for the directors and named executive officers or NEOs, (as that term is defined under Form 51-102F6 *Statement of Executive Compensation*) (i.e., individualized disclosure would be required for directors and for the CEO, CFO, and three most highly compensated executive officers, other than the CEO or CFO whose total salary and bonus exceeded $150,000). We concluded that there was not a sufficiently compelling reason to create different disclosures or thresholds than those set out in Form 51-102F6 *Statement of Executive Compensation.* However, disclosure in respect of these individuals would continue to be the tailored disclosure contemplated in the Consultation Proposals. We clarified that compensation disclosure should be provided for the venture issuer's

two most recently completed financial years and have mandated that the prescribed stock option and compensation securities disclosure must be positioned directly after the compensation table.

(i) Compensation discussion and analysis

We are proposing to enhance the compensation analysis disclosure requirements. For example, we have added requirements to describe and explain significant elements of compensation; we have enhanced the required discussion of performance criteria or goals; and now require disclosure of how each significant element of compensation is determined.

(j) Governance disclosure

Institutional investor representatives expressed apprehension about certain elements of governance disclosure not being provided. In particular, they were concerned that we did not require disclosure of:

1. steps to encourage a culture of ethical conduct,
2. how the board facilitates independent judgement, and
3. how the boards assesses results.

Our initial rationale for excluding these disclosure items was, in part, because we thought that they would be covered by the substantive governance requirements to act honestly and in good faith and to exercise care, skill and diligence of a reasonably prudent person. However, given that the Proposed Instrument eliminates those substantive governance requirements for directors and officers, we have introduced a few additional governance disclosure requirements, particularly addressing the issues referred to above.

(k) Financial statements – filing requirement for major acquisitions

We contemplated, in the Consultation Proposals that if an issuer conducted an acquisition that was 100% significant to the venture issuer, financial statements would be required.
Some commenters noted that the Consultation Proposals required venture issuers to provide financial statements for major acquisitions at the same time as the filing of a material change report (within 10 days of the material change). These commenters expressed concern that this was significantly abbreviated from the 75 days allowed for BARs.

Although the material change report would be required within 10 days of the acquisition, we will not require the financial statements to be filed concurrently with the material change report and, consistent with the timing requirements for BARs, will permit them to be filed within 75 days after the transaction.

(l) Significance test

We have maintained the proposed significance test, but introduced an optional significance test which permits significance to be calculated using the acquisition date market capitalization instead of market capitalization at the announcement date.

(m) Confidential material change reports

Similar to the current disclosure regime for venture issuers, the Proposed Instrument will allow venture issuers to deliver confidential material change reports. However, venture issuers will not be permitted to file reports of material related entity transactions on a confidential basis.

(n) Disclosure responsibilities

The Consultation Proposals contained a "General Disclosure Standard" which prohibited venture issuers from making or authorizing the making of oral or written statements that are misleading or false in a material respect. Under that standard, executive officers and directors that authorized, permitted or acquiesced in a contravention could also be held liable.

The Consultation Proposals also contained a requirement that unfiled disclosure, such as that made on a website or in a presentation, be consistent with the disclosure made in filed documents. Some concerns were expressed regarding this provision, including the certainty of it and whether it would be more appropriate to include it in securities legislation as opposed to a rule.

We have removed the general disclosure standard as we determined that this issue was adequately covered in the statutes of Canadian jurisdictions.

(o) Incorporation by reference

The Consultation Paper permitted venture issuers to satisfy certain disclosure obligations by reference to a previously filed document. The Proposed Instrument now requires venture issuers, other than CPCs, to provide any required disclosure directly in the annual report. This is consistent with the objective of the annual report to be the annual disclosure document that venture issuer investors should refer to for complete, concise annual disclosure.

(p) Certification

In the event that a venture issuer chooses to include a full certificate in its annual report, we added requirements that it comply with the relevant provisions of NI 52-109 for issuers filing a full certificate.

8. Proposed legislative amendments

Legislative amendments may need to be sought in some jurisdictions. For example, legislative requirements may be pursued to add an annual and mid-year report and a report of material change, material related entity transaction or major acquisition, except for financial statements associated with a major acquisition, to the core document definition for the purposes of secondary market disclosure civil liability or to provide rule-making authority for certain of the proposed corporate governance requirements.

9. Appendices

Appendix A:	Venture Market Characteristics
Appendix B	Proposed Instrument
Appendix C:	Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*
Appendix D:	Proposed Amendments to National Instrument 44-101 *Short Form*

	Prospectus Distributions
Appendix E:	Proposed Amendments to National Instrument 45-106 *Prospectus and Registration Exemptions*
Appendix F:	Proposed Consequential Amendments
Appendix G:	Proposed Changes to National and Companion Policies

Local Notices and Amendments
In conjunction with the Proposed Materials, certain securities regulatory authorities will amend local securities legislation. These jurisdictions will publish any proposed local changes or other information required by local securities legislation in Appendix H to this notice.

10. Questions on the Proposed Materials

We invite market participants to provide input on the proposed new mandatory regulatory regime for venture issuers outlined in this Notice. In addition to any comments you may have to the Proposed Materials, we have a number of questions on the Proposed Materials where we would appreciate your feedback. We encourage you to provide detailed explanations in support of your answers. We are particularly interested in hearing from those participating in the venture market such as issuers, investors, legal counsel and promoters. We also invite ideas for other possible regulatory reforms directed at the venture market.

Mid-year financial reporting
A key element of the proposal remains the change from quarterly financial reporting to a semi-annual reporting requirement. We also propose creating an option to voluntarily provide quarterly financial disclosures within a prescribed, consistent framework. We received strong feedback both supporting the proposal to eliminate the existing requirement for mandatory first and third quarter reports, as well as feedback voicing concerns. As this continues to be one of the most significant elements of the proposal, we think it is important to seek more detailed formal comment specifically on this issue.

From a regulatory perspective, the rationale for creating a semi-annual filing regime includes the following:

- many financial regulatory regimes outside North America follow a semi-annual schedule of financial reporting, such as the United Kingdom, Australia, Hong Kong and South Africa, though none of these jurisdictions have a regime that requires quarterly reporting for one segment but semi-annual reporting for another segment;
- the feedback we received during the consultation phase indicates that investors in venture companies place a great deal of value in the issuer's management, concepts, direction and plans and they are interested in significant corporate developments that are addressed through non-financial statement disclosures;
- issuers must comply with material change reporting; and
- other aspects of this proposal are intended to provide disclosure that addresses key areas of investor interest.

The following questions ask how the removal of mandatory first and third quarter financial statement reporting would affect investor protection and capital-raising.

1. Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?
    a) If you support this proposal, why? What are the benefits?
    b) If you do not support this proposal, why not? What are your concerns?

2. If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?

3. If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?
    a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?
    b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.
    c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

4. If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?

5. If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.

6. Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?

Other financial statement requirements

7. The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?
    a. If you think that 100% is the correct threshold, explain why.

b. If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.
c. Should financial statements be required at all for these transactions?

8. The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?
    a. If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

9. The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form 41-101F1. Should this exemption be expanded to apply to all venture issuers?
    a. If you think the exemption should be expanded, explain why.
    b. If you do not think that the exemption should be expanded, explain why.

Governance requirements and executive compensation disclosure

10. The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?
    a. If you think that control persons should be added, explain why.
    b. If you do not think that control persons should to be added, explain why.

11. The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.
    a. Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?
        i. If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

ii. If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

12. In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

General disclosure requirements

13. The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?

Further comments invited

14. We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.

11. Cost Benefit Analysis

In addition to the request for comments set out in this notice, the CSA will also conduct a cost benefit analysis. We will contact various market participants including venture issuers and investors to request participation in completing a survey to assist in this process. If you would be interested in participating, please contact:

Suzanne Lo
Economist
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, B.C. V7Y 1L2
(604) 899-6538 or 1-800-373-6393
slo@bcsc.bc.ca

12. Comments and Submissions

To respond to the questions in this notice you must submit your comments in writing by October 27, 2011. If you are sending your comments by email, you should also send an electronic file containing the submissions in Microsoft Word.

Please address your comments to all of the CSA members as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Prince Edward Island Securities Office
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Department of Community Services, Government of Yukon
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 addresses below. Your comments will be forwarded to the remaining CSA jurisdictions.

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-2082
ashlyn.daoust@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: 514-864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

Please note that comments received will be made publicly available and posted at www.albertasecurities.com and http://www.bcsc.bc.ca/ and the websites of certain other securities regulatory authorities. We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

13. Questions

Please refer your questions to any of the following:

Alberta Securities Commission
Tom Graham
Director, Corporate Finance
(403) 297-5355 1-877-355-0585
tom.graham@asc.ca

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
(403) 355-4347 1-877-355-0585
ashlyn.daoust@asc.ca

British Columbia Securities Commission
Martin Eady
Director, Corporate Finance
(604) 899-6530 1-800-373-6393
meady@bcsc.bc.ca

Andrew Richardson
Deputy Director, Corporate Finance
(604) 899-6730 1-800-373-6393
arichardson@bcsc.bc.ca

Jody-Ann Edman
Senior Securities Analyst, Corporate Finance
(604) 899-6698 1-800-373-6393
jedman@bcsc.bc.ca

Leslie Rose
Senior Legal Counsel, Corporate Finance
(604) 899-6654 1-800-373-6393
lrose@bcsc.bc.ca

Saskatchewan Financial Services Commission
Ian McIntosh
Deputy Director, Corporate Finance
(306) 787-5867
ian.mcintosh@gov.sk.ca

Manitoba Securities Commission
Bob Bouchard
Director, Corporate Finance and Chief Administrative Officer
(204) 945-2555 1-800-655-5244
Bob.Bouchard@gov.mb.ca

Ontario Securities Commission
Lisa Enright
Manager, Corporate Finance
(416) 593-3686 1-877-785-1555
lenright@osc.gov.on.ca

Michael Tang
Senior Legal Counsel, Corporate Finance
(416) 593-2330 1-877-785-1555
mtang@osc.gov.on.ca

Marie-France Bourret
Accountant, Corporate Finance
(416) 593-8083 1-877-785-1555
mbourret@osc.gov.on.ca

Autorité des marchés financiers
Sylvie Lalonde
Manager, Policy and Regulation Department
(514) 395-0337
poste 4461 1-877-525-0337
sylvie.lalonde@lautorite.qc.ca

Alexandra Lee
Senior Policy Adviser
Policy and Regulation Department
(514) 395-0337
poste 4465 1-877-525-0337
alexandra.lee@lautorite.qc.ca

Chantal Leclerc
Senior Policy Adviser
Policy and Regulation Department
(514) 395-0337
poste 4463 1-877-525-0337
chantal.leclerc@lautorite.qc.ca

New Brunswick Securities Commission
Susan Powell
Acting Director, Regulatory Affairs
(506) 643-7697 1-866-933-2222
susan.powell@nbsc-cvmnb.ca

Nova Scotia Securities Commission
Abel Lazarus
Securities Analyst
(902) 424-6859
lazaruah@gov.ns.ca

Appendix A

Venture Market Characteristics[2]

- **Common characteristics of venture market investors**
  - proportionately more likely to be retail investors with small positions,
  - limited (but growing) institutional involvement,
  - because of fewer institutional investors, shareholder influence on management may differ from that in the senior market,
  - founders and management are frequently the largest shareholders with controlling interest,
  - more likely to have prior experience in the venture issuer's industry or with its management,
  - limited analyst coverage and fewer research reports (although increasing) place a greater burden on investors and dealers to do their own research and follow developments,
- **Venture issuer investor interests and expectations**
  - more likely to expect a dramatic growth strategy,
  - less likely to expect dividend payments, or long-term, steady appreciation,
  - recognize that smaller, developing issuers have a high failure rate, but invest with the understanding that greater risks may bring greater rewards,
  - more likely influenced by material news releases than historical financial statements,
  - interested in intended milestones and performance relative to milestones,
  - more interested in the amount directors and management have invested in the venture issuer – their "skin-in-the-game",
  - particular interest in the relationship between management compensation compared to amounts of capital spent on business development,
  - particular concern about discretionary expenditures and the issuer's "burn-rate",

---

[2] These points are based on anecdotal information taken from consultation with venture issuers and various other market participants.

- particular interest in the details of related party transactions,
- interest in trading by directors and officers in the venture issuer's securities,

- **Common characteristics of venture issuers**
  - tend to have small internal staffs and proportionately smaller scale operations,
    - limited segregation of duties even as between directors and officers,
  - more likely to invest based on management and management's ideas and the anticipated future prospects,
  - more limited financial resources,
  - resource exploration and technology research and development companies,
  - may have no foreseeable prospects of generating significant revenue,
    - may rely for a prolonged period on financing to fund development and meet operational requirements,
    - financing windows are shorter and smaller and there is less competition for their funding,
    - smaller financings, proportionately fewer shareholders with significant positions and less analyst following all tend to create generally reduced trading liquidity,
    - limited financial resources can
      - make it more challenging to hire staff dedicated to securities regulatory compliance matters,
      - make the cost of professional and technical advisers proportionately more expensive,
      - increase reliance on stock-based compensation,
      - increase reliance on stock as a form of currency for acquisitions,
  - the combination of limited financial resources and the statistically greater risk of business failure can make it more difficult to attract and compensate experienced and independent directors and management.

October 21st 2011.

Ashlyn D'Aoust,
Legal Counsel, Corporate Finance,
Alberta Securities Commission,
Suite 600- 250-5th Street SW,
Calgary,
Alberta,
T2P 0R4

Dear Madam,

Please find attached a submission in response to the Proposed National Instrument 51-103 - Ongoing Governance And Disclosure Requirements For Venture Issuers and the Proposed Amendments to National Instruments 41-101, 44-101 and 45-106, dated July 29, 2011.

Yours sincerely,

Robin J. Preston.
Director and Chairman of the Corporate Governance Committee.

Cabo Drilling Corporation,
3rd Floor, 120 Lonsdale Avenue,
North Vancouver, B.C.,
V7M 2E8

CABO DRILLING CORPORATION.

Response to questions raised by Proposed National Instrument 51-103 of July 29, 2011.

Input to the questions raised commencing in Section 10 and commencing on page 16 of this document.

1. YES.
   a) Simplifies the reporting of regulatory information and yet the investor is not put at risk.

2. No.

3. Not applicable.

4. No. Second and fourth reporting is sufficient. It is also possible to review performance available through press releases and other sources of company information.

5. Not applicable.

6. Yes, less burdensome. But this depends of course on the depth of the new reporting to be required.

7. a). Not applicable.

   b) 50% is the correct threshold. This level imposes sufficient onus and reporting at this level should commence.

   c) Yes.

8. Provided elsewhere in venture issuer's disclosure.

9. a) No. This requirement for "junior issuers" is in place for good reasons. To expand this requirement for all venture issuers has no added value for the investor.

10. b). Control persons should not be added. They might attend at these meetings, but with no right to vote on issues. Otherwise they would tend to dominate which would be unhelpful.

11. a) No. (ii) Unnecessary duplication of already published information.

12. Yes. Provides additional information regarding option exercise values for investors.

13. No comment.

OTHER COMMENTS.

The wording of this proposal document is overly complex, difficult to read and carries little punctuation. By deliberately shortening sentences and making brief, direct points, would be more effective and would be greatly appreciated in future.

Ansar Financial and Development Corporation
1825 Markham Road, Suite # 209
Toronto, Ontario, M1B 4Z9

October 24, 2011

The Ontario Securities Commission
Cadiliac Fairview Tower
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

Re: Proposed National Instrument 51-103

Dear Sir/Madam,

Please note the following comments in response of the key areas discussed on September 20,2011 consultation session regarding the proposed National instrument 51-103 (ongoing Governance and disclosure requirement for Venture Issuers):

Semi –annual Financial Reporting:

(1) We support the proposal to replace the requirement to file three and nine month interim financial reports with semiannual reporting. This will reduce administrative time and regulatory compliance costs of reparative reporting. Management will also have more time to spend strategic planning which will generate more revenue for the organization. Additionally, I like the idea that the prescribed framework gives the opportunity for voluntary financial reporting for three and nine months if any venture organization wants to accept this option for their shareholder.

(2) None

(3) We do not believe that first and third quarter financial statements will deter investment in venture issuer. If any shareholders need any information they always can call and get the information regarding any material changes.

Business Acquisition Report:

(4) We are not in conformity with complete elimination of Business Acquisition Report (BAR) for significant acquisitions. Financial statements may not provide all the related information for significant acquisitions. Venture issuer should provide a consolidated or short form of BAR with all material information including financial statement in case of significant acquisition. Moreover, 100% or more market capitalization should not be a factor for providing financial statement.
100% or more thresholds for market capitalization may also not be a great idea. The threshold should at least be 60% or more for market capitalization. This will gives the acquirer to manage any startling circumstances in the market.

Financial statements provide the information regarding asset, liabilities and profitability for the venture issuer. Without this any acquisition may not confer the complete picture of the transaction.

Executive Compensation:

(5) We concur the proposal of replacing the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive because until executive exercise the right to take that option, this disclosure has no monetary impact. In our opinion, the discloser of grant date fair value and the accounting fair market value of stock options or other securities-based compensation only provides will provide negative attitude towards the executives.
Alternatively, once executive exercise the right to take that option, discloser can be made for both the grant date fair value of stock options or other securities-based compensation and the exercise date fair market value.

Costs and benefit of the proposal:

(6) Will the proposal reduce organizations regulatory compliance costs?

It will reduce the organizations costs of regulatory compliance costs because we will have to file information twice a year than four times in one year.

(8) Share price should not be affected for not reporting three and nine month financial information. The venture issuer can inform any material changes to the investor through their web site if necessary or they can send individual email(if necessary) to the investor.

Scope of Proposal:

(1) In our opinion, the proposed instrument should apply to all segments of the venture issuer in order to have the consistency and market comparison of financial and other data.
(2) None.

Sincerely,

Pervez Nasim
Chairman & CEO

KPMG LLP
Bay Adelaide Centre
Suite 4600
333 Bay Street
Toronto ON
M5H 2S5

Telephone (416) 777-8500
Fax (416) 777-8818
www.kpmg.ca

SENT BY ELECTRONIC MAIL

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Authorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Prince Edward Island Securities Office
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Department of Community Services, Government of Yukon
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Ashlyn D'Aoust, Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
E-Mail: ashlyn.daoust@asc.ca

Anne-Marie Beaudoin, Corporate Secretary
Authorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montreal, Québec H4Z 1G3
E-Mail: consultation-en-cours@lautorite.qc.ca

October 10, 2011

Dear Sirs/Mesdames:

Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Ventures Issuers* and Related Amendments

This letter is in response to the Request for Comment published at (2011) 34 OSCB (Supp-5) concerning proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* and related amendments.

Generally, we support the direction the CSA has taken in the proposed materials to recognize venture issuers distinct from non-venture issuers and our appreciative that this is a national proposal as we believe that it is in the interest of an efficient securities market to have the requirements be harmonized across the country. In particular, we support the creation of an annual report and believe that the reasons stated for the creation of an annual report for venture issuers would apply equally for non-venture issuers.

In Appendix A we have addressed a number of matters on which specific comment was not requested:

- Transition issues
- Material change reports
- Issuers quoted in the U.S. over-the-counter market
- Form 51-103F1- Liquidity and capital resources

With respect to the matters that the CSA specifically requested comment, please see below our comments on selected questions. We did not respond to questions we believe would be best answered by investors or preparers.

Mid-Year Reporting

- Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?

  – Generally, we support this initiative. We do have some concern that investors may not be alerted in a timely fashion when the financial condition of an issuer has deteriorated significantly between filings, but, we believe that this can be dealt with through material change reports (see our comment in Appendix A Material Change Reports – Deterioration in Financial Condition).

  – We would prefer the creation of a voluntary quarterly report similar to the semi-annual report as we believe the marketplace would be better served, if those issuers that elect to provide voluntary quarterly information had a clear framework under which to provide that information. We recognize that this may mean that fewer issuers may elect to provide such information but we believe that those that will elect to do quarterly reporting will be providing this information because they are a larger operating entity or institutional investors have demanded this information and thus, to be meaningful and comparable to other periods that information should be accompanied by MD&A and be certified.

  - We support the requirement for issuers to have to comply with quarterly reporting for a two year timeframe to avoid voluntary disclosure of positive results and no disclosure of results below expectations.

- If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?

  - Yes. We believe the other changes are of significant value as securities rules targeted specifically at venture issuers will allow venture issuers to more readily understand the requirements they must follow. Further, as future changes are required they can be developed in the context of venture issuers rather than on an "exception basis" from rules that apply to non-venture issuers.

  - If mandatory quarterly financial reporting is not eliminated then we would suggest that the semi-annual report be replaced with a quarterly report which would contain all the same material as the semi-annual report but on a quarterly basis. We believe the marketplace is simplified by having one such document similar to the United States (e.g.10-K and 10-Q). We would also suggest that similar to the United States any amended documents be readily identified as amendments (e.g. 10-K/A).

- If you do not support the proposal to replace the requirements to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for the first and third quarters?

  - We support the requirement to move to required semi-annual reporting. However, as stated above when voluntary quarterly reporting is elected, we believe a standardized quarterly report should exist.

- Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?

  - We believe issuers should address whether there would be significant time savings to preparing a subset of quarterly financial reporting.

  - We are concerned that by preparing a subset of quarterly financial reporting that there would be an increased risk of misleading information being disclosed deliberately or inadvertently. We are concerned that this may lead to a proliferation of the disclosure of various financial measures (including non-GAAP measures) such as cash burn, revenues, etc. without giving a full picture of the entity and also without preparing full internal financial statements. We believe without the discipline of a full set of financial statements to support such disclosures, the risk of error in this material would be unreasonably high.

Other financial statement requirements

- The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?

  – We recommend that the CSA consider investor comments regarding the usefulness of pro forma financial information when determining if such information is required.

  – We would recommend that the CSA include guidance in the Companion Policy regarding voluntary preparation of pro forma financial information. By doing this, if such information is considered useful, there will be a standard basis for its preparation. This will also allow auditor's to perform the procedures in CICA HB 7110.36 which requires inquiries as to whether the "pro forma statements comply as to form in all material respects with applicable regulatory requirements."

- The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?

  – We are concerned that investors may take unwarranted reliance on unaudited comparative information and for this reason would not like to see an extension of the exemption provided to "junior issuers".

  – Overall, we believe the reduction from three years to two years of audited financial statements sufficiently addresses the differing needs of investors in venture issuers versus non-venture issuers.

Governance requirements and executive compensation disclosure

- The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?

  – We support changes which enhance the independence of the audit committee as we have found that an independent audit committee will enhance audit quality through support of the auditor. Further, in a regime with less frequent mandated reporting it is even more crucial that an audit committee that is independent will be making critical decisions regarding what information requires a material change report or should be contained in the mid-year and annual reports.

– We support the requirement to require the audit committee to be composed of at least three directors a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. We would further support a decision to include control persons in this list to ensure the independence of the audit committee.

General disclosure requirements

- The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? Is so, which requirements?

    - We do not believe that additional relief is required for capital pool companies.

Thank you for the opportunity to comment on NI 51-103 and related amendments. Should you wish to discuss our comments in more detail, we would be pleased to respond.

Yours truly,

Laura Moschitto
Partner, KPMG LLP
(416) 777-8068

Appendix A

Transition issues

The proposed rule does not provide any guidance regarding any transition matters for situations such as:

- an issuer than moves from being a venture issuer to a non-venture issuer. Would these issuers be required to provide comparative Q1 and Q3 reports in the year of transition?

- an issuer that moves from being a non-venture issuer to a venture issuer. Would these issuers be required to continue providing Q1 and Q3 reports for two years?

- the implications for pro forma financial statements when a non-venture issuer takes over a venture issuer. For example, an acquisition occurs in July for calendar year end entities. The acquirers latest quarter is June 30 but the venture issuer has not prepared any interim financial statements. Would the venture issuer be required to prepare a first quarter financial statement for the pro forma rather than using publicly available information since the difference in period ends exceeds 93 days?

Material change reports

Related party transactions

The proposed rule requires that upon the occurrence of a material related entity transaction or once a decision to implement a material related entity transaction is made either by the board of directors or by senior management who believe that confirmation of the board of directors is probable, that a news release is filed. By the 10th day after the event, Form 51-103F2 must either be filed or a press release available containing that same information.

We are concerned that the CSA is requiring management to predict whether the board will approve the transaction and that securities rules are requiring public disclosure of unapproved transactions. If this requirement remains, we believe the rule should require that in the case that the board does not approve the transaction that material change disclosure occur again

Deterioration in financial condition

We are concerned that given the length of time between reporting, material changes in the financial condition of an issuer may develop and not be reported on a timely basis. For example, for a December 31 year end company that reports its Q2 results August 31st, no additional financial information is required until April 30th which is a period of 8 months. We believe that there should be an explicit requirement for management to assess by 60 days after each quarter end the issuer's ability to continue as a going concern. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall:

- disclose those material uncertainties, if they have not been previously disclosed by filing a material change notice;

- disclose any additional identified material uncertainties by filing a material change notice.

We would also recommend that management be explicitly required to make the same assessment and disclosures at the time of filing a prospectus.

We believe this requirement will help to ensure investors will have the same critical information on a timely basis regarding material uncertainties that would be available if an issuer prepared interim financial statements without imposing a requirement to prepare interim financial statements.

Issuers quoted in the U.S. over-the-counter markets

We do not understand the rationale for excluding venture issuers who would otherwise qualify as venture issuers from using these streamlined rules except for the fact that they are captured by BC Instrument 51-509 *Issuers Quoted in the U.S. Over-the Counter Markets.*

Further, as we understand the proposed rule, in Ontario these issuers would be considered to be venture issuers. We are not clear how an issuer in Ontario and another province could comply with both NI 51-103 for Ontario and NI 51-102 for other provinces.

We recommend that these issuers be treated as venture issuers in all jurisdictions.

Form 51-103F1 - Liquidity and capital resources

Section 17(5)(a)(iii) requires disclosure about "whether the venture issuer reasonably expects to have sufficient funds to maintain activities and meet planned growth or development". We would recommend changing this to read "whether the venture issuer reasonably expects to have sufficient funds to maintain activities **at the current level** and meet planned growth or development". This will require alerting investors when future operations may need to be curtailed significantly to allow an entity to continue to operate. We have found that a number of companies argue that they don't need any disclosure because they can continue to operate for the next 12 months, albeit at a significantly reduced level.

Montréal, le 26 octobre 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Commission des valeurs mobilières du Manitoba
Commission des valeurs mobilières de l'Ontario
Autorité des marchés financiers
Nova Scotia Securities Commission
Commission des valeurs mobilières du Nouveau-Brunswick
Securities Office, Ile-du-Prince-Édouard
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Ministère des Services aux collectivités, Gouvernement du Yukon
Bureau du Surintendant des valeurs mobilières, Gouvernement des Territoires du Nord-Ouest
Bureau d'enregistrement, ministère de la Justice, Gouvernement du Nunavut

A l'attention de :
Anne-Marie Beaudoin
Secrétaire de l'Autorité
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec)
H4Z 1G3
Courriel : consultation-en-cours@lautorite.qc.ca

Et de :
Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary (Alberta)
T2P 0R4
Courriel: ashlyn.daoust@asc.ca

Objet : Questions sur le projet de Règlement 51-103 dans l'avis de consultation publié le 29 juillet 2011

Voici mes réponses aux questions de l'avis de consultation publié le 29 juillet 2011 sur le projet de Règlement 51-103. La numérotation des paragraphes correspond à la numérotation de vos questions. Je suis CFO à temps partagé pour 4 sociétés en exploration minière qui n'ont pas encore de revenu de production.

1. a) Oui je soutiens le dépôt facultatif des T1 et T3.
    a. Pourquoi. Les investisseurs mettent moins d'importance sur les états financiers trimestriels d'une société en exploration minière qui n'a pas de revenu de production. En général, ils prendront la décision d'investir dans une société exploration minière en évaluant les informations suivantes:

i. Les membres de la direction et les administrateurs. L'information sur les membres de la direction et les administrateurs est disponible sur le site internet de la compagnie et les changements sont annoncés par communiqué.
ii. Les projets miniers. Les développements importants sont divulgués par communiqués.
iii. La structure du capital (actions, options et bons de souscription en circulation). Les variations importantes d'une période à l'autre, tels les financements clôturés et les octrois d'options, sont divulguées par communiqués.
iv. L'encaisse et placement à court terme. Parfois inclus dans des communiqués quand le besoin s'en fait sentir. Mes présidents me demandent souvent le solde de l'encaisse et des placements à court terme pour mettre à jour leurs présentations corporatives.
1. Il faut aussi regarder les payables et la portion de l'encaisse réservée pour des travaux d'exploration suite à des placements accréditifs. Cette information se retrouve seulement dans les états financiers.

b. Avantages :
i. Diminution des coûts reliés à la comptabilité.
ii. Le président et le géologue peuvent dédier plus de temps à l'exploration. La rédaction du rapport de gestion, surtout la section géologique et la révision des documents (états financiers et rapport de gestion) sont faites seulement deux fois par année au lieu de quatre fois. Le comité de vérification et le conseil d'administration n'ont pas besoin de consacrer du temps pour la révision et l'approbation des T1 et T3.
iii. Ce régime fonctionne déjà dans d'autres pays comme l'Australie.

c. Réserves :
i. Les sociétés qui ont des revenus devraient probablement opter pour la divulgation facultative.

2. Non, si on garde l'obligation des T1 et T3, je ne crois pas que les autres changements sont assez importants pour justifier une réforme.
a. Je suis particulièrement préoccupée par l'augmentation de la charge de travail pour la rédaction du rapport de gestion alors que cette réforme se voulait un allègement de réglementation. Actuellement, probablement la majorité des sociétés d'exploration minières du Québec ne faisaient pas de notice annuelle. Or, les nouvelles exigences de divulgation nous amènent à produire l'équivalent d'une notice annuelle, dans un délai de 120 jours. Donc en fait, ceci apporterait plus de travail aux émetteurs, sans avoir le bénéfice de laisser tomber les T1 et T3 pour compenser. Particulièrement, les exigences d'informations sur les propriétés minières vont demander beaucoup plus d'implication et de temps de la part des géologues, alors qu'on préférerait qu'ils passent plus de temps sur le terrain et l'avancement des travaux. Certains géologues ont qualifié la demande d'information de quasi 43-101.
i. Je recommanderais de garder les mêmes exigences de divulgation sur les propriétés minières que dans le présent rapport de gestion.
ii. Pourquoi imposer cette presque notice annuelle alors que les sociétés en exploration minière du Québec font très peu de prospectus simplifiés. Elles font la plupart du temps des placements privés, car le processus est moins lourd et moins dispendieux.

b. Je suis aussi préoccupée d'avoir à produire la circulaire en 120 jours dans le rapport annuel alors qu'avant, nous avions quelques semaines de plus pour travailler sur la circulaire une fois les états financiers et le rapport de gestion déposés.
c. Des coûts plus élevés seront encourus pour la vérification puisqu'il faut qu'il s'assure qu'il n'y a pas d'information financière en contradiction avec les états financiers.

3. N/A.

4. Non. Comme investisseur dans des sociétés en exploration minière, je vais chercher l'information sur les 4 thèmes énoncés au point 1 dans les derniers états financiers publiés, les communiqués et le site internet. Je vais aussi consulter les états financiers annuels vérifiés qui contiennent certaines informations qui ne sont pas dans les états financiers intermédiaires, par exemple les contingences.
5. N/A.
6. Informations financières allégées possibles pour le T1 et T3:
    a. Produire seulement des états financiers sans rapport de gestion.
        i. Nous sauverions le travail pour préparer le rapport de gestion des T1 et T3. Mais le management et le conseil d'administration seraient autant impliqués dans la préparation et le processus d'approbation des états financiers.
        ii. Ce n'est pas une option que je privilégie, car nous n'aurions pas les bénéfices attendus des allègements de la réglementation.
    b. Produire seulement un état de la situation financière (bilan) et état du résultat global.
        i. Il faudrait que ces 2 pages soient préparées selon les normes IFRS. Il faudrait voir si les mécanismes d'approbation, certification, dépôt seraient les mêmes.
        ii. On sauverait le temps pour préparer les notes aux états financiers et le rapport de gestion. Néanmoins, il faut faire un grand livre avec une bonne démarcation et tous les calculs fiscaux, ce qui revient à faire une clôture définitive. Donc quand même beaucoup de travail du côté comptabilité.
        iii. Ce n'est pas une option que je privilégie, car nous n'aurions pas les bénéfices attendus des allègements de la réglementation.
    c. Communiqué de presse avec informations minimales.
        i. Pour les sociétés en exploration minière, les informations pertinentes seraient : la position de l'encaisse et des placements à court terme, le solde de l'encaisse réservée pour les travaux d'exploration, les payables et le sommaire de la structure du capital.
        ii. Il faudrait que les informations à fournir dans un communiqué de presse soient définies pour ne pas que ce soit la confusion.
7. -
8. -
9. Lorsqu'une société n'a pas de revenus reliés à une entreprise, de produire des états financiers au-delà d'un exercice n'est pas vraiment pertinent. C'est particulièrement le cas d'une société en exploration minière.
10. -
11. Je crois que le pire serait de répéter une même information dans deux documents. D'autant plus que dans le règlement proposé, il n'y aura plus d'envoi automatique des documents imprimés. L'investisseur est invité à consulter de façon électronique le rapport annuel et aussi désormais la circulaire de sollicitation (à moins qu'il fasse la demande de recevoir une copie papier).
    a. Ma préférence serait de garder l'information sur la rémunération et la gouvernance dans la circulaire de sollicitation de procuration afin de nous donner quelques semaines de plus pour préparer l'information.
12. Le calcul Black Scholes n'est pas parfait, il est probablement surévalué dans la plupart des cas à cause de la grande volatilité des émetteurs en croissance. Cette valeur est pourtant comptabilisée dans les états financiers. En fait cette valeur est une indication de la générosité de la rémunération octroyée. Le détenteur d'option n'a pas d'avantage en argent sonnant tant qu'il n'exerce pas ses options, d'où probablement les critiques sur cette information. Au minimum, il est désirable de ne pas additionner la rémunération payée avec la rémunération octroyée (dont la valeur est estimée avec Black Scholes).
13. Tant qu'une société de capital de démarrage n'a pas encore de business, elle devrait être exemptée de produire un rapport de gestion.

Cordialement,

Ingrid Martin, CA
1801, avenue McGill College
Bureau 1325
Montréal (Québec)
H3A 2N4
514-842-6650
martini@videotron.ca

Translated copy of the French version submitted by Ingrid Martin

on October 26, 2011

Montréal, October 26, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Prince Edward Island Securities Office
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Department of Community Services, Government of Yukon
Office of the Superintendent of Securities, Government of the Northwest Territories
Land Registries Division, Department of Justice, Government of Nunavut

Attention:
Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec)
H4Z 1G3
E-mail: consultation-en-cours@lautorite.qc.ca

And:
Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta
T2P 0R4
E-mail: ashlyn.daoust@asc.ca

Re: Questions on Draft Regulation 51-103 in the Notice and Request for Comment published on July 29, 2011

Here are my answers to the questions on Draft Regulation 51-103 in the Notice and Request for Comment published on July 29, 2011. The paragraph numbers correspond to your question numbers. I'm the CFO of four mineral exploration companies that do not yet generate production revenue.

1. a Yes, I support voluntary three and nine month financial reporting.

a. Why? Because investors place less importance on the quarterly financial statements of a mineral exploration company that does not generate production revenue. They generally make their decision to invest in such a company by examining the following information:

   i. *Members of management and directors.* Information on members of management and directors is available on the company's website and changes are announced in press releases.
   ii. *Mineral projects.* Major developments are disclosed in press releases.
   iii. *Capital structure (outstanding warrants, options and shares).* Material period-to-period changes, such as completed financings and options granted are disclosed in press releases.
   iv. *Cash and short-term investments.* Sometimes included in press releases when the need is felt. My presidents often ask for the cash and short-term investment balance so they can update their corporate presentations.
      1. It's also important to look at payables and the portion of cash reserved for exploration following flow-through investments. This information is found solely in the financial statements.

b. Benefits:

   i. Decrease in accounting-related costs.
   ii. The president and geologist can devote more time to exploration. The MD&A, particularly the geological section, is drafted and the documents (financial statements and MD&A) are reviewed only twice a year instead of four times. The audit committee and board of directors do not need to spend time reviewing and approving Q1 and Q3 reports.
   iii. This regime is already working in other countries, such as Australia.

c. Concerns:

   i. Companies that generate revenue should probably opt for voluntary disclosure.

2. No, if we keep mandatory three and nine month reporting, I don't think the other changes are significant enough to justify a reform.

   a. I'm particularly concerned about the increased workload to draft the MD&A, whereas this reform was intended to make regulation less burdensome. The majority of mineral exploration companies in Québec probably do not produce an annual information form at

present. The new disclosure requirements would mean that we would have to produce the equivalent of an annual information form in 120 days. That would involve more work for issuers, without providing the advantage of dispensing with mandatory three and nine month reporting to compensate for it. The information requirements on mineral properties will require much more time and effort from geologists, whereas we would prefer that they spend more time in the field and on moving the work forward. Some geologists compared the request for information to a 43-101.

i. I would recommend keeping the same disclosure requirements for mineral properties as in the present MD&A.
ii. Why impose a quasi-AIF when mineral exploration companies in Québec prepare very few simplified prospectuses? They make private placements most of the time, because the process is less burdensome and less costly.

b. I'm also concerned about having to prepare the information circular in 120 days in the annual report: in the past, we had several weeks after the financial statements and MD&A were filed to work on it.

c. Higher audit costs, since we will have to ensure that all financial information is in line with the financial statements.

3. N/A

4. No. As an investor in mineral exploration companies, I look for information on the four areas outlined in point 1 above in the most recent financial statements published, in press releases and on websites. I also consult the audited annual financial statements, which contain some information that is not included in the interim financial statements, such as contingencies.

5. N/A

6. Potentially less burdensome financial reporting for Q1 and Q3:

a. Preparing only financial statements, without an MD&A.

i. We would spend less time preparing the Q1 and Q3 MD&A. However, management and the board of directors would still be as involved in the preparation and approval of the financial statements.
ii. This isn't an option I prefer, because we would not have the anticipated benefits of less burdensome regulation.

b. Preparing only a statement of financial position (balance sheet) and a statement of comprehensive income.

   i. These two pages would have to be prepared in accordance with IFRS. We would have to see whether the approval, certification and filing mechanisms would be the same.
   ii. We would save the time that goes into preparing the notes to the financial statements and the MD&A. However, we would have to prepare a general ledger with a clear cut-off and all tax calculations, which comes down to a hard closing. Thus, still a lot of work in terms of accounting.
   iii. This isn't an option I prefer, because we would not have the anticipated benefits of less burdensome regulation.

c. Press release with minimal information.

   I. For mineral exploration companies, the pertinent information would be the cash and short-term investments position, the balance of cash reserved for exploration, the payables and the summary of the capital structure.
   II. The information to be provided in a press release would have to be defined so that there was no confusion.

7. —

8. —

9. When a company does not generate business-related revenue, preparing financial statements over and above one year is not really pertinent. That's especially true of a mineral exploration company.

10. —

11. I think the worst thing would be to duplicate disclosure in two documents, particularly since print documents would no longer be sent out automatically under the Draft Regulation. Investors are encouraged to consult the annual report electronically and, now, the information circular (unless they ask to receive a hard copy).

    a. My preference would be to keep compensation and governance disclosure in the information circular, so that we have a few more weeks to prepare it.

12. The Black–Scholes model isn't perfect; the calculation is probably overstated in most cases because of the significant volatility of venture issuers. This value is nonetheless reported in the financial statements and is, in fact, an

indication of the generosity of the compensation granted. Option holders have no cash benefit until they exercise their options, which is probably why this information is criticized. The compensation paid should at least not be added to the compensation granted (the value of which is estimated using the Black–Scholes model).

13. Until capital pool companies generate business, they should be exempt from preparing an MD&A.

Cordially,

(signed)

Ingrid Martin, CA
1801, avenue McGill College
Bureau 1325
Montréal (Québec)
H3A 2N4
514-842-6650
martini@videotron.ca

October 27, 2011

BY EMAIL

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

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Email: ashlyn.daoust@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marches financiers
800, square Victoria, 22e étage
C.P. 246 tour de la Bourse
Montréal, Québec H4Z 1G3
Email: consultation-en-cours@lautorite.qc.ca

Dear Mesdames/Sirs:

Re: Proposed National Instrument 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers ("NI 51-103")

We appreciate this opportunity to comment on the proposed new regulatory regime for the venture market. CNSX Markets Inc. ("CNSX Markets") is supportive of initiatives which work to streamline regulatory requirements for venture issuers while serving to improve the quality of disclosure as a whole.

Background – CNSX Markets

CNSX Markets is a recognized stock exchange in Ontario, and authorized or exempt in Quebec, British Columbia, Alberta and Manitoba. We operate two distinct markets: the Canadian National Stock Exchange ("CNSX") and the Pure Trading facility ("Pure").

General Comments

As an exchange, we have created a relatively simple rule structure that is readily comprehensible to CNSX listed issuers and enables investors to see that the companies are in compliance with our Policies. We require enhanced disclosure of the companies' activities in management-prepared monthly progress reports and require the companies to certify compliance with our rules and those of applicable securities regulatory authorities. This disclosure material is publicly available through our website. In addition, our listed companies must provide enhanced quarterly reporting and an annually updated listing statement containing prospectus level disclosure. However, we have been careful not to introduce rules that overlap with regulatory requirements. Instead, we adopt the latter by reference or defer to them so as to simplify the overall regulatory environment for the listed companies. If NI 51-103 is adopted we will carefully review our own requirements to ensure that there is no unintended burden resulting from a conflict or duplication.

CNSX employs a regulation model that is designed to provide enhanced disclosure benefiting our listed issuers and investors in two ways: the company is not pre-occupied with compliance with duplicate regulation to the detriment of their businesses and investors are more informed. More informed investors are better equipped to make investment decisions.

Elimination of First and Third Quarter Financials:

While we are cognizant that quarterly financial data may be made on a voluntary basis under NI 51-103, we still strongly believe that the utility of these financial statements to investors outweighs any benefit that would accrue to venture issuers from their elimination. Shareholders and prospective investors rely on the quarterly disclosure of financial data to determine the investment quality of an Issuer and eliminating the first and third quarter financials are likely to have negative consequences with respect to informed decision making. Six months between reports on a Company's financial position, operating results or changes in financial position is too long in our opinion. Since the preparation and dissemination of these reports is relatively straightforward and not expensive, it seems unnecessary to eliminate them. We would, however, be supportive of requiring the filing of first and third quarter financial statements without the associated MD&A and certifications.

In conclusion, we support the concept of streamlining the securities regulatory environment and reducing costs for venture issuers while concomitantly providing better quality disclosure for investors. As noted, our exchange employs a regulatory model in keeping with the spirit of NI 51-103. However, while proportionate regulation of the venture market is a worthy goal, it is also important that in the case of quarterly financials we don't try to fix something that isn't broken.

Yours truly,

CNSX Markets Inc.

"Rob Theriault"

Director – Listings & Regulation

cc: Richard Carleton, Interim CEO
Robert Cook, President
Mark Faulkner, Vice President, Listings & Regulation
Cindy Petlock, General Counsel & Corporate Secretary

Ronald P. Gagel C.A.
Corporate Director
5188 Rothesay Court
Mississauga, Ontario
L5M 4Y3

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

I am director of a venture issuer (Adriana Resources Inc., ADI-V, however these comments are my own personal viewpoints) and have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. I am pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, I have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

I support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, I am of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while I generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, I believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, I am of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which I understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. I would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

(a) *If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?*

(b) *If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.*

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. I would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, I believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which I believe is particularly relevant for venture companies. I do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data.

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

I agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

I am of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

   (a) If you think the exemption should be expanded, explain why.

   (b) If you do not think that the exemption should be expanded, explain why.

Response:

I do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

I am of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. I believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and I see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

I do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

I note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. I am concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, I believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact me at 416-801-5005.

Yours truly,

(signed R.P. Gagel)

Ronald P. Gagel C.A.

ADRIANA RESOURCES INC.

15 Toronto Street, Suite 1000, Toronto, ON M5C 2E3
Tel: 416-363-2200, Fax: 416-363-2202, www.adrianaresources.com

October 27, 2011

VIA E-MAIL

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   If you support this proposal, why? What are the benefits?

   If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   If you think that 100% is the correct threshold, explain why.

   If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

   If you think the exemption should be expanded, explain why.

   If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

If you think that control persons should be added, explain why.

If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 363-2200 ext. 229.

Yours very truly,

ADRIANA RESOURCES INC.

Daniel Im
Chief Financial Officer

October 27, 2011

[VIA E-MAIL]

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

Attention: Ashlyn D'Aoust, Legal Counsel, Corporate Finance, Alberta Securities Commission
E-mail: ashlyn.daoust@asc.ca

Anne-Marie Beaudoin, Corporate Secretary, Autorité des marchés financiers
E-mail: consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

I am and have been a director of TSX and TSXV issuers and have been involved with governance and regulatory matters for over 17 years. I have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. I am pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, I have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

I support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, I am of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while I generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, I believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, I am of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which I understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. I would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary*

three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?

(a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

(b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

(c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. I would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in the response to Question 1 above, I believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which I believe is particularly relevant for venture companies. I do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

I agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

I am of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

   (a) If you think the exemption should be expanded, explain why.

   (b) If you do not think that the exemption should be expanded, explain why.

Response:

I do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

I am of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. I believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In my view, the director and officer compensation disclosure should be set out in the information circular and I see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

I do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

I note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. I am concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, I believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at ddimitrov@rogers.com.

Yours very truly,

Daniella Dimitrov

TRES-OR RESOURCES LTD.

TRS.V

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of

quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it*

is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?

(a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

(b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

(c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that

supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

   (a) If you think the exemption should be expanded, explain why.

   (b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

   (a) If you think that control persons should be added, explain why.

   (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information*

available for decision making purposes, namely when they make their decision to elect directors.

(a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

(i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

(ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation

table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from any aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form. Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 541-8376.

Yours very truly,
Tres-Or Resources Ltd.

Per: Laura Lee Duffett
President & Director

c. David J. Cowan, LLB Director

Canadian Coalition for
GOOD GOVERNANCE

THE VOICE OF THE SHAREHOLDER

October 27, 2011

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

C/O: Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-2082
ashlyn.daoust@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: 514-864-6381
consultation-en-cours@lautorite.qc.ca

Dear Sir/Madame:

Re: Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*

We have reviewed Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (the "Proposal") and thank you for the opportunity to provide you with our comments.

Representing the interests of institutional shareholders, CCGG promotes good governance practices in Canadian public companies to best align the interests of boards and management with those of their shareholders. We also seek to improve Canada's regulatory framework to strengthen the efficiency and effectiveness of the Canadian capital markets. CCGG has 48 members who collectively manage almost $2 trillion of savings on behalf of most Canadians. A list of our members is attached to this submission.

Overview

Our members regularly invest in issuers listed on the TSX-V. As we commented in response to CSA Multilateral Consultation Paper 51-403 *Tailoring Venture Issuer Regulation* (the "Initial Consultation") we support efforts to simplify compliance for venture issuers. We do not, however, support several of the reduced disclosure and governance standards currently found in the Proposal. We are pleased that the Proposal has been scaled back from the Initial Consultation, but we remain concerned that the proposed reduced standards will result in less protection for investors and have the potential to adversely affect the reputation of the Canadian marketplace. Our specific concerns are set out below.

Reducing Complexity for Venture Issuers

To the extent that the Proposal is responding to a need for simpler rules or increased guidance for venture issuers, there are other ways to achieve both of those aims without simultaneously sacrificing investor protection. When presenting the Initial Consultation, staff of the participating securities regulators confirmed that the basis for the Proposal is "anecdotal" and no studies were undertaken to determine the extent to which venture issuers find the current rules to be confusing or cumbersome. We note that when the executive compensation disclosure rules were recently amended, no venture issuers commented that compliance with the current rules was too onerous. We think that prior to proposing an entirely different regime for venture issuers, some market data is required to properly quantify the problems that the Proposal is designed to address.

In this regard, we think it is noteworthy that even if the Proposal is implemented, venture issuers will still have to reference numerous other securities law instruments and the various provincial securities acts to understand the law that applies to them, including:

- NI 43-101 *Standards of Disclosure for Mineral Projects*
- NI 51-101 *Standards of Disclosure for Oil and Gas Activities*
- NI 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*
- NI 52-108 *Auditor Oversight*
- NI 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*
- All of the general securities law provisions found in the provincial securities acts, including the insider trading and secondary market liability provisions.

Since venture issuers must operate within the existing securities law framework, the Proposal will not create a "stand-alone" regime for them. As a result, we question the extent to which the Proposal will achieve its goal of simplifying and streamlining the rules applicable to venture issuers.

Finally, we think it is important to consider the impact the Proposal will have on the complexity of the overall securities regulatory regime. The Proposal will introduce a new definition of venture issuer, which will exclude debt-only issuers, preferred share-only issuers and issuers of securitized products. Those excluded issuers will be known as "senior unlisted issuers" and the current venture issuer rules will continue to apply to them. The new definition of venture issuer also will exclude any issuer that is subject to B.C. Instrument 51-509 *Issuers Quoted in the U.S. Over-the-Counter Markets* or that would be subject to Proposed Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* if it becomes effective.[1] As a result, there will effectively be three regimes in place for public companies in Canada: i) the rules applicable to non-venture issuers, ii) the Proposal applicable to the venture issuers, as newly defined and iii) the current venture issuers rules applicable to senior unlisted issuers or other companies excluded from the new definition of venture issuer. To the extent that the Proposal does reduce some complexity for venture issuers, we question whether that benefit is sufficient to justify the increased complexity in the overall regulatory structure.

The Annual Report

The idea of issuers filing a single Annual Report, combining elements currently found in the AIF and MD&A and containing the annual financial statements, is a good one (and not just for venture issuers). Our support for the idea, however, is contingent on the contents of an Annual Report reflecting current disclosure requirements, not the reduced requirements contemplated by the Proposal.

We are concerned by the proposed elimination of quarterly financial statements and MD&A. It is important for investors to be able to assess the financial position of venture issuers regularly, before potential problems get to the point where they could affect the entire enterprise and put investors' capital at risk. CCGG believes that allowing an entire year to pass before audited financial statements are prepared (even if mid-year interim financial statements are provided) would increase the risk to investors considerably.

However, we understand that other jurisdictions, such as Australia, have developed an alternative financial reporting regime for certain mining exploration stage companies. Financial disclosure for those companies is focused on operational expenditures, cash flows, liquidity and related party transactions. We acknowledge that there might be merit in more focused quarterly financial reporting for small, exploration stage companies in certain industry sectors. In CCGG's view, any more focused quarterly financial reporting should still be certified by management. We would be pleased to provide further comments if the CSA develops specific proposals in that regard.

The Proposal also contemplates that the executive compensation and governance disclosure will be contained in the Annual Report, with the information circular delivered in advance of an annual general meeting ("AGM") simply incorporating the Annual Report by reference. We agree that incorporation by reference would be sufficient, provided that the Annual Report is available for shareholders as far in advance of an AGM as the information circular is currently required so that

[1] Ontario is not participating in MI 51-105, so even if it becomes effective it will not apply in Ontario.

shareholders have all executive compensation and governance disclosure before they are required to vote their shares. If the Proposal contemplates that an Annual Report would not be available as far in advance of an AGM as the information circular is currently required, then CCGG believes that a company should be required to include the executive compensation and governance disclosure in the information circular.

CCGG does not object to a long form prospectus requiring only two years of audited financial statements instead of three years as currently required. We do not object to replacing Business Acquisition Reports with a Report of Material Change, Material Related Entity Transaction or Major Acquisition, and eliminating the requirement for pro forma financial statements. However, we believe that requiring financial statements only for reverse take-overs and acquisitions that are 100% significant to the venture issuer is too high a threshold. These financial statements provide useful information for investors and should be provided if the transaction meets the current 40% threshold.

Reduced Compensation Disclosure

While CCGG is pleased that the Proposal does not reduce executive compensation disclosure as dramatically as the Initial Consultation, we maintain that all companies should be providing the same executive compensation disclosure. As noted above, when the executive compensation rules were recently amended, no venture issuers commented that those rules were too complicated or onerous.

In particular, CCGG does not agree with allowing venture issuers to provide only two years of compensation information instead of three. We also believe that allowing venture issuers to combine NEO and director compensation into one table will make disclosure less clear for shareholders and will not reduce the burden on venture issuers in a meaningful way.

CCGG supports the proposed amendment to allow stock options or other securities-based compensation to be disclosed at fair market value at the time options are exercised. However, CCGG believes that requirement should be in addition to the current requirement to disclose the grant date fair value of stock options. CCGG believes that the grant date fair value provides important information to investors since it shows what the board intended to pay an executive at the time the award was made. An additional requirement to disclose the amount realized by an executive at the time a securities-based award is exercised would allow shareholders to compare how the actual return to an executive compares to what the board intended. It will also allow for a comparison between the return to the executive and the return to shareholders during the same time period.

Reduced Governance Disclosure

We note that venture issuers already are subject to reduced corporate governance disclosure requirements. In CCGG's view, the existing requirements remain appropriate for venture issuers and we are opposed to reducing them further. In our view, members of the boards of small companies, who may be inexperienced, should be focusing their attention on their corporate governance practices in order to ensure that the company is well-governed and built on an ethical

foundation. Investors need information about a company's governance practices in order to assess the risk of their current investment and any potential future investment.

We are pleased to see that the Proposal has retained the requirement for venture issuers to disclose i) the steps the board takes to promote a culture of ethical business conduct, ii) how the board facilitates its exercise of independent supervision over management and iii) the steps the board takes to satisfy itself that the board, its committees and its individual directors are performing effectively. However, we are opposed to the removal of the following existing requirements for venture issuers:

- the requirement to disclose and identify the independent and non-independent directors and the basis for that determination[2],
- the requirement to disclose the steps the board uses to identify new candidates for board nominations, including who identifies new candidates and the process used to identify new candidates, and
- if any of the directors are members of another public company board, the requirement to name each director and identify the other board(s) of which they are a member.

CCGG maintains that these disclosure requirements are appropriate for venture issuers and should not be eliminated.

Duplication of Existing Legal Requirements

We are puzzled by the proposed requirement for venture issuers to disclose whether their directors and officers are subject to any statutory or contractual obligations that require them, in performing their services as directors and officers of a venture issuer, to act honestly and in good faith and to exercise care, skill or diligence and if so, to describe those duties. Since these obligations already exist in corporate statutes and the common law, we do not think describing them in a disclosure document provides any additional information to investors.

As detailed in our response to the Initial Consultation, we do not object to the new requirement for venture issuers to create and disclose policies and procedures to address conflicts of interest and to avoid illegal insider trading. We note, however, that practically, these obligations already exist in law and in the TSX-V listing requirements, so we do not think that these provisions are adding any additional protection for investors.

Similarly, the Proposal provides that a majority of the audit committee cannot be officers or employees of an issuer or its affiliates. Although NI 52-110 does not currently impose a minimum level of independence for audit committees of venture issuers, corporate statutes such as the CBCA and OBCA already contain the same requirement, as do the TSX-V listing requirements. As a result, we do not believe that this requirement is adding any additional investor protection.

---

[2] Although we acknowledge that the Proposal would require venture issuers to disclose any relationship of a director that could affect the director's exercise of independent judgement in a particular circumstance, this is only part of the definition of "independence" currently found in s. 1.4 of NI 52-110. CCGG believes it is important for all public companies to be using the same definition of "independence" and disclosing whether their directors are independent according to that definition.

The CSA has asked whether control persons should be added to the above list to ensure that a majority of the audit committee is not comprised of control persons. We note that the TSX-V listing requirements already provide that a majority of the audit committee cannot be comprised of control persons. In CCGG's view, when considering the appropriate composition of an audit committee, it may be more important to consider the relationship between a director and management rather than the relationship between a director and a controlling shareholder. In that regard, please see Guideline #4 of our recently released *Governance Differences of Controlled Corporations*, a copy of which is enclosed.

Finally, we note that the Proposal would implement "notice and access" for proxy materials. However, in proposed amendments to NI 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* the CSA already has proposed a notice and access regime that would apply to all reporting issuers other than investment funds, including venture issuers. It is therefore unclear to us why the notice and access provisions in the Proposal are necessary.

Unintended Market Impacts

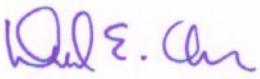
CCGG also is concerned that the Proposal may result in unintended market impacts. The Proposal indicates that 22% of current TSX listed companies started on the TSX-V. Reducing the disclosure obligations for TSX-V issuers will make the transition from the TSX-V to the TSX more difficult for issuers. Perhaps more troublesome, the Proposal could create an incentive for issuers which otherwise would list on the TSX (or graduate to it) to list on the TSX-V solely for the purpose of limiting their disclosure and governance requirements. Since TSX-V issuers represent 62% of all publically listed issuers in Canada, CCGG is concerned that the Proposal, if implemented as currently drafted, may create the perception among international investors that the Canadian market as a whole has lax governance and disclosure standards.

Preferable Alternatives

During the Initial Consultation, staff of the participating securities regulators suggested that one of the main goals of the Proposal is to provide venture issuers with a single instrument that contains all of the rules applicable to them. As noted above, since venture issuers will still be required to comply with other securities law instruments and the relevant securities acts, we do not think the Proposal will achieve that goal. CCGG believes that the goal would be best achieved by creating a comprehensive guide for venture issuers that describes all of the rules applicable to them. Such a guide would provide a single point of reference for venture issuers without simultaneously lowering the substantive requirements. (As noted above, however, we do agree with some of the proposed modifications to those requirements.) A single guide for venture issuers would better assist them in navigating and understanding the entire securities law regime and highlighting the exceptions that apply to them.

We thank you again for the opportunity to provide you with our comments. If you have any questions regarding the above, please feel free to contact our Executive Director, Stephen Erlichman, at 418.868.3585 or serlichman@ccgg.ca.

Yours very truly,



Daniel E. Chornous, CFA
Chair of the Board
Canadian Coalition for Good Governance

CCGG MEMBERS

Acuity Investment Management Inc.
Alberta Investment Management Corporation (AIMCo)
Alberta Teachers' Retirement Fund Board
Aurion Capital Management Inc.
BlackRock Asset Management Canada Limited
BMO Harris Investment Management Inc.
British Columbia Investment Management Corporation (bcIMC)
Burgundy Asset Management Ltd.
Canada Post Corporation Registered Pension Plan
CIBC Global Asset Management
Claymore Investments, Inc.
Colleges of Applied Arts and Technology Pension Plan (CAAT)
Connor, Clark & Lunn Investment Management
CPP Investment Board
Franklin Templeton Investments Corp.
Genus Capital Management
Greystone Managed Investments Inc.
Hospitals of Ontario Pension Plan (HOOPP)
Jarislowsky Fraser Limited
Leith Wheeler Investment Counsel Ltd.
Lincluden Investment Management
Mackenzie Financial Corporation
McGill University Pension Fund
McLean Budden Limited
MFC Global Investment Management
NAV Canada
New Brunswick Investment Management Corporation (NBIMC)
NEI Investments
Ontario Municipal Employees Retirement Board (OMERS)
Ontario Pension Board
Ontario Teachers' Pension Plan (Teachers')
OPSEU Pension Trust
Public Sector Pension Investment Board (PSP Investments)
RBC Global Asset Management Inc.
Régimes de retraite de la Société de transport de Montréal
Russell Investments
Scotia Asset Management
SEAMARK Asset Management Ltd.
Sionna Investment Managers Inc.
Standard Life Investments Inc.
State Street Global Advisors Ltd. (SSgA)
TD Asset Management Inc.
Teachers' Retirement Allowance Fund
UBS Global Asset Management (Canada) Co.
United Church of Canada
University of Toronto Asset Management Corporation
Workers' Compensation Board - Alberta
York University Pension Plan

FAIR | Canadian Foundation *for* Advancement *of* Investor Rights

October 27, 2011

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

c/o
Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, AB T2P 0R4
Sent via email to: ashlyn.daoust@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, QB H4Z 1G3
Sent via email to: consultation-en-cours@lautorite.qc.ca

RE: Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*

FAIR Canada is pleased to offer comments on Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (the "Proposed Instrument") prepared by the Canadian Securities Administrators (the "CSA") contained in the Notice and Request for Comment dated July 29, 2011.

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 regulations. Visit www.faircanada.ca for more information.

FAIR Canada Comments and Recommendations – Executive Summary:

1. FAIR Canada supports the objective of clarifying obligations for venture issuers and increasing guidance for venture issuers so that compliance can be simplified and costs to venture issuers can be reduced. FAIR Canada also supports efforts to improve disclosure to reflect the needs and expectations of venture issuer investors. However, we do not agree that reducing the disclosure and governance standards applicable to venture issuers is an appropriate manner to achieve the stated goals.
2. FAIR Canada recommends that the CSA gather empirical evidence regarding issuer confusion and the cost of compliance with existing regulations and empirical evidence that the proposed rules will be less confusing and costly (including transition costs) than the current rules before introducing a proposed instrument.
3. The CSA should consult with venture issuer investors to find out what changes investors believe would improve the usefulness and understanding of disclosures.
4. Recent events involving Sino-Forest and a number of other venture issuers have resulted in substantial losses to investors and to investor confidence. The CSA may wish to reflect on recent developments in the market (particularly with emerging market listings of venture issuers) which call into question the appropriateness of this CSA initiative. Recent scandals suggest we may need tighter, more effective regulation of venture issuers in order to better protect investors and restore investor confidence.
5. FAIR Canada recommends that the CSA establish a task force that includes the Canadian exchanges, underwriters, auditors, legal advisors as well as regulators in order to tackle the problems that have arisen with emerging market listings. The task force should also consider market manipulation and market integrity issues raised by so called "analysts" who engage in short selling in advance of the public release of highly negative "research reports".
6. FAIR Canada recommends that the CSA address the conflict of interest between the listing regulatory responsibilities and listing commercial operations of TSX and TSX-V and bring them in line with international standards.
7. The CSA may wish to consider assembling all current regulatory requirements relevant to venture issuers into one manual as a way of reducing compliance costs and reducing confusion for venture issuers.
8. FAIR Canada strongly recommends that quarterly reporting be retained for venture issuers. We agree with the Ontario Securities Commission's ("OSC") comments in their Notice and Request for Comment wherein they state the changes "...could negatively impact investors by making it more difficult for them to obtain information to make timely and informed investment decisions."
9. FAIR Canada supports the consolidation of all required disclosure into one report for investors, such as the Annual Report, but does not agree it should be limited to venture issuers nor should it be contingent on providing reduced disclosure requirements as compared with current requirements.
10. FAIR Canada disagrees with the proposal for reduced disclosure for venture issuers compared to senior unlisted issuers or other issuers. FAIR Canada does not support the proposal that stock options or other securities-based compensation be disclosed on a different basis for venture issuers than is required for other issuers. Such disclosure should only be in addition to the current requirement to disclose the grant date fair value of stock options.

11. Venture issuers are already subject to reduced corporate governance requirements and FAIR Canada does not support a further reduction in corporate governance requirements for venture issuers. Any further reduction in such standards would not be in the interests of retail investors or market integrity.
12. FAIR Canada recommends that there be a requirement in TSX and TSX-V listing requirements and in a national instrument that all listed issuers, including venture issuers, be incorporated in a jurisdiction with corporate legislation that meets minimum corporate governance standards, including directors' duties to act honestly and in good faith and to exercise care, skill and diligence. FAIR Canada recommends that the conflict of interest requirement not be included in the Proposed Instrument as these obligations already exist in law and to include them (as presently worded) in the Proposed Instrument would create confusion and would not increase protections for investors and, therefore, would not be of benefit to investors.
13. We recommend that the CSA conduct a benchmarking exercise of requirements in other jurisdictions prior to altering the significance threshold for financial statement disclosure or eliminating the requirement to file Business Acquisition Reports ("BARs"). We do not support increasing the significance test from 40 per cent to 100 per cent and instead would support reducing the threshold to 25 per cent.
14. FAIR Canada supports efforts to reduce duplication of information and believes that a brief summary of governance requirements and other attachments to the information circular could be provided (rather than the full documents) with web-links provided to the full documents on the listed issuer's web-site. Implementing such a change could reduce the size of many information circulars by 50 per cent or more resulting in reduced printing and mailing costs.
15. Answers to specific questions posed in the consultation document are provided in section 3 below.

1. Introductory Comments – Tighter, More Effective Regulation of Venture Issuers Required

1.1. FAIR Canada recognizes the importance of the venture market in Canada and is pleased to continue to participate in the consultation process as the CSA attempts to achieve the goals of tailoring and streamlining venture issuer disclosure to reflect the needs and expectations of venture issuer investors and to make the disclosure for venture issuers more suitable and manageable for issuers at this stage of development. The purpose of the Proposed Instrument includes enhancing informed investor decision making, making it easier for venture issuer investors to understand disclosure documents and locate key information and tailoring regulatory requirements to focus on those applicable to venture issuers so that it is easier for venture issuers to meet their compliance obligations and allow them more time to focus on their businesses.

1.2. FAIR Canada supports the objective of clarifying obligations for venture issuers and increasing guidance for venture issuers so that compliance can be simplified and costs to venture issuers can be reduced. FAIR Canada also supports efforts to improve disclosure to reflect the needs and expectations of venture issuer investors. However, we do not agree that reducing the disclosure and governance standards applicable to venture issuers is an appropriate manner to achieve the stated goals.

1.3. FAIR Canada believes that empirical evidence should demonstrate that the current rules are confusing or costly to comply with and that new rules will be less confusing and costly (including transition costs) than the current rules before a proposed instrument is introduced.

1.4. FAIR Canada also questions why a proposed instrument, purportedly aimed at improving investor usefulness, has been introduced prior to any consultation with investors. This would suggest a less than optimal process for an investor-focused initiative.

Recommendation 1: FAIR Canada recommends that the CSA gather empirical evidence regarding issuer confusion and the cost of compliance with existing regulations and empirical evidence that new rules will be less confusing and costly (including transition costs) than the current rules before introducing a proposed instrument.

Recommendation 2: FAIR Canada also recommends that the CSA consult with venture issuer investors to find out what changes investors believe would improve the usefulness and their understanding of venture issuer disclosure.

1.4 FAIR Canada believes that recent events, in which a number of significant issues have come to light regarding venture issuer listings whose securities have been cease traded, suspended or are under investigation (such as Zungui Haixi Corporation, Cathay Forest Products Corp, and Xianburg Data Systems Canada Corporation[1]) demonstrate the need for the CSA to revise its approach and focus instead on the imposition of tighter, more effective regulation of venture issuers in order to better protect investors and restore investor confidence. The Proposed Instrument will reduce investor protection rather than focus on improving regulatory oversight of smaller issuers.

Recommendation 3: FAIR Canada recommends that the CSA reflect on recent developments in the market (particularly with emerging market listings of venture issuers) and consider the imposition of tighter, more effective regulation of venture issuers in order to better protect investors and restore investor confidence.

1.5 The current regulatory regime in Canada already provides venture issuers with tailored, less-onerous requirements for certification, governance and continuous disclosure, by considering their often smaller size, as well as capital and resource restrictions, as compared with non-venture issuers. There is no need to further reduce substantive regulatory requirements. **Indeed, recent events have demonstrated that Canada needs more robust, yet customized, regulation of its venture issuer market in order to restore confidence and improve investor protections.**

1.6 A reduction of the existing level of disclosure would result in informational gaps for investors and would increase the risks of investing in an already risky prospective venture market. This would not be a responsible course of action for regulators whose mandate is to protect investors nor would it improve confidence in the venture capital market. Our specific concerns with the Proposed Instrument are set out below in section 2.

[1] See Appendix 1 for a chart of TSX Venture Exchange companies that have been cease traded, delisted or are under investigation as a result of allegations of fraud, accounting irregularities or failure to file required filings. The list is of current (2011) problematic TSX-V China listings and is not complete and does not include billion dollar TSX listings such as Sino-Forest and Silvercorp Metals.

Task Force on Emerging Market Listings Required

1.7. FAIR Canada recommends that the CSA establish a task force that includes the Canadian exchanges, underwriters, auditors, legal advisors as well as regulators to tackle the problems that have arisen with emerging market listings. The current regulatory system is not operating in a way that effectively protects investors and an examination of all aspects of how emerging market listings come to market is required – including standards of audit, due diligence, and the ability of regulators to oversee, investigate and prosecute companies whose books and records and mind and management are located in a foreign country.

1.8. Many investors choose to participate in emerging markets by buying securities of companies located on a developed county's exchanges (such as the TSX Venture Exchange ("TSX-V")) and investors take comfort in the fact that companies listed in Canada or on other developed countries' exchanges are well-scrutinized. This confidence has now been called into question. Moreover, many of these companies enter developed markets through a reverse takeover or reverse merger transaction with the goal of using the junior exchange as a stepping stone to a major exchange such as the TSX. This process avoids the stricter scrutiny of a direct initial public offering and this requires re-examination and review by a task force, as has been undertaken in the US and is being undertaken by the OSC.

Recommendation 4: FAIR Canada recommends that the CSA establish a task force that includes the Canadian exchanges, underwriters, auditors, legal advisors as well as regulators in order to tackle the problems that have arisen with emerging market listings. The task force should also consider market manipulation and market integrity issues raised by so called "analysts" who engage in short selling in advance of the public release of highly negative "research reports".

Conflicts of Interest in TSX and TSX-V Listing Regulation Needs to Be Addressed

1.9. FAIR Canada also recommends that the CSA undertake an examination of the effectiveness of the TSX and TSX-V listing requirements given the nature of the conflict between their listing regulatory responsibilities and their respective listing business operations. Implementation of specific measures to properly manage the TSX and TSX-V's listing conflicts is long overdue.

1.10. The listings regulation function is an important regulatory and standard-setting role that has a significant impact on market integrity and investor protection. We are concerned about the absence of adequate safeguards to manage the inherent conflict of interest arising between the for-profit status of the TMX and the TSX and TSX-V's roles as regulators of listed companies. As stated in an expert report commissioned by FAIR Canada entitled "Managing Conflicts of Interest in TSX Listed Company Regulation"[2] (the "FAIR Canada Report"):

> **While the TSX's recognition order contains specific conditions to address the self-listing conflicts of interest, it does not contain any terms that require the TSX to separate its listings regulation operations from business operations, or to implement any policies or procedures to address the conflicts of interest between its listings business and listings regulation mandates.**

[2] John W. Carson, "Managing Conflicts of Interest in TSX Listed Company Regulation" (2010), online: <http://faircanada.ca/wp-content/uploads/2008/12/TSX-Listings-Conflicts-final-report-23-Jul1.pdf> [*Carson*].

1.11. The FAIR Canada Report also found that all of the other seven major exchanges reviewed have addressed their conflicts of interest by implementing one of three specific and sound approaches to conflict of interest management. **Of the exchanges reviewed, the report stated that "[t]he TSX is the only exchange among this group that has not implemented specific measures to manage its listings conflicts…"**

1.12. In its March 2010 report on the OSC[3], the Standing Committee on Government Agencies (the "Committee") cited concern "with the perception that the TSX falls below international standards with respect to the separation of its regulatory and commercial activities."[4] **The Committee recommended "that the [Ontario Securities] Commission review the potential for conflict of interest between the regulatory and commercial functions of the Toronto Stock Exchange and that it take the steps necessary to address any problems identified."[5]**

1.13. The TSX is a regulatory outlier of developed country exchanges in that it has not acted to adequately manage conflicts of interest inherent in its business and regulatory objectives. Canadian regulators must act to ensure that, at a minimum, the TSX meets the minimum international "best practice" standard for the management of conflicts of interest. This comment applies equally to the TSX-V.

Recommendation 5: FAIR Canada recommends that the relevant CSA members address the conflict of interest between the TSX and TSX-V's listing regulatory responsibilities and their listing business operations and bring them in line with international standards.

Create a Manual for All Existing Venture Issuers

1.14 As we commented in response to CSA Multilateral Consultation Paper 51-403 *Tailoring Venture Issuer Regulation* (the "Initial Consultation"), if a principal goal of the initiative is to clarify current obligations for venture issuers, it would arguably be more efficient and less resource-intensive to assemble all current regulatory requirements for venture issuers into a manual for venture issuers rather than incur the cost (both in terms of time and resources on the part of both regulators and stakeholders) of the rule-making process. The Proposed Instrument does not create a single instrument where all of the rules applicable to venture issuers can be found. Given that venture issuers will still have to comply with other national instruments and securities laws in the applicable provincial acts, we do not believe that the goal of clarifying obligations and thereby reducing compliance costs will be achieved through the CSA's current proposals. Providing a comprehensive manual which would explain all current requirements would be preferable.

Recommendation 6: FAIR Canada recommends that assembling all current regulatory requirements relevant to venture issuers into one manual should be contemplated as a way of reducing compliance costs and reducing confusion for venture issuers.

[3] Standing Committee on Government Agencies, "Report on Agencies, Boards and Commissions: Ontario Securities Commission" (March 2010), online: <http://www.ontla.on.ca/committee-proceedings/committee-reports/files_pdf/OSC%20Report%20English.pdf>.

[4] *Supra* note 2 at 35.

[5] *Supra* note 2 at 35.

2. Comments about Specific Proposals in the Proposed Instrument

New Definition of Venture Issuer Adds Complexity

2.1. The new definition of venture issuer excludes debt-only issuers, preferred share-only issuers and issuers of securitized products, who will be known as "senior unlisted issuers". The senior unlisted issuers will be subject to the current venture issuer rules. The new definition of venture issuer also does not include any issuer that is subject to BC Instrument 51-509 *Issuers Quoted in the U.S. Over-the-Counter Markets*. As a result there will be three regimes if the Proposed Instrument becomes effective: (1) the Proposed Instrument for venture issuers; (2) current venture issuer requirements for senior unlisted issuers; and (3) current non-venture issuer requirements for all other issuers. While the Proposed Instrument may reduce some complexity for some issuers, it adds to the complexity of the overall structure as an investor must determine which of the three regimes a given issuer falls within.

Removal of Required Quarterly Financial Statements and MD&A

2.2. FAIR Canada does not support the proposed elimination of quarterly financial statements and MD&A. **FAIR Canada agrees with the OSC's comments in their Notice and Request for Comment wherein they state the changes "...could negatively impact investors by making it more difficult for them to obtain information to make timely and informed investment decisions."**[6] To remove these filings would result in a gap in continuous disclosure, making it more difficult for investors to determine whether to invest or sell their shares of a particular venture issuer and allow too much time to lapse between regulators obtaining such information for purposes of review and investigation of possible issues. Investors will be forced to increasingly rely on information in press releases which may not be issued as required or provide enough information to maintain a properly informed market.

2.3. While there are other jurisdictions that have semi-annual filings, such as Australia and the U.K., these jurisdictions have never implemented quarterly reporting and do not differentiate between the senior and junior segments of the market (unlike Canada and the U.S.). In addition, in Australia, certain mining exploration entities must provide a quarterly report that (i) provides details with respect to its operations; and (ii) includes financial reporting focused on cash flows, liquidity and related party transactions. Until such time as the CSA develops specific proposals regarding improved quarterly financial disclosure, FAIR Canada does not support their elimination given the additional risks this will place on investors.

Recommendation 7: FAIR Canada strongly recommends that quarterly reporting be retained for venture issuers.

[6] Ontario Securities Commission, "Proposed National Instrument 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers and Related Amendments – Supplement to the OSC Bulletin" (July 29, 2011), (2011) 34 OSCB (Supp-5), at Appendix H at page 213.

Introduction of the Annual Report with Reduced Disclosure

2.4. The annual report will combine business, corporate governance and executive compensation disclosure along with a combination of disclosure currently found in an AIF, MD&A and information circular, and the last two years' audited financial statements, CEO and CFO certificates. While FAIR Canada supports the idea of consolidating all required disclosure into one report for investors, such a reform should not be limited to venture issuers nor should it be contingent on providing reduced disclosure requirements as compared with current requirements.

Recommendation 8: FAIR Canada supports the consolidation of all required disclosure into one report for investors, such as the Annual Report, but does not agree it should be limited to venture issuers nor should it be contingent on providing reduced disclosure requirements as compared with current requirements.

Reduced Compensation Disclosure

2.5. FAIR Canada is of the view that venture issuers should not provide less disclosure with respect to executive compensation as compared with senior unlisted issuers or other issuers. FAIR Canada does not agree that venture issuers should only have to provide two years' worth of information (rather than three) nor should the table combine named executive officers ("NEOs") and director compensation rather than produce it in a separate format as is required for other issuers.

2.6. FAIR Canada does not support the proposal that stock options or other securities-based compensation be disclosed on a different basis for venture issuers than is required for other issuers. Disclosure of the fair market value at the time compensation is earned could be an additional disclosure but should not replace the current requirement to disclose the grant date fair value of stock options. The current requirement of grant date fair value provides important information to investors as it discloses the amount the board intends to pay an executive at the time the award is made. Including the additional requirement to disclose the amount realized by the executive at the time it is earned (or "exercised") would allow investors to compare the two amounts. FAIR Canada recommends that there be a broad consultation with all relevant stakeholders, including investors, on the proposal to disclose non-cash compensation such as stock options using fair market value at the time it is earned in addition to the grant date and that such a proposal be considered for all issuers and not just venture issuers.

Recommendation 9: FAIR Canada disagrees with the proposal for reduced disclosure for venture issuers compared to senior unlisted issuers or other issuers. FAIR Canada does not support the proposal that stock options or other securities-based compensation be disclosed on a different basis for venture issuers than it is for other issuers. Such disclosure should only be in addition to the current requirement to disclose the grant date fair value of stock options.

Reduced Governance Disclosure

2.7. Venture issuers are already subject to reduced corporate governance requirements and FAIR Canada is opposed to any further reduction of such standards. In FAIR Canada's view, any reduction in governance standards would not be in the interests of retail investors or market integrity. Venture issuers should be subject to the same disclosure requirements as large issuers

given that all shareholders are entitled to the same level of information on such important matters.

2.8. FAIR Canada does not agree that venture issuers do not have to: (i) disclose and identify the independent and non-independent directors and the basis for that determination; (2) disclose whether a director is a director of any other issuer and identify both the director and the other issuer; and (3) describe the steps taken to identify new candidates for board nomination including who identifies new candidates and the process used to identify new candidates.

Recommendation 10: FAIR Canada does not support reduced corporate governance requirements for venture issuers and is opposed to any further reduction in such standards as it would not be in the interests of retail investors or market integrity.

Duplication of Existing Legal Requirements - Obligations of Directors and Officers

2.9. FAIR Canada recommends that there be a requirement in TSX and TSX-V listing requirements and in a national instrument that all listed issuers, including venture issuers, be incorporated in a jurisdiction with corporate legislation that meets minimum corporate governance standards, including directors' duties to act honestly and in good faith and to exercise care, skill and diligence. Issuers should be required to be incorporated in a jurisdiction with an acceptable standard of corporate governance (i.e. in a major developed jurisdiction).

2.10. Our understanding is that the TSX-V does not require that listed issuers be incorporated in Canada or pursuant to the corporate laws of a Canadian province or territory, and simply requires that the applicant complete a reconciliation of its constating documents and the corporate law or equivalent legal regime of its home jurisdiction with that of the Canada *Business Corporations Act* where the applicant is not incorporated or created under the laws of Canada or any Canadian province[7]. It also imposes on directors and officers the requirements to act honestly and in good faith with a view to the best interests of the issuer and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. However, the latter requirements are contractual relationships between the TSX-V and the issuer and would be difficult for a shareholder to enforce if the issuer is incorporated in the British Virgin Islands or in China (for example).

Recommendation 11: FAIR Canada recommends that there be a requirement in TSX and TSX-V listing requirements and in a national instrument that all issuers, including venture issuers, be incorporated in a jurisdiction with corporate legislation that meets minimum corporate governance standards, including directors' duties to act honestly and in good faith and to exercise care, skill and diligence.

Duplication of Existing Legal Requirements - Conflicts of Interest and Trading Policies

2.11. The Proposed Instrument attempts to add a new requirement for the board of directors to develop policies and processes to address conflicts of interest between the venture issuer and any of its directors or executive officers and to avoid insider trading. FAIR Canada is of the view that

[7] See Part 1, section 1.18 of Policy 2.3 of the TSXV Corporate Finance Manual and see Part 5 of Policy 3.1 for the directors and officers duties.

these obligations already exist in law and to include them (as presently worded) in the Proposed Instrument would create confusion and would not increase protections for investors and, therefore, would not be of benefit to investors.

Recommendation 12: FAIR Canada recommends that the conflict of interest requirement not be included in the Proposed Instrument as these obligations already exist in law and to include them (as presently worded) in the Proposed Instrument would create confusion and would not increase protections for investors and, therefore, would not be of benefit to investors.

Replacement of Business Acquisition Reports with reports of material change, material related entity transactions or major acquisitions.

2.12. Under the Proposed Instrument, the significance test for financial statement disclosure would be lowered so that instead of requiring reporting of acquisitions that are 40 per cent significant, only acquisitions that are 100 per cent significant would trigger a report. FAIR Canada does not support the elimination of the requirement to file Business Acquisition Reports (BARs) as we see value to investors in the filing of these reports nor do we support the 100 per cent level proposed for significance of acquisitions. If anything, the significance level should be lowered rather than raised. The CSA should conduct a benchmarking exercise of requirements in other jurisdictions such as the US, UK, Australia and Hong Kong before it alters the significance test for financial statement disclosure or eliminates the requirement to file BARs.

Recommendation 13: FAIR Canada recommends that the CSA conduct a benchmarking exercise of requirements in other jurisdictions prior to altering the significance threshold for financial statement disclosure or eliminating the requirement to file BARs. We do not support increasing the significance test from 40 per cent to 100 per cent and instead would support reducing the threshold to 25 per cent.

Reduce Duplication of Information and Thereby Reduce Costs

2.13. FAIR Canada supports efforts to reduce duplication of information and believes that a brief summary of governance requirements and other attachments to the information circular could be provided (rather than the full documents) with web-links provided to the full documents on the listed issuer's web-site. Implementing such a change could reduce the size of many information circulars by 50 per cent or more.

Recommendation 14: FAIR Canada believes that a brief summary of governance requirements and other attachments to the information circular could be provided (rather than the full documents) with web-links provided to the full documents on the listed issuer's web-site. Implementing such a change could reduce the size of many information circulars by 50 per cent or more.

3. FAIR Canada's Response to Specific Questions Posed in the Notice and Request for Comments

3.1 *1. Do you support the proposal to replace the requirement to file three and nine month interim financial reports (associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

No, FAIR Canada is opposed to eliminating quarterly reporting. See paragraphs 2.2 and 2.3 above.

3.2 *2. If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

No, see section 1 above for FAIR Canada's view of the Proposed Instrument and the direction that the CSA should be taking.

3.3 *3. If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

Yes, see paragraphs 2.2 and 2.3 above.

3.4 *4. If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

See paragraphs 2.2 and 2.3 above.

3.5 *7. The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

FAIR Canada believes that BARs should be retained and BARs should be required when the acquisition is significant, as set out in the current requirements. If anything, we would support reducing the threshold from 40 per cent to 25 per cent. See paragraph 2.11 above.

3.6 *8. The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

We believe the requirement should be retained but the exchange should have the ability to waive the requirement is the information is not material or it is unduly costly to produce.

3.7 *9. The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form 41-101F1. Should this exemption be expanded to apply to all venture issuers? Why or why not?*

We have no objection to the proposal to expand it to all venture issuers.

3.8 *10. The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

FAIR Canada is of the view that if there is a requirement with respect to composition of the audit committee as set out in other laws or in listing requirements, there is no need to include it in the Proposed Instrument as it does not improve investor protection and may lead to confusion. Control persons should be permitted on the audit committee but a minimum of two members of the audit committee should be independent directors.

3.9 *11. The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

a. Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

Executive compensation should be disclosed in the Information Circular as well as in the Annual Report.

3.10 *12. In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

See paragraph 2.6 above.

3.11 *13. The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

No comment.

FAIR Canada urges the CSA to rethink its approach to venture issuer regulation given the comments made above, the recent scandals that have occurred with respect to TSX-V listed issuers and in light of the purpose of securities regulation as set out in the provincial securities acts.

We would be pleased to discuss this letter with you at your convenience. Feel free to contact Ermanno Pascutto at 416-572-2282/ermanno.pascutto@faircanada.ca or Marian Passmore at 416-572-2728/marian.passmore@faircanada.ca.

Sincerely,

Canadian Foundation for the Advancement of Investor Rights

Appendix 1 - List of 2011 Problematic TSX-V Emerging Market Listings[8]

Issuer Name	Issuer Symbol	Type of Listing	Date of Listing	Description of Issue(s)
Arehada Mining Ltd.	AHD.H			The company was cease traded in April 2011 as it had not filed annual financial statements. It explained in a press release that it had sold its principal business but did not yet have access to the proceeds of that sale as Chinese tax authorities had not decided what tax rate to apply. On May 9, 2011 it was permanently delisted from the TSX-V for failing to meet listing requirements. It relisted on NEX but it is suspended due to the delinquent filings.
Cathay Forest Products Corp.	CFZ		2004/09/04	The company was cease traded in February 2011 and is being investigated by the TSX and the OSC. A class action was filed against it and some of its officers and directors on June 9, 2011. It is alleged that there was a failure to provide notice or seek exchange approval for four non-arm's length deals and failure to adequately disclose the related party transactions. It was a "pick of the street" according to TMX's "2010 TSX Venture 50".
China Coal Corporation	CKO	QT from NEX	2007/02/06 QT date: 2010/05/18 NEX	In June, the company retracted statements made to the Canadian publication Northern Miner about the potential of the Mei Feng coal mine in China, which it intends to acquire. The company said that the implication in the statements that the site was richer than technical reports had suggested did not meet standards of disclosure for mineral projects. See http://www.theglobeandmail.com/globe-investor/news-sources/?date=20110619&archive=cnw&slug=C7423 for the press release.
Huaxing Machinery Corporation	HUA	QT	2009/10/07	In late September 2011, the company restated its first quarter financials after a review by the BCSC. Net income in the second quarter of 2010, with the restatement, fell 20 percent.
IEMR Resources Inc.	IRI	QT	2009/02/12	In early March 2011 the company announced that it was not in a position to file its audited financial statements and MD&A by the deadline and as a result was the subject of a temporary cease trade order.

[8] Derived from information in recent media articles, the TSX and securities commissions' websites.

Kaiyue International	KYU.P	CPC	2010/08/12	This listing has been subject to a trading halt at the company's request since early December 2010. The company is proposing to buy another company that, through two subsidiaries, owns a Chinese firm that processes prepaid mobile phone accounts. The trading is halted pending an exchange review of the transaction.
New Pacific Metals Corp	NEX		2004/11/04	The company issued a press release advising that in connection with its Technical Report dated June 17, 2011, related to its Tagish Lake Gold Project in the Yukon, it had received comments from the BCSC regarding the company's compliance with NI 43-101 Standards of Disclosure for Mineral Projects. The company's disclosure was delinquent for the period July 19, 2011 to October 6, 2011. The company was also on the BCSC's delinquent filing list from early June to mid-July 2011 because of incomplete third quarter filings.
Xianburg Data Systems Canada Corporation	XDS-X	CPC/Qualifying Transaction (20101126)	2008/08/08	The listing was ceased traded on May 10, 2011 by the British Columbia Securities Commission. It filed its audited financial statements for the year ended December 31, 2010 on September 14, 2011 but remains subject to a cease trade order issued by the BCSC and its shares are suspended on the TSX Venture Exchange.
Zungui Haixi Corporation	ZUN-X	IPO	2009/12/21	The company was cease traded September 16, 2011 by the Ontario Securities Commission after the company said its auditor, Ernst & Young LLP, had halted its audit work pending an investigation into inconsistencies in the company's bank documents and an inability to obtain bank confirmations acceptable to the auditors. Ernst & Young has since resigned. A special committee of independent directors was appointed by the board of directors to conduct an independent investigation on August 28, 2011. On September 23rd, the company announced that the independent directors and Chief Financial Officer had resigned because the CEO, Mr. Cai, was refusing to cooperate with or fund the internal investigation. A class action law suit was filed on August 25, 2011.

S. Mark Francis

Suite 300, 840 6th Avenue SW Calgary, AB T2P 3E5 403-532-7870 email: sfrancis@mymts.net

27th of October, 2011

CSA
c/o Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Suite 600, 250 – 5th Street SW
Calgary AB T2P 0R4
Ashlyn.daoust@asc.ca

Regarding: Ongoing Governance and Disclosure Requirements for Venture Issuers

Dear CSA:

Having participated in one of the feedback sessions, and provided a fairly lengthy email to the MSC last year, I would summarize my comments as follows:

As an investor, elimination of 1st and 3rd quarter financials, or making them optional and therefore confusing investors' expectations of the space, would be a terrible decision. It would mean at one point having an eight month delay in knowing the working capital.

Adoption of IFRS has been counterproductive for investor understanding of companies, and using a similar argument that we should standardize with other international markets risks following in the same footsteps.

Elimination of 1st and 3rd quarter financials would provide only minimal savings, as those financials are unaudited, and the board should be reviewing them anyway.

It is the MD&A which is so time consuming for small companies, so it would be far better to eliminate that requirement for all but the year end.

Institutional Investors are not active in the space that needs the particular relief. Imposing more governance policies (your 7(j)) on companies with market caps of less than $30 – 50 million will be counterproductive. I run a small cap public company which cannot bear more process burden. The same goes for proposals to require 3 directors on the audit committee, which would require the addition of another director to those companies with only 3 directors.

Requiring more disclosure, benchmarks, and narrative will increase the burden unnecessarily on all companies, rather than allowing certain companies to respond to market demand.

On balance your proposals will increase, not decrease, the burden for most companies, excepting producing oil & gas companies and selected other, generally revenue generating, companies.

Yours truly,

S. Mark Francis

WILDEBOER
wildlaw.ca
DELLELCE LLP

October 27, 2011

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

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-2082
Email: ashlyn.daoust@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: 514-864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Re: **Comments on Proposed NI 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers and Proposed Amendments to NI 51-102 Continuous Disclosure Obligations**

We are making this submission in response to the Notice and Request for Comment published by the Canadian Securities Administrators (the "CSA") on July 29, 2011, in respect of Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* ("NI 51-103") and proposed related consequential amendments to National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102") (collectively, the "Proposed Amendments"). We believe that in omitting to require public disclosure of voting results of meetings of shareholders of venture issuers, the Proposed Amendments fall short in an important

area for meeting the reasonable expectations of venture issuer investors. Accordingly, we would recommend that a requirement for disclosure analogous to Section 11.3, "Voting Results" in NI 51-102 be added to NI 51-103.[1]

Currently, there is no requirement for venture issuers to disclose detailed voting outcomes of meetings of shareholders, unlike as is the case for issuers listed on the TSX. There is no persuasive reason for this situation. The additional cost to an issuer to provide this information would be minimal (the information already being provided to the issuer by the scrutineer of the shareholder meeting). Our experience suggests that this information is valuable in the context of contested proxy situations. There is no policy reason why the full results of shareholder meetings should be available to management of venture issuers but not shareholders of venture issuers.

Therefore, we recommend that a requirement modelled after s. 11.3 of NI 51-102 be included in NI 51-103. We appreciate being given the opportunity to comment on the important and worthwhile initiatives contained in the Proposed Amendments. If you wish to discuss any of our comments, please do not hesitate to contact Mark Wilson at 416-361-4763 (mwilson@wildlaw.ca) or James Brown at 416-361-2934 (jbrown@wildlaw.ca).

Yours truly,

(signed) "*Mark Wilson*"

Wildeboer Dellelce LLP

[1] In doing so, we are relying upon the definition of venture issuers as set out in NI 51-103, and, therefore, we are not extending our comments or recommendations to senior unlisted issuers as set out in NI 51-102.

October 27, 2011

Zafar Khan
Policy Counsel
Listed Issuer Services
27th Floor, 650 West Georgia Street
P.O. Box 11633
Vancouver, BC V6B 4N9
T (604) 602-6982
F (604) 488-3121
zafar.khan@tsx.com

BY EMAIL

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

Attention: Ashlyn D'Aoust
Legal Counsel, Corporate Finance

Dear Ms. D'Aoust:

Re: Proposed National Instrument 51-103

In response to the Notice and Request for Comment (the "**Notice**") published by the Canadian Securities Administrators (the "**CSA**") on July 29, 2011 in respect of Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (the "**Proposed NI**"), TSX Venture Exchange ("**TSXV**") provides the following comments and feedback.

A. Responses to Questions Posed in the Notice:

The Notice sets forth 13 questions for which the CSA requested specific feedback. Our responses to certain of those questions are as follows (enumerated in the manner set forth in the Notice):

2. If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?

Yes. TSXV acknowledges that the proposal to eliminate mandatory quarterly financial reporting constitutes a significant component of the Proposed NI, however, TSXV is of the view that the other elements of the Proposed NI are significant enough to justify changing the venture issuer regulatory regime.

TSXV agrees with the general reason and rationale behind the Proposed NI, specifically that the overall regulatory regime in Canada should recognize and address the fact that the issues relevant to the venture market and its participants may differ from those relevant to the non-venture market and its participants. The current regulatory regime is largely a "one size fits all" regime created in the context of non-venture issuers with certain variations and exemptions built-in for venture issuers. TSXV agrees with the general proposition that having regulation that is specifically tailored to venture issuers would potentially better address the issues that are more relevant to the venture market and its participants as compared to the current regulatory regime. In this regard, TSXV

commends the CSA for the comprehensive scope and nature of the Proposed NI in that it covers a wide spectrum of fundamental continuous and timely disclosure requirements as well as corporate governance requirements in detail. Given that the breadth and scope of the Proposed NI far exceeds matters relating to quarterly financial reporting, TSXV is of the view that even if the CSA chooses not to eliminate mandatory quarterly financial reporting, the other elements of the Proposed NI are significant enough to justify changing the venture issuer regulatory regime.

10. The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?

(a) If you think that control persons should be added, explain why.

(b) If you do not think that control persons should to be added, explain why.

TSXV recommends that control persons be added to the list, similar to section 21(b) of Policy 3.1 of the TSXV Corporate Finance Manual.

TSXV understands that the purpose and intent of section 5(1) of the Proposed NI is to ensure that some measure of independence is included in the composition of a venture issuer's audit committee without requiring venture issuers to comply with the broader independence requirements applicable to non-venture issuers set forth in National Instrument 52-110 ("**NI 52-110**"). TSXV acknowledges that shareholdings alone may not interfere with a director's independent judgment, however, in the view of TSXV, it is reasonable to take the position that a director's independent judgment may be comprised if that director holds, directly or indirectly, a sufficient number of securities of an issuer to affect materially the control of the issuer. As such, TSXV is of the position that it is necessary to include control persons in the list of persons that are not considered independent for audit committee purposes.

[In respect of audit committee independence, please also refer to our comment below regarding the inclusion of consultants as persons that should not be considered independent for audit committee purposes.]

13. The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?

TSXV recommends that CPCs be exempted from filing any annual and mid-year reports in respect of any annual or mid-year period that falls within the CPCs first 24 months of listing on TSXV (being the time period a CPC has to complete its Qualifying Transaction) provided that the CPC has not completed its Qualifying Transaction within such time period. Once a CPC has either completed its Qualifying Transaction or 24 months have elapsed since its listing on TSXV, the CPC would be required to file all annual and mid-year reports for each annual and mid-year period that occurs after either the completion of the Qualifying Transaction or the elapsing of the 24 months post-listing, as the case may be.

TSXV is of the view that the foregoing is sufficient for CPCs and would not compromise the publicly available disclosure in respect of a CPC given that:

(a) The CPC's IPO prospectus contains all relevant information about the CPC including substantially all of the information prescribed by Form 51-103F1.

(b) During the first 24 months post-listing (assuming the CPC has not completed a Qualifying Transaction during such time period), the information contained in the CPC's IPO prospectus generally remains unchanged so there is no need to provide periodic disclosure in the form of annual or mid-year reports to update the market on the CPC's business and affairs. Doing so would be unnecessarily repetitive.

(c) During the period in which it is exempt from filing annual and mid-year reports, the CPC would still be required to file its annual and interim period financial statements and MD&A (with CEO and CFO certifications), annual general meeting materials and timely disclosure documents. As such, the CPC's disclosure record would remain current and both easily accessible and understandable, notwithstanding the fact that it does not include either annual or mid-year reports.

B. Other Comments and Feedback:

TSXV provides the following additional comments and feedback in respect of the Proposed NI.

1. **Mid-Year Financial Reporting:** As stated above, TSXV acknowledges that the proposal to eliminate mandatory quarterly financial reporting constitutes a significant component of the Proposed NI. Correspondingly, TSXV has had extensive discussions regarding this proposal both internally and externally with its stakeholders as a means of identifying and assessing the relevant issues. Consideration of this matter has been and remains a priority for TSXV. TSXV intends to further assess the matter once the CSA has published both the comments received in respect of the Proposed NI as well as the results of the surveys regarding the Proposed NI being conducted by certain CSA members.

2. **Must be a National Instrument:** We understand that at present the Proposed NI is intended to be a National Instrument with all CSA members participating. We cannot understate the importance that the Proposed NI remain a National Instrument if it is to be implemented. TSXV would not be supportive of a Multilateral Instrument as it would potentially result in TSXV-listed issuers being subject to two different, and in many ways inconsistent, regulatory regimes, an untenable situation for TSXV-listed issuers to have to deal with.

3. **Audit Committee – Financial Literacy Requirement:** At present, the audit committees of venture issuers are exempt from both the independence and financial literacy requirements prescribed by NI 52-110 for non-venture issuers. The Proposed NI includes certain audit committee independence requirements for venture issuers, however, it does not include a financial literacy requirement. TSXV recommends that the Proposed NI require that at least one member of a venture issuer's audit committee be financially literate (having the same meaning as set forth in section 1.6 of NI 52-110) as a means of providing comfort that a venture issuer's audit committee has the necessary knowledge and expertise to read and understand a set of financial statements.

4. **Audit Committee – Independence Requirements (Consultants):** As presently drafted, section 5(1) of the Proposed NI will require that a venture issuer's audit committee be

comprised of a majority of persons that are not executive officers or employees of the issuer or an affiliated entity of the issuer. Subject to the addition of control persons (as discussed above), this essentially mirrors TSXV's audit committee independence requirements as set forth in section 21(b) of Policy 3.1 of the TSXV Corporate Finance Manual.

In the experience of TSXV in interpreting and applying the provisions of section 21(b) of TSXV Policy 3.1, many persons that work for venture issuers are categorized by the issuer and individuals as consultants (as opposed to employees) of the venture issuer. As a result, in certain circumstances, issuers and individuals have argued that as consultants (as opposed to employees), the individual is independent for the purposes of section 21(b) of TSXV Policy 3.1. In general, TSXV does not agree with this argument and, for the purposes of section 21(b) of TSXV Policy 3.1, TSXV will typically view a consultant to an issuer as analogous to an employee of the issuer and therefore not independent for audit committee purposes. At present, TSXV is considering amending section 21(b) of TSXV Policy 3.1 to specifically address this matter. Correspondingly, TSXV suggests that the CSA consider including consultants in section 5(1) of the Proposed NI.

5. **Governance and Ethical Conduct Disclosure – Disclosure of Non-Action:** Items 41(2) to (7) of Form 51-103F1 require a venture issuer to provide disclosure of any steps or measures taken by the venture issuer to address certain specified corporate governance and ethical conduct matters. In light of Instruction 8 to Form 51-103F1, an issuer that does not take any steps or measures in respect of the matters described in Items 41(2) to (7) of Form 51-103F1 may take the position that they can simply omit providing any disclosure in respect of these matters as opposed to having to specifically disclose in the annual report that the issuer does not take any steps or measures in respect of these matters. TSXV suggest that the CSA redraft Items 41(2) to (7) of Form 51-103F1 to require that if the issuer does not take any steps or measures in respect of these matters that it be required to specifically disclose this in its annual report.

   Please note that the general intent of this comment may apply to other sections of Form 51-103F1 in addition to Items 41(2) to (7). TSXV suggests that the CSA assess whether the issue raised by this comment may apply to other sections of Form 51-103F1.

Thank you for the opportunity to provide our comments and feedback in respect of the Proposed NI. If you require any clarification of our comments and feedback, please do not hesitate to contact the undersigned at your convenience.

Regards,

TSX VENTURE EXCHANGE INC.

Per: (signed) *"Zafar Khan"*

Zafar Khan
Policy Counsel

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

October 27, 2011

Brendan Reay
Dir: 416-863-5273
brendan.reay@blakes.com

Reference: 99997/99993

VIA E-MAIL

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

C/o:

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-2082
ashlyn.daoust@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: (514) 864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

Re: Proposed National Instrument 51-103 – Ongoing Governance and Disclosure Requirements for Venture Issuers

Dear Sirs/Mesdames:

I am providing this letter in response to the Notice and Request for Comment of the Canadian Securities Administrators (the "**CSA**") on proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* ("**Proposed NI 51-103**"), published on July 29, 2011. Thank you for the opportunity to comment on Proposed NI 51-103. The views expressed in this letter are my own and not necessarily those of any other member of my Firm.

Section 1 – Definition of "Material Contract"

The definition of "material contract" in Proposed NI 51-103, and related concepts, differ somewhat from the equivalent provisions in National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"). In particular, part (b) of the definition of material contract in Proposed NI 51-103 enumerates particular types of contracts (such as contracts with directors or executive officers and licences to use patents or trade names) that will be considered material, whether or not they are entered into in the ordinary course. However, in Proposed NI 51-103, part (b) of the definition (the enumerated items) does not have the element of the contract being material to the venture issuer. As currently drafted, it would seem to catch any contract of the enumerated types, whether

it is material to the venture issuer or not, which presumably is not the intention. In contrast, under NI 51-102 "material contract" is defined simply as a contract that is material to the issuer. In NI 51-102, the equivalent concept to part (b) of the definition in Proposed NI 51-103 is instead drafted as a requirement to file the enumerated types of *material contract*, even if they are entered into in the ordinary course of business – but they must first be material. I suggest that the definitions and concepts in Proposed NI 51-103 relating to filing of "material contracts" should be conformed to those in NI 51-102.

Section 3 - Application of Proposed NI 51-103

In Section 3 of Proposed NI 51-103, the approach to application of the Instrument is to make it apply to all reporting issuers other than four categories of specifically excluded reporting issuers, namely (a) investment funds, (b) issuers with securities listed or quoted on specified (senior) exchanges, (c) over-the-counter issuers subject to BC Instrument 51-509, and (d) senior unlisted issuers (as defined in proposed amendments to NI 51-102). This approach may inadvertently move some reporting issuers into the venture issuer disclosure regime under Proposed NI 51-103 when they ought to remain subject to NI 51-102. For example, an unlisted issuer can become a reporting issuer as a result of a plan of arrangement, amalgamation or other reorganization transaction, or by filing a non-offering prospectus. In addition, an unlisted issuer can be deemed to be a reporting issuer for specific purposes, including to be subject to senior issuer continuous disclosure obligations as a credit supporter or otherwise. The exclusion for a "senior unlisted issuer" may not apply in these circumstances, since the definition of "senior unlisted issuer" in the proposed amendments to NI 51-102 contemplates that such an issuer does not have any securities listed on the senior exchanges referred to in paragraph 3(1)(b) of Proposed NI 51-103, and that it has distributed debt, preferred shares or securitized products under a prospectus. If an unlisted issuer has not issued debt, preferred shares or securitized products under a prospectus, it appears that such an issuer would not be a "senior unlisted issuer" and therefore would become subject to Proposed NI 51-103, rather than NI 51-102, even if it would be more appropriate for that issuer to remain subject to NI 51-102.

To address this issue, I suggest that the definition of "senior unlisted issuer" be amended to include the types of reporting issuer referred to above. As a second alternative, the approach to the application of Proposed NI 51-103 and NI 51-102 could be reversed; that is, NI 51-102 could be made applicable to all reporting issuers other than venture issuers, and a definition of venture issuer could be drafted that captures the concept of the issuer having securities that are listed or quoted on a 'junior' exchange or marketplace. This could be done by listing applicable junior exchanges in the definition of venture issuer (the approach initially proposed in CSA Multilateral Consultation Paper 51-403 – *Tailoring Venture Issuer Regulation*), or by referring to the issuer being listed on an exchange or marketplace other than the specified senior markets (essentially, the analog of the concept found in current paragraph 3(1)(b) of Proposed NI 51-103). A third alternative would be for the CSA to introduce an "opt-out" provision that would allow issuers who would otherwise be subject to Proposed NI 51-103 to opt out of that regime, in appropriate circumstances and in whole or in part, and choose to continue being subject to the senior issuer disclosure regime of NI 51-102 and related instruments.

In addition, there seems to be an error in the cross-reference in subsection 3(3) – it appears that the reference to paragraph 35(1)(d) should instead be a reference to paragraph 33(1)(d).

Section 4 – Conflicts of Interest and Material Related Entity Transactions

Recognizing that not all reporting issuers are corporations, or are incorporated under Canadian federal or provincial business corporations statutes, I question whether the proposed requirements relating to conflicts of interest and material related entity transactions are necessary or appropriate. Most corporate laws include some kind of conflict of interest protection, and market practice generally leads to similar provisions being applied to non-corporate issuers (such as REITs and income trusts). Investors are further protected in relation to significant

related party transactions by the application of the minority securityholder protections in Multilateral Instrument 61-101. Furthermore, the formulation of this obligation may cause difficulty if it is not consistent with an issuer's constating documents or incorporating statute – for example, if the issuer's directors are required by applicable laws to act in the best interests of shareholders or others, in addition to or even instead of the issuer.

If Section 4 of Proposed NI 51-103 is retained in some form, I suggest that paragraph (a) be amended to introduce a materiality standard. As currently drafted, Proposed NI 51-103 would require the board of a venture issuer to discuss and consider every conflict of interest involving a director or executive officer, regardless of materiality. Canadian business corporations statutes generally include a materiality element in their conflict of interest provisions. I also suggest that Section 4 be revised to include language to ensure it is subject to, and not inconsistent with, the governing laws of the issuer.

Section 6 – Trading Policies

I suggest that the requirement in Section 6 of Proposed NI 51-103 for a venture issuer to take steps "to become aware of and to deter or prevent each person or company that is in a special relationship" from insider trading and tipping is too broad. Practically, issuers can put in place policies and procedures to cover their own directors, officers and employees, and perhaps consultants. However, I question whether issuers can realistically take these kinds of steps with respect to persons in a special relationship that are more removed from the issuer's control, and whether they should be required to do so. Such persons could include significant shareholders, persons proposing to make a take-over bid and anyone engaging in business or professional activity with or on behalf of a reporting issuer, and it should not be up to the issuer to monitor their activities or their compliance with securities laws. I suggest removing this provision or, if it is retained, that it be narrowed to apply only to an issuer's directors, officers and employees, and perhaps consultants. This would align with the focus of the guidance provided in part (1) immediately following Section 6 of Proposed NI 51-103.

Form 51-103F1 – Annual and Mid-Year Reports – Part 1, Section 2

Section 2 of Part 1 of Form 51-103F1, entitled "Focus on Material Information", begins by directing issuers: "In preparing a report, focus the disclosure on information that is material." However, Section 2 does not contain the sentence: "You do not need to disclose information that is not material", which is included in the equivalent section of Form 51-102F2 – *Annual Information Form*. I suggest including that sentence in Form 51-103F1, to avoid differences in the two instruments and confusion about the appropriate level of disclosure.

* * * * *

Once again, thank you for the opportunity to comment on Proposed NI 51-103. Please contact me (at 416.863.5273) if you would like to discuss these comments.

Yours very truly,

(Signed) "Brendan Reay"

Brendan Reay

Computershare Investor Services
100 Univeristy Ave. 8th floor
Toronto Ontario M5J 2Y1
Telephone 1 416 263 9200
Facsimile 1 416 981 9800
www.computershare.com

October 27, 2011

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

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
E-mail: ashlyn.daoust@asc.ca

Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec, H4Z 1G3
E-mail: consultation-en-cours@lautorite.qc.ca

Dear Sirs:

Subject: Proposed National Instrument 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers and Related Amendments

---

This submission is made by Computershare Trust Company of Canada and Computershare Investor Services Inc., in response to the request for comment on the above noted Proposed Amendments. We appreciate that the Canadian Securities Administrators ("CSA") has provided us with the opportunity to review the Proposed Amendments and provide comments.

Computershare, Ltd. (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, proxy solicitation and other specialized financial, governance and communication services. As a leading transfer agent in Canada, Computershare provides complete securities transfer processing, securityholder record keeping, mailing, meeting, and internet based services for 63% of the corporations listed on the TSX Venture – approximately 1,500 issues.

Computershare comments on this Instrument are specifically focused on reiterating the statements made to the CSA in August, 2011 in response to the Proposed Amendments to National Instrument 54-101. In

addition, we suggest that any changes or amendments made to 54-101 be reflected in 51-103 to ensure alignment across the 2 instruments.

Part 5 Proxy Solicitation and Information Circulars

16. Delivery Options for Information Circular and Proxy Related Material
1 (c) F. A document in plain language that explains notice and access and includes the following information:

The page numbers of the information circular where disclosure regarding each matter or group of related matters identified in the notice in clause (i) B can be found.

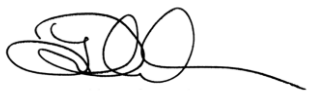
As previously commented, providing specific references to the information circular should only be required where the resolution being voted upon does not contain all of the details. Citing specific page numbers could be problematic as the information circular itself is generally being created and amended right up to the actual mailing deadline. Further, Issuers who mail in both languages will no doubt have different page numbers in English vs. French. If deemed necessary, only a reference citing the actual Section, Appendix or Schedule within the information circular should be required.

2 Notice in advance of first use of notice-and-access

We question the overall effectiveness of an advance notice to shareholders of the intent to utilize Notice and Access. As there is no action to be taken on the part of the shareholder once they receive the advance notice, we question the purpose of this advance "heads up"? If the shareholder does wish to receive the full set of materials, they will have the opportunity to do so once they receive the Notice. The inclusion of explanatory information on what Notice and Access is all about and explaining their options accompanying the Notice provides all the information necessary to receive paper delivery within the timeframes set out in the proposed Instrument. Further, dependent upon the date of implementation of Notice and Access, the 3 month minimum notice period could preclude the ability for a large number of reporting issuers to take advantage of the cost savings and efficiencies this Instrument contemplates.
If it is felt some sort of advance notice would be required, we would thereby suggest including this with the Notice of Meeting as per Section 2.2 (1), which must be done 30 days in advance of the record date, when Notice and Access is being utilized.

Computershare respectfully submit these comments and wishes again to extend our appreciation to the CSA for providing this opportunity.

Sincerely,



Lara Donaldson
General Manager, Client Services
Computershare
T: (416) 263-9546
lara.donaldson@computershare.com

TAKARA RESOURCES INC.

80 Richmond Street West, Suite 804
Toronto, Ontario, M5H 2A4
T: (647) 430-0966 F: (647) 430-5676
W: www.takararesources.com
E: tania@takararesources.com

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   If you support this proposal, why? What are the benefits?

   If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

If you think that 100% is the correct threshold, explain why.

If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

If you think the exemption should be expanded, explain why.

If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

If you think that control persons should be added, explain why.

If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive*

compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 356-6084 ot taniailieva@rogers.com .

Yours very truly,

Tania Ilieva, P. Geo
VP Exploration

ONTARIO BAR ASSOCIATION
A Branch of the Canadian Bar Association

L'ASSOCIATION DU BARREAU DE L'ONTARIO
Une division de l'Association du Barreau canadien

October 27, 2011

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

c/o Ashlyn D'Aoust
Legal Counsel Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, AB T2P 0R4

-and-

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marches financiers
800, square Victoria, 22e étage
Montréal, QC H4Z 1G3

Via e-mail to ashlyn.daoust@asc.ca and consultation-en-cours@lautorite.qc.ca

Dear mesdames:

RE: Proposed National Instrument 51-103 (the "Proposed Instrument")

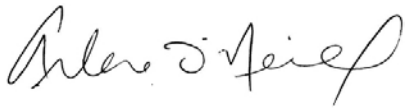
This submission is made by the Business Law Section of the Ontario Bar Association (the "OBA") in response to the request for comments published on July 29, 2011 (the "Request for Comments") with respect to the Proposed Instrument.

As the largest voluntary legal organization in the province, the OBA represents more than 17,500 lawyers, judges, law professors and students in Ontario. OBA members practice law in no fewer than 36 different sectors. More than 1,640 of these lawyers belong to our active Business Law Section, including those working in private practice, government, non-governmental organizations and in-house. In addition to providing legal education for its members, the OBA analyzes and assists government and other policy-makers with dozens of legislative and policy initiatives each year - both in the interest of the profession and in the interest of the public.

The OBA supports the objectives of the Proposed Instrument in seeking to reduce the complexity of regulatory instruments applicable to "venture issuers" and to simplify the presentation of information in disclosure documents. However, we note that reporting issuers that are not "venture issuers" are also impacted by a comprehensive regulatory regime and would, together with their investors, benefit from streamlined regulatory instruments and simplified disclosure requirements as well. Accordingly, we submit that an initiative should be undertaken by Canadian Securities Administrators with the objective of ensuring an "even playing field" for all reporting issuers in respect of reporting requirements under applicable securities laws.

Thank you for this opportunity to comment. If you have any questions, please direct them to Philippe Tardif at (416-367-6060 or ptardif@blg.com).

Yours truly,



Arlene O'Neill
Chair, Business Law Section
Ontario Bar Association

Ernst & Young LLP
Chartered Accountants
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, ON M5K 1J7
Tel: 416 864 1234
Fax: 416 864 1174
ey.com/ca

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

27 October 2011

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montreal, Québec H4Z 1G3

Re: Notice and Request for Comments – Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*, Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*, National Instrument 44-101 *Short Form Prospectus Distributions* and National Instrument 45-106 *Prospectus and Registration Exemptions* and Proposed Consequential Amendments

Dear Sirs / Mesdames:

We have read the Notice and Request for Comments and provide you with our comments in this letter. Capitalized terms in this letter have the same meaning as those in the Notice and Request for Comments, except as otherwise indicated.

We have restricted our comments to those matters in the proposals which are related to our expertise. In this respect, we have one general comment and responses to questions 1, 2, 6, 7, 8 and 9 of the Notice and Request for Comment.

General Comment

Consistency with Stock Exchange Requirements

If adopted, the proposals will significantly change what will be required to be disclosed in prospectus and continuous disclosure forms. Our comments below support several of the proposals.

We believe it is important that the benefits arising from proposals be further enhanced by stock exchanges adopting requirements for transaction-specific and continuous disclosure that are the same as or consistent with the final revised National Instrument 51-103. For example, the requirements for the periods to be covered by financial statements, acceptable accounting principles and acceptable auditing standards for an issuer, a significant acquisition or a reverse takeover acquirer should, to the extent possible, be the same for the Form under National Instrument 51-103 and for the information circular requirements under TSX Venture Exchange Forms 3B1-3B2 and 3D1-3D2.

We therefore encourage the CSA to work with Canadian stock exchanges and other relevant parties to achieve this consistency.

Specific Questions

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

    a) *If you support this proposal, why? What are the benefits?*

    In our view, the proposal has merit. We are uncertain that the cost of preparing and filing of three and nine month interim financial reports (and associated MD&A) for Venture Issuers justifies the benefits to investors in all circumstances. Therefore we believe it would be reasonable for Venture Issuers and their advisers to determine the most suitable frequency of interim financial reporting to shareholders based upon the nature of the business and other relevant factors. The decision making process could be further enhanced by asking shareholders to approve the proposed frequency of interim reports at each annual meeting.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

    In our view, the costs and benefits of all regulation should be continuously evaluated to ensure a fair and efficient capital market. Although the proposal at item 1 above is a significant reform in the Proposed Instrument, it may be necessary to adopt the other

proposals in any event so that there is a platform upon which to evaluate regulatory developments that affect Venture Issuers differently than other issuers.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

   In our view, the alternative may not result in significant time savings. Any subset of quarterly financial reporting will require, as a minimum, getting the numbers right. The base level of diligence to achieve this will still be significant.

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   a. *If you think that 100% is the correct threshold, explain why.*

   b. *If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.*

   c. *Should financial statements be required at all for these transactions?*

   Reporting issuers must disclose particulars of material changes, including business acquisitions. The information requirements of a BAR are designed to disclose the particulars; the threshold is designed to assess what business acquisitions are material.

   The current and proposed BAR thresholds for Venture Issuers are arbitrary. We have observed cases where the financial statements required in a BAR appeared either immaterial or of little relevance because either: the current threshold was too low, one of the tests in respect of the current threshold was not relevant to the materiality question or the statements of the acquired business itself did not appear relevant to the combined entity.

   Despite the limitations of an arbitrary threshold, on balance, we support both increasing the threshold and streamlining the test to a single consideration. We do not have a view whether a 100% threshold is correct.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   a. *If you are of the opinion that pro forma financial statements do provide useful information. specifically, what information do they provide and how do you make use of that information?*

   In our view, the pro forma financial statements, as opposed to the historical financial statements, will provide the most useful information to investors, since the pro forma financial

statements provide better information regarding the financial position and results of operations of the combined entity. We believe the incremental cost of preparing pro forma financial statements is not large as the issuer will be required to perform much of the due diligence underlying the pro forma statements as a consequence of accounting for the business combination itself.

However, where one of the combining parties has insignificant results of operations, pro forma statements of operations may be less useful to investors. The CSA may wish to consider language requiring only a pro forma balance sheet in these situations, in a manner similar to section 49.2 of TSX Venture Exchange Form 3D1-3D2.

9 *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

a. *If you think the exemption should be expanded, explain why.*

b. *If you do not think that the exemption should be expanded, explain why.*

We do not have a view on this question. There are issuers, regardless of size, where audited comparative annual information is important to investors and those where it is not. We note that in many cases, the audit of the comparative year information is less onerous as, by implication, the amounts in the closing balance sheet for that comparative period must be audited.

Should you have any questions or comments on this letter, we would be pleased to hear from you.

Yours sincerely,

Ernst & Young LLP

Douglas L. Cameron / Matt Bootle
(416) 943-3665 / (403) 206-5501

FIERA SCEPTRE

October 27, 2011

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600 250-5th Street SW
Calgary, Alberta T2P 0R4

Re: Notice and Request for Comment: Proposed NI 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers and Related Amendments

I would like to respond to the NI 51-103 proposal and offer feedback from an institutional investor's perspective.

The Fiera Sceptre Inc small cap team currently manages over $1billion in dedicated Canadian small cap assets. Our mandate is to invest in best of breed companies with a long term investment horizon. We own TSX listed companies but also have exposure to Venture listed companies.

As a bottom up fundamental investment team, access to company information via quarterly and annual financial statements are key sources of information used in our investment analysis. Overall I support more disclosure for all companies to ensure a level playing field for all investors, whether retail or more sophisticated institutional managers.

Although there are many elements of N1 51-103, I would like to focus on the main point of the proposal. Is it appropriate for venture companies to move to semi-annual reporting versus the current structure of quarterly reports? My recommendation is segmented into two categories of Venture companies: Non-Materials companies and Materials companies. My view is a balanced one that incorporates the need of the Venture company and also the requirements of an institutional investor.

Non-Materials Venture Companies

Venture companies by their nature are earlier stage companies with potential for growth and long term capital appreciation. The best laid strategy for the Venture company's business plan can change very quickly with unanticipated events. A company's revenues, cost structure, profitability and balance sheet strength could change materially relative to the management's expectations. The information on their corporate websites is generally adequate but would not keep investors abreast of changes in a timely manner. Disclosure on a semi-annual basis would be too lengthy. *For this reason in addition to others, it is recommended that non-materials Venture companies should continue to report financials and MD&A on a quarterly basis.*

Semi-annual reporting may also result in the unanticipated consequence of a higher cost of capital for the venture company. If the company plans to raise equity 4 or 5 months after the year end financial results, an investor may want to wait for the next semi-annual report to ensure the company's financial results are in line with corporate expectations.

Quarterly filings would also encourage the Venture company to place the internal controls to prepare for a listing on the TSX.

Materials Venture Companies

The largest industry sector for small cap investors is materials and would probably have the most significant representation of Venture listed companies. These companies are generally represented by metal or gold and precious metal investments. The primary value drivers for these companies are the release of drill hole results, scoping studies, prefeasibility studies or resource updates amongst others. These corporate results are released to the public as the reports are completed and not on a quarterly basis in conjunction with the quarterly financial statement release. *Since these material companies do not have revenues or earnings, semi-annual reporting or perhaps quarterly reporting on a voluntary basis may be a reasonable proposal.*

One of the comments of the proposal is that there are numerous countries which have semi-annual reporting such as Australia and South Africa versus Canada on a quarterly basis. Our opinion is that companies will list on the exchanges that can offer them the best access to a deep and sophisticated investor base in order to raise capital. It is interesting to note that an increasing number of Australian resource companies have chosen to list on the Canadian exchange in additional to their local one. The CEO's of these companies have stated many times that the Canadian investor base and brokerage firms are more supportive of their companies than in their homeland. Clearly, the benefits of access to capital and a strong investor base outweigh the cost of filing additional financial statements.

Conclusion

I want to thank you for this opportunity to express my opinion on the proposed regulation.

I would like to conclude that the above opinions and comments are from the undersigned and may or may not represent the views of Fiera Sceptre Inc.

Fiera Sceptre is an independent full-service, high quality, strongly capitalized investment management firm with $30 billion in assets under management. With offices in Toronto, Montreal, Vancouver and Waterloo, Fiera Sceptre counts more than 160 employees, of whom 72 are dedicated investment professionals servicing our diverse clientele of institutional investors, mutual funds, charitable organizations and private individuals.

Michael Chan

Michael Chan
Vice President and Senior Portfolio Manager
Small Cap Equities
Fiera Sceptre Inc.

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

I have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. In answer to your questions:

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

I support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the costs, of quarterly reporting. The proposed semi-annual financial reporting provides a comprehensive financial report that is sufficiently timely for a venture issuer, and consistent with the financial reporting. In my view, the quarterly reports are on no use.

Investors place more value on the issuer's management and strategic plan.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. Anything that reduces the burdens of compliance reporting is usefull.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

   (b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

   (c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

No

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

N/A.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

No

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

a--Yes. c-No

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

   (a) If you think the exemption should be expanded, explain why.

   (b) If you do not think that the exemption should be expanded, explain why.

Response:

Yes .

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

Yes.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

No.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

No it does not.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

No.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

Please note that during the development stage an unfair proportion of a junior companies capital is expended in satisfying regulatory rather than business objectives. Anything that you can do to alleviate this will be welcome by all. I am of the opinion that harsher personal penalties for illegal activities will do more to ensure compliance than more regulations.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (204) 669-1166.

Sincerely,

George H. Gale
450 Bonner Ave
Winnipeg, MB R2G 1C3

VECTOR
Corporate Finance Lawyers

1040-999 W. Hastings Street
Vancouver, BC, Canada V6C 2W2
Tel: 604.683.1102
Fax: 604.683.2643

October 27, 2011

VIA E-MAIL

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

VECTOR
Corporate Finance Lawyers

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when combined with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

VECTOR
Corporate Finance Lawyers

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

   (b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

   (c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on

VECTOR
Corporate Finance Lawyers

the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

VECTOR
Corporate Finance Lawyers

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

   (a) If you think the exemption should be expanded, explain why.

   (b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

   (a) If you think that control persons should be added, explain why.

   (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

VECTOR
Corporate Finance Lawyers

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the

VECTOR
Corporate Finance Lawyers

option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

VECTOR
Corporate Finance Lawyers

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 683-1102.

Yours very truly,

VECTOR Corporate Finance Lawyers

Per:

Graham H. Scott

PEAT RESOURCES LIMITED

1103 – 4 King Street West, Toronto, ON M5H 1B6

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

   (b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is

necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

(c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

(a) If you think that 100% is the correct threshold, explain why.

(b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

(c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

(a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

(a) If you think the exemption should be expanded, explain why.

(b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does*

specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 862-7885

Yours very truly,

(signed) Patricia Mannard, CFO

c. Peter Telford ,CEO

DARNLEY BAY RESOURCES LIMITED

1103 – 4 King Street West, Toronto, ON M5H 1B6

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

   (b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is

necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

(c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

(a) If you think that 100% is the correct threshold, explain why.

(b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

(c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

(a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

(a) If you think the exemption should be expanded, explain why.

(b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does*

specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 862-7885

Yours very truly,

(signed) Patricia Mannard, CFO

c.JayRichardson,CEO

CANADA
RAREEARTHS

TSX.V: CJC FSE: YXEN OTC-BB: CJCFF
www.canadarareearths.com
ir@canadarareearths.com

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The

proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) *If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?*

   (b) *If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.*

   (c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to

provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

   (a) If you think the exemption should be expanded, explain why.

   (b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

   (a) If you think that control persons should be added, explain why.

   (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and

the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

(a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

(i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

(ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are

shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 685-5851.

Yours very truly,

Dave McMillan
Chairman/Director

CANADAGOLD

604.685.5851
ir@canadagold.com
www.canadagold.com

CANADAGOLD.COM

TSX.V: CGI FSE: I9NB OTC-BB: CNGZF

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) *If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?*

(b) *If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.*

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of*

an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?

(a) If you think that 100% is the correct threshold, explain why.

(b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

(c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

(a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

(a) If you think the exemption should be expanded, explain why.

(b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of

audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture

issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 685-5851.

Yours very truly,

Dave McMillan
President & CEO

DURAN
VENTURES INC.

TSX.V: DRV

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   If you support this proposal, why? What are the benefits?

   If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

If you think that 100% is the correct threshold, explain why.

If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument.

In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

If you think the exemption should be expanded, explain why.

If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

If you think that control persons should be added, explain why.

If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public

company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

****

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 876-1591.

Yours very truly,

Signed "Dan Hamilton"

Dan Hamilton
Chief Financial Officer

Duran Ventures Inc.
40 University Avenue, Suite 710,
Toronto, ON, M5J 1T1 Canada

Phone: 416 867-1591
Fax: 416 479-4371
Email: info@duranventuresinc.com
Web: www.duranventuresinc.com

Burnet, Duckworth & Palmer LLP
Law Firm

Reply to: Edward B. Brown
Direct Phone: **(403) 260-0298**
Direct Fax: **(403) 260-0332**
ebb@bdplaw.com

Assistant: Tammy Noble
Direct Phone: **(403) 260-0132**

Via Electronic Correspondence to Addressees Indicated in Schedule B

October 27, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
PEI Office of the Superintendent of Consumer,
Corporate and Insurance Services Division
Office of the Superintendent of Securities,
Government of Newfoundland and Labrador
Department of Community Services,
Government of Yukon
Office of the Superintendent of Securities,
Government of the Northwest Territories
Legal Registries Division, Department of Justice,
Government of Nunavut

Dear Sirs:

Re: Notice and Request for Comment – Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* and Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*, National Instrument 44-101 *Short Form Prospectus Distributions* and National Instrument 45-106 *Prospectus and Registration Exemptions* and Proposed Related Consequential Amendments

We are responding to the Canadian Securities Administrators (the "**CSA**") Notice and Request for Comment – Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (the "**Proposed Instrument**") and Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*, National Instrument 44-101 *Short Form Prospectus Distributions* and National Instrument 45-106 *Prospectus and Registration Exemptions* and Proposed Related Consequential Amendments dated July 29, 2011 (the "**Request**"). The comments provided herein are those of a number of practitioners in our securities group and are not those of Burnet, Duckworth & Palmer LLP or its clients.

For the purposes of this letter we have provided responses to each of the specific questions set out in the Request and we have provided general drafting comments in Schedule A.

For ease of reference, we have duplicated the specific questions set out in the Request and have placed our responses in bold italics.

Mid-Year Financial Reporting

1. Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?

   a. If you support this proposal, why? What are the benefits?

   b. If you do not support this proposal, why not? What are your concerns?

   We generally support the requirement to replace the mandatory requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting; however, we note that there may be some drawbacks to implementing the proposal for issuers and we believe other market participants such as issuers and dealers may be in better position to provide a meaningful response to this inquiry.

   We support the requirement as allowing venture issuers the option of not filing three and nine month financial reports would allow many venture issuers to dedicate additional time and resources to developing their businesses. In addition, for many venture issuers the three and nine month reports provide limited useful information to investors and such venture issuers have limited resources to focus on the preparation of these financial reports.

   We believe the elimination of the three and nine month financial reporting requirements would be most beneficial to small market capitalization venture issuers and venture issuers not requiring additional capital in the near term. Many venture issuers with large market capitalizations require comparability to issuers listed on the Toronto Stock Exchange ("TSX") and therefore we believe such issuers will continue to prepare and file three and nine month financial reports. In addition, we believe that issuers (regardless of size) who are in need of money from the capital markets will likely be required by underwriters/agents or investors to prepare and file three and nine month financial reports (depending on the timing of the financing). To the extent that an issuer has not prepared the three and nine month financial reports and is trying to raise capital it may place such issuer at a disadvantage and may require such issuer to delay such financing until such time as such financial reports can be prepared.

2. If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?

   No. Although there are other advantages to the Proposed Instrument, without the elimination of mandatory quarterly financial reporting, the costs of implementing the new regime and the challenges that venture issuers (and other market participants) will face learning the new regime will outweigh any potential benefits. In addition, many of the beneficial features of the Proposed Instrument (for instance, the changes to the significant acquisition reporting requirements) could be worked into the existing regulatory regime without requiring an entirely new regime to be implemented.

3. If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine

month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?

a. If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

b. If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

c. Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

As noted in our response to question 1, we do support the elimination of the requirement to file three and nine month financial reports; however, as noted, such elimination may only benefit certain venture issuers depending on their size and their capital requirements. We do not believe that it would be beneficial to impose alternative reporting requirements (other than full financial statements) for the three and nine periods as this would impose an entirely new reporting requirement on venture issuers which would reduce any benefit of the elimination of the requirement to file three and nine month financial reports. In addition, the other continuous disclosure obligations of the Proposed Instrument and other applicable securities laws as well as stock exchange rules would require venture issuers to disclose material information and material changes between the annual report and the mid-year report and therefore a new requirement for an alternative three and nine month report would have limited utility.

4. If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?

We believe that other market participants may be able to provide more meaningful feedback with respect to this question.

5. If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.

We believe that other market participants may be able to provide more meaningful feedback with respect to this question.

6. Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?

As noted in our response to question 3, we believe that preparing some subset of quarterly financial reporting would be just as onerous, or possibly more onerous, because of the requirement for issuers, counsel and other market participants to learn a new reporting requirement than preparing interim quarterly financial statements. In addition, as noted above, relevant information would be required to be filed pursuant to other continuous disclosure obligations of venture issuers between the annual and mid-year report and therefore an alternative quarterly financial report would be of limited utility.

Other financial statement requirements

7. The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?

    a. If you think that 100% is the correct threshold, explain why.

    b. If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

    c. Should financial statements be required at all for these transactions?

    We believe that other market participants may be able to provide more meaningful feedback with respect to this question; however, we do support raising the threshold for financial statement reporting for acquisitions for venture issuers. There may be benefits to removing the requirement for financial statements regardless of the significance of the acquisition; however, we do recognize that in some circumstances such financial statements provide useful information for securityholders and investors. If there are any financial statement requirements for acquisitions, the 100% threshold is appropriate as it matches the current concept for determining when an acquisition is the acquisition of a primary business under NI 41-101.

8. The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?

    a. If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

    Although other market participants may be in a better position to provide more meaningful feedback with respect to this question, in most instances we do not believe that pro forma financial statements provide useful information that is not otherwise available or readily determinable from other financial statement disclosure requirements.

9. The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form 41-101F1. Should this exemption be expanded to apply to all venture issuers?

    a. If you think the exemption should be expanded, explain why.

    b. If you do not think that the exemption should be expanded, explain why.

    We believe that other market participants may be able to provide more meaningful feedback with respect to this question.

Governance requirements and executive compensation disclosure

10. The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?

    a. If you think that control persons should be added, explain why.

    b. If you do not think that control persons should to be added, explain why.

    We do not believe that control persons should be added to the list. In many circumstances, the interests of control persons are not necessarily aligned with the interest of management of a venture issuer. Like many other shareholders and stakeholders, control persons generally have an interest in ensuring accurate financial reporting. Eliminating control persons as potential independent candidates for the audit committee will result in the pool of potentially qualified candidates being reduced. Venture issuers already have a difficult time attracting qualified candidates to serve as directors and therefore efforts should be taken not to reduce the ability of venture issuers to attract qualified persons to act as independent directors any further.

    We do agree that in certain circumstances there may be factors that prevent a control person from exercising independent judgment if they were to serve on the audit committee; however, rather than a deemed determination that such persons are not independent a better approach may be to adopt the test from section 1.4 of National instrument 52-110 – Audit Committees which requires a board of directors to make determination as to the independence of potential candidates for audit committees based on whether there is a "material relationship" which could be reasonably expected to interfere with the exercise of a member's independent judgment.

11. The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.

    a. Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        i. If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        ii. If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

    We do not believe it is necessary or desirable to duplicate director and officer compensation and corporate governance disclosure in both the annual report and the information circular. We believe most investors are familiar enough with SEDAR and public disclosure on websites that they can access such director and officer compensation and corporate governance disclosure prior to any

meeting to vote for directors regardless of where the information is disclosed, especially if the information circular notes that such information is available in the annual report. In addition, duplication of the disclosure increases the chance for errors and does not provide any additional relevant disclosure.

Although we understand and appreciate the goal of trying to consolidate all of the material disclosure about an issuer in one document, we question whether moving the director and officer compensation and corporate governance disclosure from the information circular to the annual report will be beneficial to venture issuers or venture issuer investors. Most investors are accustomed to reviewing the director and officer compensation and corporate governance disclosure in issuers' information circulars. In addition, regardless of whether the Proposed Instrument is brought into force, non-venture issuers will continue to be required to include director and officer compensation and corporate governance disclosure in their information circulars. Investors may have more difficulty in locating the disclosure if it is in different locations for venture and non-venture issuers. In addition, we do not believe disclosing the information in the annual report provides any additional benefits to issuers as they will need to prepare the disclosure regardless of where the information is required to be disclosed. Finally, if there is a concern that the disclosure is most relevant for investors prior to voting on directors then the disclosure should be included in the information circular and not the annual report.

12. In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Although we believe that other market participants may be able to provide more meaningful feedback with respect to this question, we generally support the elimination of the requirement to disclose the grant date fair value of stock options as such disclosure does not provide useful information for various reasons including as a result of how such value is calculated, for small illiquid issuers with high stock volatility it may distort views of costs.

General disclosure requirements

13. The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?

Yes, we believe that much of the required disclosure in the annual report and the mid-year report is irrelevant for investors in capital pool companies. The only likely relevant disclosure for investors in capital pool companies is how much money has been spent by the capital pool company since the last report, how that money has been spent and if there have been any material changes in the information disclosed in the initial public offering prospectus (i.e., a change in the composition of the board of directors or management). The more onerous the disclosure requirements are for a capital pool company, the more money that such a company is required to expend to comply with such requirements. As more onerous disclosure requirements provide very little additional relevant information for investors, the costs of preparing such information should be enough to outweigh

any potential benefit. We believe that most of the relevant disclosure for capital pool companies can be met by capital pool companies providing financial statements with appropriate notes supplemented by material change disclosure.

Further comments invited

14. We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.

Although we have not performed a detailed analysis of every aspect of the drafting of the Proposed Instrument and the related proposals, we have provided a summary of some of the key issues we have noted in Schedule A to this letter. In addition, the following are some general comments on the Proposed Instrument.

As noted in our previous comment letter on CSA Multilateral Consultation Paper 51-403, we applaud the efforts of the CSA in attempting to improve both the quality of venture issuer disclosure as well as streamlining the disclosure requirements for venture issuers to decrease the costs and time required to comply. In addition, we note that the CSA has made a number of improvements to the proposed new regime for venture issuers based on the comments received in response to Multilateral Consultation Paper 51-403 and we appreciate the willingness of the CSA to consider and respond thoughtfully to such comments.

We do still have some general concerns with respect to the implementation of the proposed new regime for venture issuers. One of our main concerns is the inability of a venture issuer to opt-in to complying with the regime for non-venture issuers instead of being limited to the regime for venture issuers. We note that many venture issuers prefer to tailor their disclosure to replicate the disclosure of non-venture issuers as many of their peer companies are companies that are listed on the TSX. Investors are accustomed to seeing disclosure in a certain manner and having that disclosure easily comparable to other companies that they are interested in investing in. To the extent disclosure documents are different for venture issuers from those for non-venture issuers, it may significantly harm such venture issuers' ability to raise additional capital.

Many venture issuers who would like comparability to non-venture issuers are at the stage where they could graduate to the TSX but they have chosen not to because they still wish to take advantage of some of the benefits of listing on the TSX Venture Exchange ("TSXV"). Not allowing venture issuers with the ability to opt-in to the regime for non-venture issuers may result in a number of issuers listed on the TSXV applying to list on the TSX earlier than they otherwise would. To the extent that there are certain requirements in the proposed regime the CSA believes are important for all venture issuers regardless of size, the CSA could still allow venture issuers to opt-in to the reporting regime for non-venture issuers but provide that an issuer that chooses to opt-in to the regime for non-venture issuers supplement their disclosure with certain of the disclosure requirements for venture issuers. If an ability to opt-in to the regime for non-venture issuers is not incorporated into the Proposed Instrument, the detrimental effect that the new regime will have on certain venture issuers may outweigh any potential benefits of the new regime.

Finally, we note that although one of the goals of the Proposed Instrument is to make the disclosure requirements for venture issuers more manageable, complying with the requirements for annual and mid-year reports, will require significant dedication of time and resources for venture issuers - especially in the first few years after implementation of the Proposed Instrument. The disclosure required in the annual report goes far beyond the current baseline disclosure requirements for

venture issuers. In addition, as much of the disclosure required in an annual report is significantly different from the disclosure required in an annual information form, even for venture issuers who currently file annual information forms, the preparation of the initial annual report will require a significant dedication of time and resources.

We would be happy to expand upon any of the foregoing at your convenience and thank you for the opportunity to comment. If you wish clarification on any of the foregoing please feel free to contact Ted Brown or Michael Eldridge of our office at your convenience.

Yours truly,

"*Burnet, Duckworth & Palmer LLP*"

cc: Burnet, Duckworth & Palmer LLP
Attn: Securities Group

SCHEDULE A
SUMMARY OF GENERAL DRAFTING COMMENTS

As noted in the main body of our letter, we have not performed a detailed analysis of every aspect of the drafting of the Proposed Instrument and the related forms; however, the following summary provides a description of some of the key drafting issues we noted in our review of the Proposed Instrument and related forms:

NI 51-103

Section 1(1) - Definitions

Definition of "founder" – The definition of founder is not consistent with the definition of founder used in other instruments. We question the need to use the definition of founder at all in the Proposed Instrument and if it is used we believe it should be consistent with the definition in other instruments.

Definition of "material contract" – We believe this definition is overly broad and will capture a number of agreements which are not intended to be captured. In particular subsection (b) of the definition does not even require the contract to be material to the venture issuer. As a result, every single contract (other than employment agreements) entered into between a venture issuer and any of its directors, officers or founders will be captured, including standard indemnity agreements, stock option agreements and other non-material ordinary course contracts. In addition, although we recognize that administration agreements are already included in the concept of material contracts in NI 51-102, it may be helpful to provide some guidance as to what this is intended to capture as it could be misconstrued to capture a wide range of non-material contracts.

Definition of "material related entity transaction" – We question whether it is advisable to include subsection (a) of this definition as it requires venture issuers and their advisors to refer to the issuer's GAAP to determine whether a transaction is a material related entity transaction. This may prevent an issuer from receiving quick concrete advice to help make a determination as to whether something is a material related entity transaction.

Definition of "related entity" – We believe this definition is far too broad which will make it very difficult to make determinations of whether a person or a company is a related entity of another person or company. As an example, subsection (e) of the definition results in all insiders of insiders of the venture issuer being considered related entities. As the definition of insiders is already extremely broad, this inclusion in the definition potentially will capture a very large group of persons or companies making it difficult for a venture issuer to ascertain all the persons or companies who will be captured. We also question the need to include entities in which directors or officers of the venture issuer are also directors or officers pursuant to subsection (c). Although we agree such directors and officers should refrain from voting as a director on a transaction involving another entity in which they serve as a director or officer, we do not believe it is necessary to classify such entities as related entities unless a director or officer holds a material interest in such entity. In addition, as noted above pursuant to our comments on the definition of "material related entity transaction", we question whether it is advisable to have a requirement to refer to an issuer's GAAP to make a determination of whether an entity is a related entity. In general, we believe this definition, as well as the definition of material related entity transaction, should be carefully considered and revised. It may be helpful to look at the definition of "related party" in Multilateral Instrument 61-101 as this definition contains appropriate understandable guidelines as to when a person or company is considered related.

Definition of "restructuring transaction" – The main issue we have with this definition is the guidance following the definition as to the meaning of "new securityholders" is unclear and confusing. In particular, the

wording "…and beneficial owners that held some securities in the venture issuer before the transaction, but who now, as a result of the transaction, own more than 50% of the outstanding voting securities" is confusing because of the word "some". The word some could mean that such holders held anywhere from 1% to 100% of the voting securities prior to the transaction and as a result the definition would capture a number of transactions which are unintended to be captured.

Section 4 – Conflicts of Interest and Material Related Entity Transactions

With respect to the conflict of interest provisions contained in the Proposed Instrument, we question the need to include this provision in the Proposed Instrument as corporate legislation would typically apply in most cases and specifically prescribes steps to be taken by corporations when dealing with conflicts of interest. We also would question the wording of the provisions as currently drafted as there is a mandatory obligation in the rule that is unclear while the Guidance sets forth what should be done to implement the same.

Section 6 – Trading Policies

We are generally supportive of the idea that venture issuers establish policies to prevent or reduce the likelihood of insider trading. However, based on similar reasoning for our comment with respect to Section 4, we do not support the proposed wording in Section 6 of the Proposed Instrument where there is a mandatory obligation to "take steps reasonably designed to become aware of and deter or prevent each person or company...". The requirement appears to be set forth in the Guidance and this should be in the rule if this is the intent – i.e., to establish a trading policy or procedure as outlined, rather than a statement that the issuer must take steps reasonably designed to deter persons or companies from insider trading. In addition, we question the wording in Section 6 which requires the venture issuer to take reasonable steps to become aware of a person or company in a special relationship with the venture issuer that has carried out any prohibited activity relating to insider trading. It leads to a question of what the venture issuer should do if it does become aware of such activity.

Section 12 – Delivery Options for an Annual Report or Mid-Year Report

In Section 12(c)(ii)(C), as well as in several other sections of the Proposed Instrument, we note the provision that venture issuers provide a toll free number for registered shareholders to call to obtain documents. We question the need for venture issuers to provide a toll free number when in most instances in securities legislation (for instance in item 16 of Form 51-102F5) where an issuer is required to provide contact information for the purposes of a securityholder or potential investor obtaining additional information there is no requirement to provide a toll free number. We believe there is limited benefit to securityholders for venture issuer to provide a toll free number, especially when all of the documents are available on SEDAR, and there will be extra cost and burden for a venture issuer to either set up a toll free number or to ensure that procedures are in place to accept collect calls from securityholders.

Section 13 – Interim Financial Reports for Optional Interim Periods

In subsection 13(4) it may be helpful to clarify that even if a venture issuer issues and files a news release announcing its intention to cease filing interim financial reports for optional interim periods in accordance with this subsection, it cannot cease filing such reports until after it has filed the interim financial reports for all the periods specified in subsection 13(3).

Section 16 – Delivery Options for Information Circular and Proxy Related Material

We are generally supportive of implementing options for notice and delivery of information circulars and proxy related materials; however, we do note that many corporate statutes will prevent issuers from taking full advantage of such options.

Section 21 –Filing Deadline for Report of Material Change, Material Related Entity Transaction or Major Acquisition

The words underlined in the following phrase should be added to subsection 21(2): "Despite subsection 20(2) and subsection 21(1)…" to clarify that a report filed under section 20 can exclude the financial statements required under section 20(2) provided that the financial statements are filed within the period specified in subsection 21(2).

Form 51-103F1

Section 15 – Corporate Structure

In addition to requiring venture issuers to disclose each subsidiary entity, Section 15 also requires disclosure of each party with whom the venture issuer participates in a joint venture or partnership. Despite the guidance in section 2 of Form 51-103F1 to focus on materiality, we believe the inclusion of every joint venture or partnership in which a venture issuer is a party in the disclosure required under Section 15 will be overly inclusive unless there is some exclusion for non-material or in-the-ordinary course of business joint ventures and partnerships. Many venture issuers, and in particular oil and gas venture issuers, may have many joint ventures or partnerships that they are undertaking with other parties which are immaterial in nature or entered into in-the-ordinary course of business. One option to make the requirements clearer with respect to this section is to include guidance (similar to the instruction provided under Item 3 of Form 51-102F2) which set a percentage threshold to determine whether a subsidiary, joint venture or partnership could be omitted. In addition, it may not be necessary to explicitly include partnerships in this section as partnerships fall under the definition of subsidiary entities and therefore would already be required to be disclosed under section 15 if such entities are controlled by the venture issuer. Finally, any material joint venture or partnership agreement would likely also constitute a material contract and would be disclosed pursuant to other sections of the Form.

Section 16 – Business Description

The disclosure required under subsection 16(4) of this section is overly broad and is duplicative of the disclosure required under Part 6 of Form 51-101F1. In particular this section requires disclosure of each interest or property related to oil and gas activities of a venture issuer without any concept of materiality or importance (the term "important properties" is used in Item 6.1 of Form 51-101F1). In addition, requiring disclosure under subsection 16(4)(c) with respect to the nature of the venture issuer's title or interest in a property including when and how the title to such interest or property was acquired, the consideration to be paid and the party from who the title was acquired could be very burdensome for venture issuers. In any one principal area that an oil and gas issuer has interests such oil and gas issuer may have acquired its interest in a number of different transactions, at a number of different times, in a number of different manners and from a number of different parties. As an example, they may have acquired certain of their interests in land sales, pursuant to farm-in agreements and possibly corporate acquisitions. In addition, in a number of instances the venture issuer may not be legally allowed to disclose the other parties to such transactions due to confidentiality provisions.

Sections 6.1 and 6.2 of Form 51-101F1 already require oil and gas issuers to disclose certain information about both their important properties and their unproved properties. The requirements in subsection 16(4) are duplicative of and also conflict with the requirements of Sections 6.1 and 6.2 of Form 51-101F1. If further disclosure is required or desired with respect to issuers' oil and gas properties it may be advisable to propose those changes in NI 51-101 rather than in the Proposed Instrument.

Section 17 – Two Year History and MD&A in an Annual Report

We believe that subsection 17(2)(c) essentially mandates the disclosure of non-GAAP measures by venture issuers. We question the advisability of implementing such a requirement as it would appear to contradict the general approach that the CSA has taken to discourage non-GAAP measures from being disclosed as such measures may not have standardized meanings. The requirement also places extra disclosure burdens on venture issuers as such non-GAAP measures will be required to be accompanied by all of the required disclosure for non-GAAP measures under subsection 17(2)(e). Although we do believe that the disclosure of non-GAAP measures should be allowed, provided that the necessary disclosure explaining the non-GAAP measures are also included, we do not believe it is advisable to make it a requirement to disclose non-GAAP measures. Finally, we question the use of the word "typically" in subsection 17(2)(c) as it will be difficult for management of a venture issuer to assess which key operating statistics and measures are "typically" used for an entire industry as many issuers and analysts likely use different statistics and measures.

Section 18 – Business Objectives, Performance Targets and Milestones

Although many ventures issuers do provide guidance which disclose performance targets for the upcoming year, the requirement to disclose such targets may be burdensome and carry with it inherent risk for the venture issuers to the extent that such performance targets are not achieved. It will also require the venture issuer to provide regular updates when the expectations as to the achievability of such performance targets change, which places additional burdens on reporting issuers. We believe that the disclosure of such performance targets should be a voluntary decision of venture issuers.

Section 27 – Reporting Insiders

Although we do not object to the requirement to identify and disclose the "reporting insiders" of venture issuers, we don't believe it is necessary to include subsection 27(2) in the Proposed Instrument. Any person or company who is required to be disclosed under subsection 27(2), would fall within the definition of "significant shareholder" under NI 55-104 and would thereby already fall within the definition of "reporting insider" and be required to be identified and disclosed under subsection 27(1).

Section 41 – Governance and Ethical Conduct

We question the need for this requirement as for the majority of venture issuers it would result in boilerplate disclosure of the statutory duties of directors or officers which would have limited utility for most investors. It may be advisable to only include this requirement for venture issuers not incorporated under a Canadian corporate statute.

Form 51-103F2

Section 7 – Date of Material Change, Material Related Entity Transaction or Major Acquisition

We question the relevance of disclosing the date of the decision to implement a material related entity transaction under subsection 7(b). In addition, it is not clear if the decision in this case is the decision of management or the board of the venture issuer.

Section 12 – Additional Disclosure for Material Changes to Prior Oil and Gas Activity Disclosure

The requirements of this section are duplicative and slightly different from the requirements of Part 6 in NI 51-101. Given the requirements of Part 6 of NI 51-101 there is probably no need to include this requirement in this Form.

Form 51-101F4

Section 14 – Cease Trade Orders, Penalties, Sanctions and Bankruptcies of Proposed Directors

The disclosure requirements under this section are slightly different than the current disclosure requirements under Section 7.2 of Form 51-102F5 as well as the proposed disclosure requirements under subsection 29(4) of Form 51-103F1. In particular, in some instances the disclosure of cease trade orders and bankruptcies is only required if a director or executive officer of the venture issuer was a director, CEO or CFO of an entity that was subject to a cease trade order or bankruptcy and in other instances the disclosure is required if a director or executive officer of the venture issuer was a director or any executive officer of an entity that was subject to a cease trade order or bankruptcy. It is not clear to us the rationale for the different disclosure thresholds and we believe that the language in the different Forms should be consistent.

SCHEDULE B

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Calgary, Alberta T2P 0R4
Fax: (403) 297-2082
ashlyn.daoust@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montreal, Quebec, H4Z 1G3
Fax: (514) 864-6381
consultation-en-cours@lautorite.qc.ca

MORTON & COMPANY
corporate and securities lawyers

Our File No.: 0123.000

James N. Morton
Direct: 604.331.9540
Email: jnm@mortonandco.com

October 27, 2011

VIA COURIER

TSX Venture Exchange
Suite 2700 – 650 West Georgia Street
Vancouver, BC V6B 4N9

Attention: Zafar Khan

Dear Sirs:

Re: Proposed NI 51-101 "Ongoing Governance and Disclosure Requirements for Venture Issuers" TSX-V Request for Comments

We are responding to John McCoach's email requesting comments on the proposed NI 51-103.

John raised two questions in his e-mail. The first is whether the new instrument creates too much of a distinction between venture and non venture issuers. The second is whether the perceived benefits of the tailored regulation outweigh the potential costs associated with a distinct regulatory framework for venture issuers.

In formulating this response we discussed the proposed NI 51-103 with the corporate finance heads of two investment dealers active in the venture markets – one headquartered in Vancouver and the other in Toronto – as well as a number of firm clients.

This comment letter does not address all of the changes contemplated by the new instrument. It focuses on certain of the purposes and specific provisions that we consider bear on the questions raised by Mr. McCoach.

A. Purpose of NI 51-103

The purposes NI 51-103, in summary form, are set out below.

1. To relieve compliance challenges for venture issuers.

In that regard, we note the following:

Suite 1200 – 750 West Pender Street, Vancouver, B.C. V6C 2T8 • Website: www.mortonandco.com
Telephone: 604.681.1194 • Facsimile: 604.681.9652 * A Partnership of Law Corporations

a) Venture issuers will spend additional time and incur increased professional fees in preparing and becoming familiar with the new disclosure requirements and associated documents.

b) The time and cost savings associated with the streamlined form of the venture issuer's annual information circular will be largely offset by the additional costs associated with the Annual and Mid Year Reports.

c) The requirement to prepare two separate documents, the Annual Report and the Information circular rather than one does not appeal to venture issuers who are currently comfortable with the one document approach to filings.

d) The Annual Report may result in concise but less complete disclosure about venture issuers, many of whom have complex businesses. We would rather err on the side of "full" rather than "concise" disclosure.

Given the forgoing, we are of the view that the new regime will not result in significant relief from existing compliance challenges for venture issuers.

2. To reduce duplication in compliance documents.

The new policy will result in an increased number of compliance documents for venture issuers, including the Annual and Mid Year Reports. In addition to these documents there will be new forms for a venture issuer: Long Form Prospectus, Short Form Prospectus and TSX-V Short Form Offering Document. Although it is contemplated that these different documents will contain less duplication in content, there will be an adjustment period which requires time, effort and additional costs. For example, many venture issuers conduct brokered financings where agent's counsel are large firm Toronto lawyers who may not (even over time) be as familiar with these new forms. Their lack of familiarity (and the fact that all securities counsel will have to work with different forms for different issuers) may well result in more, rather than less expense. Simply because the form is different for venture issuers, may not reduce the requirements for disclosure from agent's counsel.

The disclosure documents tailored for venture issuers will distinguish venture issuers from non venture issuers. Many of our more advanced venture issuer clients have been working for years to avoid any distinction between themselves and TSX listed issuers. To a large extent this goal has been achieved and the new policy may be seen as a step backwards by more senior TSX-V listed companies. Many of these companies do not see the benefits of graduating to the TSX but this new regime may force them to reconsider their strategy. If that is the case and advanced companies listed on the TSX-V consider that their only alternative is to list on the TSX, the increased listing and compliance costs associated with such a listing would be an argument against the adoption of the new rule.

3. By adopting a separate regulatory instrument it may make it easier for venture issuers to understand the regulatory requirements applicable to them.

   Venture issuers have varying degrees of sophistication and financing resources. Many have specialized in house staff and/or outside advisors to prepare and make their disclosure filings. The more developed the venture issuer, the greater the number of disclosure filings.

   TSX-V NEX listed companies, Capital Pool Companies and a number of CNSX listed companies, as well as other issuers with relatively small market capitalizations, often do not have the human or financial resources to understand and meet disclosure compliance challenges to the same degree as more developed venture issuers. These companies could be referred to as junior venture issuers. The introduction of NI 51-103 would be of significant benefit to them. However, our view is that these junior issuers are not clamouring for change and have, over the years, become comfortable with the existing regime.

B. NI 51-103 proposals of concern

The following is a summary of certain key provisions of NI 51-103 and our associated comments:

1. New Annual Report and Mid Year Report forms.

These reports will include tailored director and executive officer compensation disclosure. Tailoring executive and director compensation and corporate governance disclosure for venture issuers differentiates these issuers from non venture issuers, many of whom are only distinguished by the stock exchange on which their securities are listed. The distinction may hamper the ability of analysts to compare venture companies to non venture companies. This might result in reduced analyst coverage for venture issuers.

The NI 51-102 (continuous disclosure obligations), NI 52-110 (Audit Committee), and NI 58-101 (disclosure of corporate governance practices) compliance requirements will be replaced by specific requirements for disclosure of conflicts of interest, related party transactions and insider reporting. Accordingly, it appears that boards of venture issuers and management and advisors will not be required to maintain a broad corporate governance perspective or to provide disclosure of such practices.

2. New Long Form Prospectus, Short Form Prospectus and TSX-V Short Form Offering documents for venture issuers.

The recently introduced revised NI 43-101 removed the requirement for a venture issuer that has filed a current Technical Report with the filing of its Annual Information Form, to file a

Technical Report upon the filing of a Short Form Prospectus. NI 51-103 does not require venture issuers to file Technical Reports upon the filing of an Annual Report. Correspondingly NI 51-103 contemplates NI 43-101 being amended to require venture issuers to file current Technical Reports at the time of filing a Short Form Prospectus.

A Short Form Prospectus is a financing tool for venture issuers. Time is of the essence in financings. The requirement to concurrently file a current Technical Report increases the time it takes to obtain a receipt for a Short Form Prospectus. This was acknowledged in the revised NI 43-101. NI 51-103 will reverse this.

3. Streamlined information circular.

A venture issuer will be required by NI 51-103 to file a streamlined information circular and an Annual Report prior to each annual shareholder meeting. The Annual Report will have a tailored form of executive compensation and corporate governance disclosure. The corporate information in an annual information circular required to be filed by a non venture issuer will, accordingly, now be significantly different from that of a venture issuer.

NI 51-103 provides venture issuers the option to continue to file 3 and 9 moth quarterly statements. For the reasons set out in section 4 below there is some evidence that many venture issuers will so elect. Such venture issuers may also wish to elect, for the same reasons, to prepare and file an information circular that incorporates the disclosure contemplated by NI 52-110 and 58-101. NI 51-103 does not contemplate venture issuers being able to do this.

4. Removal of mandatory requirement to file 3 and 9 month financial statements and MDA.

NI 58-101 (disclosure of corporate governance practices) seeks to foster responsibility, accountability and transparency among public company boards and management. The requirement that issuers file quarterly financial statements is one of the ways that such objectives are realized. Making the filing of the 3 and 9 month quarterly statements optional would appear to be in conflict with the intent of this corporate governance policy.

One of the corporate finance individuals who we reviewed the proposed instrument with indicated that he thought independent directors of the venture issuers advised or financed by his firm would not agree to those issuers not filing such statements.

We have indications from the management at a number of venture issuers that they intend, should NI 51-103 be adopted, to continue to have their companies file 3 and 9 month quarterly statements. We understand their rational for doing so to be as follows: (a) they wish to follow best disclosure practices; (b) if possible they wish to minimize any distinction in the public markets between their venture issuer companies and non venture issuers; and (c) they are interested in making their graduation to the TSX a “seamless” process.

D. NI 51-103 Proposals of benefit to venture and non venture issuers

The following NI 51-103 proposals we consider would be of benefit to both venture and non venture issuers.

(i) Replacing Business Acquisition Reports with enhanced material change reporting including financial statements for acquisitions that are 100% significant.

(ii) Introduction of corporate governance requirements relating to conflicts of interest, related party transactions and insider trading.

(iii) Introduction of an options significance test which permits significance to be calculated using the acquisition date of market capitalization instead of the market capitalization at the announcement date.

(iv) Requiring delivery of disclosure documents only on request, in lieu of mandatory mailing requirements.

Perhaps consideration could be given to revising existing instruments to incorporate the intent of the aforementioned proposals for the benefit of both venture and non venture issuers.

E. Conclusions

One of the corporate finance professionals we discussed this proposed instrument with posed two questions:

(a) Why would changes be made to disclosure policies to favour the "weaker" issuers (e.g. NEX, CPC, and some CNSX issuers)?

(b) Who would want to report using one regime and then have to change when they graduate to the TSX?

Our conclusions respecting the introduction of NI 51-103 in its current format are as follows:

(i) The tailored regulation addresses compliance challenges faced by junior venture issuers to a much greater degree than the more developed venture issuers. While these issuers may comprise a majority (in terms of numbers) of venture issuers, we do not agree with favouring their interests over those of the more advanced venture issuers.

(ii) The junior venture issuers are, for the most part, the least able to properly disclose and implement any new rules. Currently however, they do comply with the existing rules. None of our clients who might be considered in this category have expressed to us any interest in new disclosure rules.

(iii) We consider a number of the NI 51-103 proposals as outlined in section D above should be incorporated into policy in a way that would benefit all venture and non venture issuers.

In summary, our conclusion is that the actual and perceived benefits of the proposed regulation to the majority of venture issuers will not outweigh the costs of such regulation.

Respectfully Submitted,

MORTON & COMPANY

"James N. Morton"

Per: James N. Morton

JNM

Walton
Investing on Solid Ground®

Kurtis T. Kulman
Senior Vice President, Law
Direct:(403) 213-3178
Fax: (403) 213-3184
Email:kkulman@waltoninternational.com

Assistant:
Janice Malainey
Executive Legal Assistant
Direct:(403) 213-3181
Fax: (403) 213-3184
Email: jmalainey@iwaltoninternational.com

October 27, 2011

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

Dear Sir or Madam:

Re: CSA Notice and Request for Comments – Proposed National Instrument 51-103 (the "Proposed Instrument")

The Walton group of entities (the "Walton Group") is in favour of securities regulatory initiatives that (i) recognize the unique position in the Canadian marketplace of smaller issuers and their overall positive contribution to the Canadian economy, (ii) recognize that all securities regulation is not necessarily beneficial to these smaller issuers and their investors because of, among other things, the cost involved in compliance where the benefit to the Canadian marketplace is not proportionate, and (iii) promote streamlining and "ease of review" of complex regulation in a manner that does not jeopardize the protection of the Canadian capital markets.

The Walton Group is of the view that the Proposed Instrument generally falls within the above.

We are in favour of the proposal to replace the requirement to file three and nine month interim financial statements and associated MD&A with a framework for voluntary three and nine month financial reporting. One of the Walton Group's business models involves the formation and promotion of smaller "reporting issuers" that horizontally develop specific properties in North America. It is contemplated when these entities are created and their IPO offerings are undertaken, that their period of existence will generally be from 3 to 6 years. These entities will only undertake one business – the horizontal development of their specific property.

23rd Floor, 605 - 5th Avenue SW • Calgary, Alberta T2P 3H5
Main: +1.403.265.4255 • Fax: +1.403.237.6634
WaltonInternational.com
Walton International Group Inc.

The IPO prospectuses of these entities describe their proposed development plans in detail. As a result of this model, a material deviation from that plan will generally constitute a material fact with respect to the issuer that will require the issuance of a press release. In addition, because of this business model, the securities of these issuers are not listed on a stock exchange and, generally, investors acquire the securities issued by them for the purposes of holding the securities through the complete existence of the issuer and not with the intention of trading these securities for profit. As a result, for these issuers, the cost (both hard cost and time spent preparing these financial statements and reports) far outweighs the benefit received by our investors from the materials. Indeed, the costs of these reports can have a disproportionate negative impact on the returns to the investors.

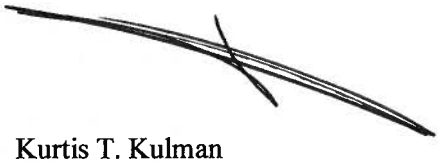
We do note, however, that the new disclosure requirements in the Proposed Instrument for "annual reports" will effectively require venture issuers to include annual information form ("AIF") disclosure in the annual report. This will require the preparation of a significantly longer and more detailed annual report than in the past. The preparation of this document will involve a material amount of time for the issuer, require more auditor involvement and, for venture issuers that do not have internal legal resources, likely involve the retention of external legal counsel to prepare or at least review that part of the annual report. The inclusion of this requirement in the Proposed Instrument will materially reduce the time savings and the hard cost savings to venture issuers resulting from the removal of the requirement to prepare and file three and nine month interim financial statements.

We also note that the Proposed Instrument requires the annual report (which will now be significantly longer) to be provided by the venture issuer to its securityholders. Effectively, venture issuers will be required to deliver the AIF-like disclosure to their securityholders annually. While non-venture issuers are required to prepare an AIF, they are not required to deliver the AIF to their securityholders. The requirement to deliver this much longer annual report to securityholders will mean increased printing and mailing costs to the venture issuers. We request that, if the CSA decides to require venture issuers to include AIF-like disclosure in the annual report, the CSA at least remove from the Proposed Instrument the requirement to deliver this disclosure to securityholders. This disclosure would, of course, be made available through a SEDAR filing.

Thank you for the opportunity to comment on the Proposed Instrument. We would be happy to discuss the above with you further.

Yours truly,

WALTON INTERNATIONAL GROUP INC.



Kurtis T. Kulman
Senior Vice President, Law,
Securities & Special Projects

KTK\jvm

Jiminex Inc.
TSX-V:JIM

661 Grann Drive, RR#1, Shuniah, Ontario Canada P0T 2M0

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   If you support this proposal, why? What are the benefits?

   If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

If you think that 100% is the correct threshold, explain why.

If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

If you think the exemption should be expanded, explain why.

If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

If you think that control persons should be added, explain why.

If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive*

compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 462-1930.

Yours very truly,

Allan J. Willy, P.Eng.
VP Exploration, Secretary & Director
c. James R.B. Parres, President & CEO

File number 77547.1 Direct line 604.647.5525 email rgodinho@boughton.ca

October 27, 2011

BY EMAIL

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

(collectively, the "**CSA**")

To the CSA:

Re: Comments on amendments to Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (the "**Proposed Instrument**")

We respond to the CSA's request for comment on the Proposed Instrument, published on July 29, 2011.

We act for over 50 Venture Issuers who would be affected by the Proposed Instrument and from whom we have attempted to obtain feedback. In order to do this, we sent our clients a survey which discusses the changes contained in the Proposed Instrument and incorporates the CSA's questions on the Proposed Instrument.

Our comments in this letter summarize the feedback we have received from clients as well as our Securities Group's thoughts on the Proposed Instrument.

We highly favour the Proposed Instrument and concur with the rationale for the proposed changes.

The Proposed Instrument should be adopted in its entirety, including the change to a voluntary 3 and 9 month financial reporting system ("**Voluntary Filing**"). Voluntary

Filing is advantageous because it alleviates any financial and administrative burden on smaller Venture Issuers trying to meet this requirement, while allowing other Venture Issuers who may be concerned about reporting to institutional investors and/or graduating to a senior stock exchange that require historical comparative interim reporting as a condition of listing, to continue to report on a quarterly basis.

Voluntary Filing is more suitable for Venture Issuers where the cost and time associated with preparing and filing the interims may be greater than the benefit gained by shareholders who read and rely on these interims. Many Venture Issuers are in early stages and do not necessarily have significant operations and results therefrom. Semi-annual reporting may be sufficient for investors to be able to assess and evaluate the financial position of these companies.

Many of our clients feel that the cost of regulatory compliance for Venture Issuers is a hindrance to using the public market and that the majority of shareholders/investors do not read financial statements or MD&A. Financial statements provide an analysis of the company after the fact, and while, MD&A provides more current information to expand on this financial picture, in its current format has become far too cumbersome, lengthy and not concise. Relevant information is more commonly contained in Venture Issuer's news releases and material change reports.

Many of our clients have advised us that semi-annual reporting would not deter them from investing in any foreign company, as no "new" disclosure material is provided in 3 and 9 month reports (i.e. information presented is readily available through other disclosure, on the company websites or by speaking with company management).

We support Voluntary Filing because it will streamline issuers' disclosure requirements and allow issuers to have the choice to expend this capital on exploration and business growth instead of administration. By potentially decreasing the amount of regulatory requirements on our clients, the time spent on complying with these requirements may also decrease, allowing management the choice to focus on other important work such as budgeting, planning and project evaluation. We are also in favour of condensing the regulatory framework covering Venture Issuers' continuous disclosure into one instrument, such that management of Venture Issuers are able to more easily understand the regulatory framework and comply with same.

Moreover, many of our clients believe that Voluntary Filing would not damage the reputation of Venture Issuers because a semi-annual reporting schedule is standard practice in many other jurisdictions including Australia, the United Kingdom, Hong Kong and South Africa.

We favour simple, plain language and concise MD&A. We enclose a copy of the Australian Form 5B as an example of a standard we think is effective and should be considered. We submit that the focus of investors and shareholders tends to be on matters such as available working capital, capital structure, management compensation, liquidity, and reports on expenditures. These should be presented in clear, simple and plain language, so that interested readers do not have to sift through pages of accounting "jargon" to be able to determine what an issuer has done and what it proposes to do with the financial resources available to it.

Many of our clients were not in favour of imposing the requirements for comprehensive annual and semi annual reports, if that was simply in addition to their current disclosure requirements. They want the administrative burden and cost reduced not increased.

As far as the proposal to eliminate the BAR and introduce enhanced material change reporting, the feedback we received was almost universally in favour. We do note that the market capitalization threshold was generally viewed as preferable to existing thresholds, however also advise that management of many Venture Issuers stated that the requirement to provide audited financial statements for even two prior fiscal years tended to be a very costly and time consuming exercise, especially in respect of non resource transactions. Due to the nature of such ventures, matters that occurred two years prior to the filing generally had little relevance to the transaction. Further, it was generally felt that pro forma financial statements do not provide useful information about acquisitions that could be easily captured in a much simpler and cost effective manner.

In respect of the proposal to expand the proposed exemption for "junior issuers" in the long form prospectus to all Venture Issuers, we received little feedback; however we support such an initiative. We submit that providing one year of audited financial statements with unaudited comparative financial information sufficiently satisfies the need for relevant financial disclosure for Venture Issuers.

While some clients voiced concerns about excluding control persons from the majority of members of an audit committee, we are in favour of that change. Control persons tend to exert significant influence of Venture Issuer's management, and we submit that investor confidence would be enhanced by adopting the proposed change.

Similarly, many of our clients were in favour of removing the disclosure on executive compensation from information circulars, however our view is that shareholders tend to review such disclosure in conjunction with annual general meetings, and therefore we feel compensation disclosure is relevant. We suggest that disclosure not be duplicated, but rather that a reference to the disclosure in the annual and semi annual report be mandated to be included in the information circular.

In the case of Venture Issuers, we do not believe that the grant date fair value and the accounting fair value of stock options or other securities based compensation provide useful information. In fact we submit that it is often misunderstood by the average investor and in some cases the media (as a component of actual compensation received by a NEO).

Finally, as far as other comments are concerned, we reiterate our support for the Proposed Instrument and commend the CSA for its initiative in this area. Our only concern would be with the requirement to include forward looking information in the annual report. We believe that such information is very relevant but may expose issuers to secondary market civil liability. We expect that, in time, any forward looking statements would be highly qualified, and perhaps this is an area that merits additional study.

We strongly recommend that the CSA review financing mechanisms for Venture Issuers in conjunction with the adoption of the Proposed Instrument. It is our view that the fairest method of financing for Venture Issuers is through rights offerings. We advocate being able to use the annual report as the base document; however, we feel that the rights offering process could and should be simplified. We note that although many of our clients would prefer to offer all shareholders the opportunity to participate in new offerings, the fact is that it is far more efficient and cost effective to complete a private placement than conduct a rights offering. If the rights offering procedure were simplified, we believe that Venture Issuers would more readily avail themselves of same.

If you have any questions with regard to our submission, please do not hesitate to contact any member of our securities group. We would welcome the opportunity to further discuss the Proposed Instrument with you.

Yours truly,

Rory S. Godinho, Securities Group Leader
on behalf of BOUGHTON LAW CORPORATION

GOLDRUSH RESOURCES

Suite 550 – 800 West Pender Street
Vancouver, B.C. V6C 1C8
Tel: 604-602-9973 Fax: 604-681-5910

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

   (b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

   (c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

   (a) If you think the exemption should be expanded, explain why.

   (b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture

Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets

and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 602-9973.

Yours very truly,

Goldrush Resources Ltd.
Per:

“Len Brownlie”

President and CEO

TETRA TECH WARDROP

October 27, 2011

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

Dear Sirs/Mesdames

Subject **Proposed National Instrument 51-103 – Ongoing Governance and Disclosure Requirements for Venture Issuers - Request for Comments**

I have reviewed the proposed rules and rule amendments relating to venture issuers (the "Proposed Instrument"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("CSA") on July 29, 2011. I wish to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below.

1. I support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting..

2. Yes. A separate regulatory regime should be available, which is more tailored to the characteristics of the Canadian venture market.

3. Refer to my response to Question 1 above.

4. *No*. I do not find quarterlies particularly illuminating.

5. Please see response to Question 1 above.

6. semi-annual financial reporting would reduce the reporting burden on venture issuers

Other financial statement requirements

7. *No comment*

8. pro forma financial statements do not provide useful information about acquisitions.

9. *No comment*

Governance requirements and executive compensation disclosure

10. *No.* control persons would not be considered independent.

11. I see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard.

12. *Yes. It is part of the overall compensation of Management and the Board, and shareholders should be aware of the potential value of this.*

General disclosure requirements

13. *No. A CPC is a listed Company like any other*

Other Comments

14. *No comment*

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact me.

Regards,

Jeff Wilson, PhD, P.Geo.

Division Manager, Geology
Tetra Tech Wardrop
800-555 West Hastings Street | Vancouver, BC V6B 1M1 | www.tetratech.com

San Gold Corporation
www.sangold.ca

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

PO Box 1000
Bissett, MB R0E 0J0
(204) 277-5411
(204) 277-5552 fax

212-1661 Portage Ave
Winnipeg, MB R3J 3T1
(204) 772-9149
fax (204) 772-9217

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

PO Box 1000
Bissett, MB R0E 0J0
(204) 277-5411
(204) 277-5552 fax

212-1661 Portage Ave
Winnipeg, MB R3J 3T1
(204) 772-9149
fax (204) 772-9217

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

   (b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

   (c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

PO Box 1000
Bissett, MB R0E 0J0
(204) 277-5411
(204) 277-5552 fax

212-1661 Portage Ave
Winnipeg, MB R3J 3T1
(204) 772-9149
fax (204) 772-9217

(a) *If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?*

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

(a) *If you think the exemption should be expanded, explain why.*

(b) *If you do not think that the exemption should be expanded, explain why.*

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

(a) *If you think that control persons should be added, explain why.*

(b) *If you do not think that control persons should to be added, explain why.*

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate

governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

(a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

(i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

(ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 214-0024 ext. 203.

Yours very truly,

SAN GOLD CORPORATION

R Plantinga per

George Pirie
President & CEO

PO Box 1000
Bissett, MB R0E 0J0
(204) 277-5411
(204) 277-5552 fax

212-1661 Portage Ave
Winnipeg, MB R3J 3T1
(204) 772-9149
fax (204) 772-9217

PJX Resources Inc.
5600 – 100 King Street West
Toronto Ontario M5X 1C9

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   If you support this proposal, why? What are the benefits?

   If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide*

financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?

If you think that 100% is the correct threshold, explain why.

If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

If you think the exemption should be expanded, explain why.

If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling

reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

If you think that control persons should be added, explain why.

If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of

more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 799-9205.

Yours very truly,

John Keating
President & CEO
PJX Resources Inc.

PJX Resources Inc.
5600 – 100 King Street West
Toronto Ontario M5X 1C9

October 27, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   If you support this proposal, why? What are the benefits?

   If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide*

financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?

If you think that 100% is the correct threshold, explain why.

If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

If you think the exemption should be expanded, explain why.

If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling

reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

If you think that control persons should be added, explain why.

If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of

more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 799-9205.

Yours very truly,

Linda Brennan
CFO, Director
PJX Resources Inc.

OSC Investor Advisory Panel
c/o Anita I. Anand
Associate Professor
Faculty of Law
University of Toronto
78 Queen's Park, Suite 301
Toronto, ON M5S 2C5
Email: iap@osc.gov.on.ca

October 27, 2011

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, Box 1903
Toronto, ON M5H 3S8

Dear Mr. Stevenson,

Re: Notice and Request for Comments re Proposed Amendments to National Instrument 51-103: Ongoing Governance and Disclosure Requirements For Venture Issuers.

As members of the Ontario Securities Commission's Investor Advisory Panel (IAP), we enclose in this letter our submission regarding Notice and Request for Comments re Proposed Amendments to National Instrument 51-103: Ongoing Governance and Disclosure Requirements For Venture Issuers (the "Proposed Instrument"). [1]

The IAP is an independent body that was appointed by the Ontario Securities Commission in August, 2010. We are charged with representing the views of investors and providing input on the Commission's policy initiatives, including proposed rules and policies, the annual Statement of Priorities, concept papers and other issues.

1. OVERVIEW

The Proposed Instrument aims to tailor regulatory requirements to the needs of venture issuers and investors. According to the Canadian Securities Administrators (CSA), these issuers generally have limited financial resources, (i.e., compliance imposes a comparatively high cost); may have a longer horizon for generating significant profits; and, may be more likely to have ongoing needs for capital over a longer period, hence would benefit from easier and less costly access to public financing.[2]

---

[1] We have been assisted by the valuable research and preparation of this letter by Ms. Chava Schwebel, J.D. student at the Faculty of Law, University of Toronto.

[2] Appendix A, CSA Notice and Request for Comment: "Proposed National Instrument 51-103: Ongoing

The CSA notes that venture investors are typically small retail investors, who, in the absence of a significant amount of analyst or broker generated market research, are more likely to rely on material information about a company than its historical financial information in making their investment decisions.[3] The proposed rules were therefore designed to reduce costs for venture issuers and to accommodate (what the CSA presumes to be) the lower information requirements of venture investors.[4]

We begin by explicitly stating our support for the continued development of a vibrant small issuer market, which contributes towards the development of competitive advantages for Canada. We also believe in the need to make this market efficient and cost-effective for issuers. Notwithstanding our support of this broad principle, our primary concerns with the current proposal are as follows:

i. **No Cost-Benefit Analysis.** Absent further examination, including a cost-benefit analysis which is required under the *Securities Act* (Ontario) to be published with each proposed rule,[5] we believe that it is premature to alter the disclosure and governance rules for venture issuers.

ii. **Elimination of Key Continuous Disclosure Obligations.** We believe that, in principle, implementing a less stringent disclosure and corporate governance regime for venture issuers is not in investors' interests, especially given the breadth of the proposed changes in the Proposed Instrument. The elimination of mandatory quarterly reporting and amendments to material acquisition reporting are notable examples.

iii. **Limited Information.** According to the CSA's own observations, venture investors are typically small retail investors, who do not have access to a significant amount of analyst or broker generated market research about these companies. This fact underlines the need for more rather than less information which is provided to them.

We recognize that encouraging investment in small and emerging companies is an important policy objective. However, we believe that the proposed measures do not fairly balance the interests of venture issuers against those of the investing public.

2. DETAILED SUBMISSIONS

Our concerns with the proposed regulatory changes derive from a number of principles, which have been applied in other venues, namely, that:

- A primary objective of regulation is to protect investors, especially retail investors who are typically less sophisticated and therefore more vulnerable;

Governance and Disclosure Requirements for Venture Issuers," (July 29, 2011), 16 (hereafter "NI").
[3] *Id,* 213.
[4] *Id.*
[5] *Securities Act* (Ontario), s. 143(2).

- This objective must be balanced against the other objectives of the statute, namely market efficiency, but it should not be unduly compromised in the process;

- The benefits of any regulatory amendments should outweigh the costs;

- Where there is limited public information about a particular market segment, policies should promote the provision of more information, rather than less; and,

- Continuous disclosure plays an important role in ensuring transparency and preventing inaccurate financial and management reporting. These regulatory requirements should not be diluted without strong empirical justification.[6]

Accordingly, we note the following concerns with regard to the Proposed Instrument.

Absence of a Cost-Benefit Analysis

We believe that without a detailed cost-benefit analysis, it is premature to make any conclusions about the merits of the Proposed Instrument. We recognize that how to structure and define a cost-benefit analysis can be complex and depends on how the various interests in the venture market are balanced. For example, one may choose to examine the costs and outcomes of regulation. From the venture issuer standpoint, cost-benefit will be defined in terms of the cost of compliance, while from the investor perspective, it is necessary to assess information to determine the cost-benefit or risk of an investment. Finally, one needs to take into account that the objective is to design regulation that not only protects investors but also fosters fair and efficient venture capital markets. Substantial research must be done to determine the costs and benefits of these proposed changes to all venture market interests.

The changes are designed to give small companies the opportunity to raise public capital at lower costs. The idea is that reduction in financial reporting should be beneficial to smaller public companies because it will make it easier for them to attract capital. However, we are not convinced that the costs associated with existing regulatory compliance are disproportionate and prohibitive for smaller issuers. We are also concerned that the proposed measures increase the risk of fraud and manipulative abuse.

Venture companies pose greater risks to investors than larger, more established companies.[7] It may be the case that lighter regulation would facilitate their growth, and

[6] Advisory Committee on Smaller Public Companies, "Final Report of the Advisory Committee On Smaller Public Companies to the U.S. Securities and Exchange Commission" (April 23, 2006). Online: http://www.sec.gov/rules/other/33-8666.pdf at 22 (hereafter "ACSPC Report"). See also section 2.1 *Securities Act* (Ontario).

[7] There is evidence that small companies have been responsible for a large proportion of the instances of investor fraud in the United States: Dale, A. Oesterle, "The High-Cost of IPOs Depresses Venture Capital in the United States," 1 Ohio State Entrepreneurial Business Law Journal (EBLJ) No. 2 (2006) at notes 65, 67. For example: Arthur Levitt Jr., "A Misguided Exemption," Wall St. J., Jan. 27, 2006, at A8 ("Consider that these [small] companies are the ones most likely to have internal control problems, and least likely to have analysts, institutional investors and the media watching them."); Steven Davidoff, "Comments on Business Law Professor Blog." Online:

economic growth in Canada more generally, but a cost-benefit analysis is necessary to demonstrate this empirically.

Elimination of Quarterly Reports

Under the new rules, quarterly financial reports would become voluntary and issuers would not need to include any management discussion or executive certifications.[8] We are not convinced that the elimination of this requirement serves the CSA's stated objective of reducing information redundancies and requiring only information that is most relevant to investors. Quarterly reports provide investors with updated information regarding a company's business and financial performance. This information is not likely to be duplicative of past disclosure and thereby redundant to investors. In addition, if the aim is to reduce disclosure requirements, we believe that incremental, and less extensive, changes are appropriate.[9] Possibilities include:

i. Adopting the UK approach, which requires issuers to file an interim report, but not financial statements or a formal management report and accompanying directors' certifications.

ii. Retaining quarterly reporting requirements, however, scaling item requirements to smaller issuers (such as the US has done).[10] This increases the range of options available to venture issuers, who can provide reduced disclosure on an item-by-item, rather than absolute, basis.

iii. Requiring issuers to publish and maintain a website (similar to AIM in the UK).[11]

---

http://lawprofessors.typepad.com/business_law/2006/08/londons_aim.html#comments ("These [small and microcap firms] are much riskier companies reflected in the higher risk premium [...]. This, combined with minimal disclosure requirements and limited available research makes them ripe for manipulation and investor fraud. Not to mention higher failure naturally."); William K. Sjostrom, Jr., "Going Public Through an Internet Direct Public Offering: A Sensible Alternative for Small Companies?" 53 Fla. L. Rev. 529, 539, 582 (2001)("Potential investors [...] generally have no cost- effect [sic] way to evaluate the accuracy and completeness of the disclosure and assess the fairness of the offering."); ACSPC Report, *id* at 139. ("[T]hese small firms consistently have more misstatements and restatements of financial information, nearly twice the rate of large firms [...]. Alarmingly, these small firms also make up the bulk of accounting fraud cases under review by regulators and the courts (one study puts it at 75 percent of the cases from 1998-2003).").

[8] NI, *supra* note 2, at 11, 36.

[9] In contrast, the US requires issuers to file interim financial and management reports (under section 13 or 15(d) of the *Securities Exchange Act of 1934*). The UK, while it mandates only half-year reporting, requires issuers to publish an interim statement between official reporting periods that describes material events and transactions, as well as the issuer's general financial position and performance (Financial Service Authority, "Disclosure and Transparency Rules" 4.3.2. See also: Directive 2004/109, of the European Parliament and of the Council of 15 December 2004 on the "Harmonization of Transparency Requirements in Relation to Information About Issuers Whose Securities are Admitted to Trading on a Regulated Market and Amending Directive" 2001/34/EC, 2004 O.J. (L 390) 38, 46).

[10] 17 CFR Parts 210, 228 et al. "Smaller Reporting Company Regulatory Relief and Simplification; Final Rule" SEC (January 4, 2008).

[11] Rule 26, *AIM Rules for Companies* (February, 2010). Online: http://www.londonstockexchange.com/companies-and-advisors/aim/advisers/rules/aim-rules-for-companies.pdf.

This would impose a less rigorous reporting standard on issuers, while nonetheless requiring them to regularly update investors about the company's activities and financial performance.

Revised Material Acquisition Disclosure

The Proposed Instrument eliminates issuers' requirement to file Business Acquisition Reports ("BARs")[12] and introduces a modified 'significance' test, under which the threshold for triggering disclosure of major acquisitions would be increased.[13] We believe that such an increase in the 'significance' threshold for disclosure of major acquisitions is inadvisable and inconsistent with our motivating principles, outlined above.

Limited Existing Information

The TSX Venture is a predominantly retail exchange. Because the Proposed Instrument is designed to enhance the access of venture issuers to retail investors, and vice versa, these measures target the most vulnerable group of investors. The CSA has noted that venture issuers do not typically receive much attention from analysts or brokers;[14] hence, public information about these companies may already be limited.

A lack of independent analyst coverage limits investors' and prospective investors' ability to obtain an informed outsider's perspective on a company's suitability for investment. While we recognize that the existing framework does little to address the lack of independent analyst coverage of smaller public companies, we believe that a reduction in issuers' disclosure obligations would exacerbate this problem.[15]

3. CONCLUSION

As mentioned above, the CSA has introduced the Proposed Instrument in order to reduce the disclosure obligations of venture issuers and to make public financing more accessible to these companies. We believe that capital formation and cost-effective regulation should be encouraged. However, it may be possible to further these goals while also maintaining adequate standards of good governance and transparency in keeping with the OSC's investor protection mandate. We also believe that prescribed board governance policies should not replace a sound regulatory regime.

---

[12] NI, *supra* note 2, at 7, 12.

[13] *Id,* 6, 222. Under the new test, financial statement disclosure in the event of an acquisition would only be required if the value of the consideration for the transaction represents 100% or more of the venture issuer's market capitalization, rather than the current asset (issuer's share of acquired business assets compared with issuer's assets before acquisition), investment (issuer's investment in acquired business compared with issuer's assets before acquisition)), and income tests (issuer's share of the consolidated income from continuing operations of the business before and after the date of acquisition) which apply a 40% threshold for significance calculations. Under the revised test, significance may also be calculated using the market capitalization of the acquired entity as of the acquisition date instead of the announcement date of significant transactions: *id.* 6.

[14] *Supra* note 2.

[15] The Commission may also want to investigate policies that encourage and promote the production of independent analyst research on venture issuers.

The CSA believes that these amendments eliminate redundancies and provide an enhanced disclosure system for venture issuers. However, because the proposed amendments are extensive, more study of the risks versus benefits of these measures is necessary.

In addition, we understand that there are concerns to encourage local investment and to maintain the competitiveness of our public markets. Nonetheless, Canada does not seem to suffer from a lack of foreign or domestic investment interest.[16] It already offers an attractive and low-cost regulatory environment. [17] Lighter regulation of venture issuers may not be necessary preserve the competitiveness of our public markets.

In light of the OSC's investor protection mandate, we ask that existing regulatory protections be maintained pending further study of these issues. Although venture issuers may benefit from the changes introduced under the Proposed Instrument (and this is an open question), it is well-recognized that retail investors lack the resources, sophistication, and authority to gain access to information on their own, and therefore should not be compromised in terms of the information that they receive regarding venture issuers.

Yours very truly,

The Investor Advisory Panel

Anita Anand (Chair), Nancy Averill, Paul Bates, Stan Buell, Lincoln Caylor, Steve Garmaise and Michael Wissell

---

[16] The number of foreign listings on the TSX and TSX-V has risen in recent years. See: Kevin Morris and Gabi Mandowsky, Torys LLP "Capital Markets Handbook 2011," Practical Law Company (2011). Online: http://www.torys.com/Publications/Documents/Publication%20PDFs/AR2011-7.pdf. Many of these are international mining listings: Liezel Hill, "TSX hits record for foreign mining listings this year," Mining Weekly (December 15, 2010). Online: http://www.miningweekly.com/article/tsx-breaks-record-for-international-mining-listings-2010-12-15.

[17] With the implementation of Sarbanes-Oxley, Canada is already more attractive to venture issuers than US. For example, Canadian regulators do not to require internal control audit opinions from external auditors (as required for listings on US markets under section 404 of the *Sarbannes-Oxley Act,* 2002). For discussion, see Eric M. Levy, Heenan Blaikie LLP "Alternative Capital Markets for U.S. Issuers: TSX and AIM," (2006). Online: http://apps.americanbar.org/buslaw/committees/CL650000pub/materials/goingpublic.pdf.

October 27, 2011
VIA EMAIL
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Prince Edward Island Securities Office
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Department of Community Services, Government of Yukon
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut
Ontario Securities Commission

E-mail: ashlyn.daoust@asc.ca
Re: PROPOSED NATIONAL INSTRUMENT 51-103 ONGOING GOVERNANCE AND DISCLOSURE REQUIREMENTS FOR VENTURE ISSUERS AND RELATED AMENDMENTS

Alpha Trading Systems Limited Partnership ("Alpha LP") and Alpha Exchange Inc. ("Alpha Exchange") (together, "**Alpha Group**") would like to thank the Canadian Regulators for providing us the opportunity to provide comments on Proposed National Instrument 51-103 as published by the Ontario Securities Commission (the "**OSC**") on July 29, 2011.

In general we agree with the changes proposed but would like to address the following questions:

Question 1. Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting? a) If you support this proposal, why? What are the benefits? b) If you do not support this proposal, why not? What are your concerns?

Alpha believes that venture issuers should continue providing full interim quarterly financial statements and MD&A reports. If smaller issuers find it a burden to produce quarterly financial statements and MD&A then they should not be listed. Additionally, Alpha analyzed the level of liquidity for venture issuers for the period comprising 63 trading days ending June 2011. We found that 68% of the traded

securities at the TSXV have less than 10 trades per day, which is a low level of liquidity. We believe that part of the cause of such low liquidity is the lack of material news. Providing financial statements with an MD&A does provide news that the market can use to trade and therefore create liquidity on that security. Therefore we submit that all issuers should prepare quarterly financial statements.

Question 10. The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to the list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual? a) If you think control persons should be added, explain why. b) If you do not think that control persons should be added, explain why.

An audit committee and its composition are important for any reporting issuer and therefore we welcome the changes proposed. We also believe that the control person or a director or executive of the control person should be added to the list of persons that cannot compose the majority of the audit committee members. Many venture issuers have a control person that name most of the executives and can control decisions made by those executives. Having a control person as a member of the audit committee is similar to having an executive of the issuer on the committee. The majority of the members of an audit committee must be able to exercise the impartial judgment necessary for the member to fulfill his or her responsibilities as an audit committee member and we believe that control persons do not have that impartiality. For example, the review of financial statements presented by the executives that a control person controls is a case in point.

Question 14. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.

We note that a concern for Alpha Group is that the application of specific securities laws relies on which exchange an issuer is listed on as opposed to what particular class an issuer falls within. We note that the definitions of “venture issuer” and “non-venture issuer” have been entrenched in securities acts, rules and regulations with the definition of such issuers being a reporting issuer that, as at the applicable time, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc. This definition embeds the idea that the TSX is the only Canadian senior exchange. However, the Canadian landscape has changed; we now have CNSX Alpha Exchange in the approval process. We believe that it would be beneficial for the committee to consider revising the definition of “venture issuer” such that it does not refer to listing on a particular exchange (as new exchanges can emerge over time) and focus more on what actually constitutes a “venture issuer” – i.e. an early stage issuer that has limited resources, is a higher investment risk and has less internal controls than a senior issuer. One might even consider bright-line tests similar to listing standards to distinguish “venture

70 York Street, Suite 1501, Toronto, ON M5J 1S9
p 647.259.0405 f 416.642.2120 w www.alpha-group.ca

issuers" from "non-venture issuers". Perhaps a "venture issuer" would conduct a yearly review to determine it still remains in the category of a "venture issuer" for the ensuing year or whether it has sufficiently matured to become a "non-venture issuer."

70 York Street, Suite 1501, Toronto, ON M5J 1S9
p 647.259.0405 f 416.642.2120 w www.alpha-group.ca

ROGUE
RESOURCES INC.

#202 – 200 Granville Square
Vancouver, B.C. V6C 1S4
Telephone: 604-629-1808
Fax: 604-229-0481

October 27, 2011

VIA E-MAIL ashlyn.daoust@asc.ca & consultation-en-cours@lautorite.qc.ca

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting.

Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

   (b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

   (c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to

require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

   (a) If you think the exemption should be expanded, explain why.

   (b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial*

public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

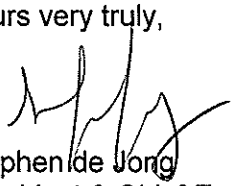
Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 629-1808.

Yours very truly,



Stephen de Jong
President & Chief Executive Officer

Desjardins

Membre de l'Association internationale des banques coopératives

Membre de la Confédération internationale des banques populaires

Le jeudi 27 octobre 2011

Madame Anne-Marie Beaudoin
Secrétaire de l'Autorité
Autorité des marchés financiers
800, square Victoria, 22ème étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Objet: **Avis de consultation concernant le *Projet de règlement 51-103 sur les obligations permanentes des émetteurs émergents en matière de gouvernance et d'information* (le «Projet de Règlement 51-103»)**

Madame Beaudoin,

La présente a pour objet de vous livrer les commentaires du Mouvement Desjardins suite à l'Avis de consultation du Projet de Règlement 51-103.

Nous comprenons que vous désirez élaborer un cadre réglementaire mieux adapté aux émetteurs émergents, dans le but de réduire les coûts de ceux-ci tout en protégeant davantage les investisseurs.

Nous sommes en accord avec les objectifs poursuivis par le Projet de règlement 51-103. Toutefois, nous constatons que dans la forme proposée, le projet de règlement imposera aux émetteurs de se conformer à un cadre strict de présentation de leur divulgation. Or ce cadre soulève quelques enjeux pour notre organisation.

Comme vous le savez, le Mouvement Desjardins possède, à l'exception des caisses, deux entités ayant fait appel public à l'épargne sur les marchés financiers, soit la Caisse centrale Desjardins, laquelle se qualifie comme émetteur pleinement assujetti, et Capital Desjardins inc., laquelle se qualifie d'émetteur émergent.

1, Complexe Desjardins
C.P. 7, succursale Desjardins
Montréal (Québec) H5B 1B2
514 281-7000 - 1 866 866-7000
Télécopieur : 514 843-4958
www.desjardins.com

La Fédération a par ailleurs déposé un prospectus provisoire dans l'objectif de procéder à un premier appel public à l'épargne auprès des membres des caisses Desjardins du Québec. En marge de cela, le Mouvement Desjardins a procédé à des levées de fonds dans les marchés canadien, européen et américain. Certains titres et les émetteurs de ces titres sont par ailleurs cotés par des agences de notation. Le Mouvement est enfin assujetti à certaines obligations additionnelles de divulgation qui lui sont imposées par la *Loi sur les coopératives de services financiers*.

Il résulte de tout cela que le Mouvement est assujetti à divers régimes de divulgation. En dépit de cela, le Mouvement tend vers une plus grande uniformisation de sa divulgation et souhaite éventuellement ne présenter qu'un type de divulgation intégrée se voulant le reflet de ce qu'il est désormais à savoir un groupe financier intégré.

Le Mouvement est évidemment conscient que la nature de ses opérations et le fait que certaines filiales soient réglementées lui imposent de maintenir une information par entité concernée. Il n'entend évidemment pas se soustraire à ses obligations. Ce que nous souhaitons plutôt faire (et avons commencé à faire) est d'offrir plus d'informations à nos investisseurs afin de leur permettre de mieux saisir la réalité opérationnelle du Mouvement. Il est de notre compréhension que les marchés investisseurs et les agences de notation nous analysent comme tel et que cette approche leur est bénéfique.

Or, le projet proposé prive le Mouvement Desjardins de l'opportunité d'offrir cette information intégrée en ce qu'il ne permet pas aux émetteurs émergents de satisfaire volontairement aux exigences prévues au *Règlement 51-102 sur les obligations d'information continue* (le «Règlement 51-102»).

Pour ces raisons, le Mouvement Desjardins demande que le Projet de Règlement 51-103 soit modifié afin qu'il soit permis aux émetteurs émergents qui satisfont aux obligations du Règlement 51-102 soient réputés satisfaire à celles du futur Règlement 51-103. Nous pensons en effet que les dispositions du Règlement 51-102 sont non seulement plus exigeantes mais comprennent par ailleurs l'ensemble des obligations du Règlement proposé. De plus, nous considérons que de satisfaire les dispositions du Règlement 51-102 fait partie des meilleures pratiques de l'industrie.

Pour toutes questions ou commentaires, n'hésitez pas à nous contacter.

Veuillez recevoir, Madame Beaudoin, l'expression de nos meilleures salutations.

Raymond Laurin
Premier vice-Président
Finances, Trésorerie et chef de la Direction financière
Mouvement Desjardins

Translated copy of the French version submitted by Desjardins Group

on October 27, 2011

Desjardins

Member of the International Co-operative Banking Association

Member of the Confédération internationale des banques populaires

Thursday, October 27, 2011

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Re: Notice and Request for Comment concerning *Draft Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers* ("Draft Regulation 51-103")

Dear Ms. Beaudoin:

The purpose of this letter is to provide you with Desjardins Group's comments on Draft Regulation 51-103 following the publication of the related Notice and Request for Comment.

We understand that you wish to develop a regulatory framework better tailored to venture issuers, with the goal of reducing their costs while increasing protection of investors.

We agree with the objectives sought by Draft Regulation 51-103. However, we note that the Draft Regulation, in the form proposed, will require issuers to comply with a strict disclosure framework. That framework raises several issues for our organization.

As you know, with the exception of the caisses (credit unions), Desjardins Group owns two entities that have launched public issues: Caisse centrale Desjardins, which qualifies as a reporting issuer, and Capital Desjardins Inc., which qualifies as a venture issuer.

1, Complexe Desjardins
C.P. 7, succursale Desjardins
Montréal (Québec) H5B 1B2
514-281-7000; 1-866-866-7000
Fax: 514-843-4958
www.desjardins.com

The *Fédération des caisses Desjardins du Québec* has filed a preliminary prospectus with the goal of launching an initial public offering to members of Desjardins caisses in Québec. At the same time, Desjardins Group has raised funds in the Canadian, European and U.S. markets. Some of the securities and the issuers thereof are rated by rating agencies. Desjardins Group is also subject to certain additional disclosure requirements pursuant to *An Act respecting financial services cooperatives*.

As a result, Desjardins Group is subject to various disclosure regimes. In spite of that, Desjardins Group is tending towards greater uniformity in its disclosure and would eventually like to prepare only one type of integrated disclosure aimed at reflecting what it has now become: an integrated financial group.

Desjardins Group is clearly aware that, given the nature of its operations and the fact that some subsidiaries are regulated, it is required to maintain reporting per entity concerned. It obviously does not intend to avoid its obligations. What we would like to do (and have started to do) is to provide our investors with more information so they can better grasp the operational reality of our organization. It is our understanding that investor markets and rating agencies analyze us in this regard and that this approach is beneficial for them.

The Draft Regulation deprives Desjardins Group of the opportunity to provide this integrated disclosure, in that it does not allow venture issuers to voluntarily meet the requirements set out in *Regulation 51-102 respecting Continuous Disclosure Obligations* ("Regulation 51-102").

For these reasons, Desjardins Group asks that Draft Regulation 51-103 be amended to allow venture issuers that meet the requirements of Regulation 51-102 to be deemed to meet those of future Regulation 51-103. We think that the provisions of Regulation 51-102 are not only more demanding but also include all the requirements of the Draft Regulation. In addition, we believe that meeting the provisions of Regulation 51-102 is part of best industry practices.

Should you have any questions or comments, please do not hesitate to contact us.

Sincerely,

(signed)
Raymond Laurin
Senior Vice-President
Finance and Treasury and Chief Financial Officer
Desjardins Group

bcgold CORP

October 27, 2011

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting,

info@bcgoldcorp.com
www.bcgoldcorp.com
tel: 604-681-2626
fax: 604-646-8088
520 – 800 West Pender Street
Vancouver, BC V6C 2V6

would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

   (b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information

info@bcgoldcorp.com
www.bcgoldcorp.com
tel: 604-681-2626
fax: 604-646-8088
520 – 800 West Pender Street
Vancouver, BC V6C 2V6

that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

6. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

(a) *If you think that 100% is the correct threshold, explain why.*

(b) *If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.*

(c) *Should financial statements be required at all for these transactions?*

info@bcgoldcorp.com
www.bcgoldcorp.com
tel: 604-681-2626
fax: 604-646-8088
520 – 800 West Pender Street
Vancouver, BC V6C 2V6

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

7. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

8. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

   (a) If you think the exemption should be expanded, explain why.

   (b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

info@bcgoldcorp.com
www.bcgoldcorp.com
tel: 604-681-2626
fax: 604-646-8088
520 – 800 West Pender Street
Vancouver, BC V6C 2V6

Governance requirements and executive compensation disclosure

9. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

   (a) If you think that control persons should be added, explain why.

   (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

10. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

   (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

      (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

      (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

11. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive*

compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

12. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

13. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 697 - 2406

Yours very truly,

Larry Okada, CA
Chief Financial Officer

info@bcgoldcorp.com
www.bcgoldcorp.com

tel: 604-681-2626
fax: 604-646-8088

520 – 800 West Pender Street
Vancouver, BC V6C 2V6

RedQuest
Capital Corp.

TSX-V: RQM

October 27, 2011

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

(b) *If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.*

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

6. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

(a) *If you think that 100% is the correct threshold, explain why.*

(b) *If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.*

(c) *Should financial statements be required at all for these transactions?*

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

7. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

(a) *If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?*

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

8. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

(a) *If you think the exemption should be expanded, explain why.*

(b) *If you do not think that the exemption should be expanded, explain why.*

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

9. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

   (a) If you think that control persons should be added, explain why.

   (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

10. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

   (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

      (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

      (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

11. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

12. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

13. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will

unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 697 - 2406

Yours very truly,

Larry Okada, CA
Chief Financial Officer

Suite 520 – 800 West Pender Street, Vancouver, BC V6C 2V6
Tel.: 604-681-2677 Fax: 604-646-8088

Laurentian
Goldfields Ltd.
LGF - TSX.V

October 27, 2011

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

info@laurentiangoldfields.com
www.laurentiangoldfields.com
TEL +604 646-8000
FAX +604 646 8088
520 – 800 West Pender Street
Vancouver, BC V6C 2V6

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

info@laurentiangoldfields.com TEL +604 646-8000 520 – 800 West Pender Street
www.laurentiangoldfields.com FAX +604 646 8088 Vancouver, BC V6C 2V6

(b) *If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.*

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

6. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

(a) *If you think that 100% is the correct threshold, explain why.*

(b) *If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.*

info@laurentiangoldfields.com TEL +604 646-8000 520 – 800 West Pender Street
www.laurentiangoldfields.com FAX +604 646 8088 Vancouver, BC V6C 2V6

(c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

7. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

(a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

8. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

(a) If you think the exemption should be expanded, explain why.

(b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

info@laurentiangoldfields.com
www.laurentiangoldfields.com
TEL +604 646-8000
FAX +604 646 8088
520 – 800 West Pender Street
Vancouver, BC V6C 2V6

Governance requirements and executive compensation disclosure

9. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

   (a) If you think that control persons should be added, explain why.

   (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

10. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

   (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

      (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

      (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

info@laurentiangoldfields.com TEL +604 646-8000 520 – 800 West Pender Street
www.laurentiangoldfields.com FAX +604 646 8088 Vancouver, BC V6C 2V6

11. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

12. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

13. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will

unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 697 - 2410

Yours very truly,

Nick Corea, CA
Chief Financial Officer

info@laurentiangoldfields.com
www.laurentiangoldfields.com
TEL +604 646-8000
FAX +604 646 8088
520 – 800 West Pender Street
Vancouver, BC V6C 2V6

SLAM Exploration Ltd.
285 Campbell St.
Miramichi, NB
E1V 1R4
Phone: (506) 627-1353
Fax: (506) 627-1328

SLAM Exploration Ltd.

October 28, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

. . . . . .

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when combined with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

We generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors. However, investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports could be supplemented by a voluntary three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. A simple form could be provided for this disclosure. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and

provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

   (b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

   (c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

To have an alternative form of report for the 3 and 9 month period would actually increase the amount of work required. This would work OK if it was simply a form to fill in for these periods with no certification required.

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements*

for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?

(a) If you think the exemption should be expanded, explain why.

(b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

(a) If you think that control persons should be added, explain why.

(b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

(a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

(i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

(ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

****

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (506) 627-1353.

Yours very truly,

Roland Lovesey, CFO

Michael Taylor, President & CEO
SLAM Exploration Ltd.

October 28, 2011

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-2082
E-mail: ashlyn.daoust@asc.ca

Member ID Number: 21938

Re: Call for written submissions - NI 51-103

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   If you support this proposal, why? What are the benefits?

   If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

If you think that 100% is the correct threshold, explain why.

If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

If you think the exemption should be expanded, explain why.

If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

If you think that control persons should be added, explain why.

If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or*

other securities-based compensation provide useful information for venture issuers? If so, please explain.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at the number below.

Sincerely,
KINCORA COPPER LTD.

Igor A. Kovarsky
President & CEO
Igor.Kovarsky@kincoracopper.com

Direct: +1 604 638 3471
Mobile: +1 604 728 8535

PLATINEX
The Quest for a Greener Planet

October 28, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-

Platinex Inc. | Suite #114 - 445 Apple Creek Blvd. Markham Ontario L3R 9X7
Tel: (905) 470-6400 **Fax:** (905) 470-6450 | info@platinex.com **www.platinex.com**

annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

   (b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information

that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

(a) *If you think that 100% is the correct threshold, explain why.*

(b) *If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.*

(c) *Should financial statements be required at all for these transactions?*

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

(a) *If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?*

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

(a) *If you think the exemption should be expanded, explain why.*

(b) *If you do not think that the exemption should be expanded, explain why.*

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive*

compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (905) 258-0517.

Yours very truly,

James R. Trusler
President & CEO
Platinex Inc.

iCo Therapeutics Inc.
760 – 777 Hornby Street
Vancouver, BC V6Z 1S4
Tel: (604) 602-9414 Fax: (604) 602-9699
www.icotherapeutics.com

October 30, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary*

three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?

(a) *If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?*

(b) *If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.*

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

   (a) If you think the exemption should be expanded, explain why.

   (b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 602-9414.

Yours very truly,

iCo Therapeutics Inc.

John Meekison
Chief Financial Officer

TALMORA DIAMOND INC.

6 Willowood Court , Toronto
Ontario, Canada M2J 2M3
Ph: 416 491-6771, Fax: 416 499-5187

Email: rayal.davies@ sympatico.ca
http://www.talmoradiamond.com
CNSX: TAI

Date: October 31, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

(a) *If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?*

(b) *If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.*

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred*

equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?

(a) If you think that 100% is the correct threshold, explain why.

(b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

(c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

(a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

(a) If you think the exemption should be expanded, explain why.

(b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of*

stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 491-6771.

Yours very truly,

TALMORA DIAMOND INC.

Maria Grimes
Corporate Secretary

File: CNSX: OSC/signed 2011-10-27 Proposed N1 51-103 Comments (letter)

LUND

Suite 2000, Guinness Tower, 1055 West Hastings Street, Vancouver, B.C. Canada V6E 2E9

GOLD LTD.

Tel: (604) 331-8772 **Toll-free** (877) 529-8475
Fax: (604) 331-8773 **E-mail**: info@lund.com

October 31, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

(a) *If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?*

(b) *If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.*

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of*

an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?

(a) If you think that 100% is the correct threshold, explain why.

(b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

(c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

(a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

(a) If you think the exemption should be expanded, explain why.

(b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does*

specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

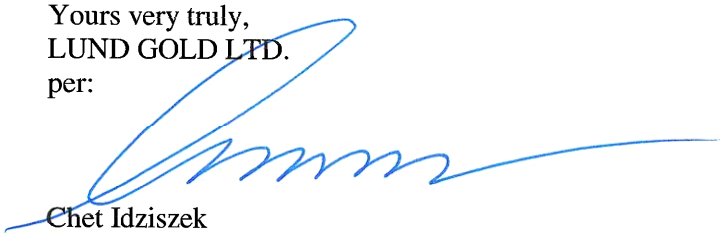
Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 331-8772.

Yours very truly,
LUND GOLD LTD.
per:



Chet Idziszek
President and Chief Executive Officer

cc: PDAC

Madison Minerals Inc.

info@madisonminerals.com
www.madisonminerals.com
TSX.V – MMR
OTC.BB - MMRSF

2000-1055 West Hastings Street, Vancouver, B.C. V6E 2E9 Canada T.604.331.8772 F.604.331.8773 Toll Free 1.877.529.8475

October 31, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

(a) *If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?*

(b) *If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.*

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of*

an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?

(a) If you think that 100% is the correct threshold, explain why.

(b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

(c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

(a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

(a) If you think the exemption should be expanded, explain why.

(b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does*

specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (604) 331-8772.

Yours very truly,
MADISON MINERALS INC.
per:

Chet Idziszek
President and Chief Executive Officer

cc: PDAC

October 31, 2011

To:

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

Care of:

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-2082
ashlyn.daoust@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
consultation-en-cours@lautorite.qc.ca

Proposed National Instrument 51-103 – Ongoing Governance and Disclosure Requirements for Venture Issuers

We appreciate the opportunity to comment on proposed National Instrument 51-103 - *Ongoing Governance and Disclosure Requirements for Venture Issuers* . We broadly support the intent and goals of the proposals to streamline and tailor disclosures for junior issuers and make the disclosure requirements for those issuer more suitable and manageable based on their stage of development.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto ON M5J 0B2
T: +1 416 863 1133, www.pwc.com/ca

However, we believe that certain of the proposals may not enhance informed investor decision-making. In addition, we believe that there are a number of issues that need to be addressed before these proposals are finalized.

We believe it is important that the scope of the amendments be very carefully considered. The proposed definition would include any issuer with listed equity securities on the TSX venture exchange or similar exchanges in certain designated markets. Using the type of listing as the sole criteria for the simplification proposals may result in companies with significant market capitalization or significant operating and development activities providing less frequent disclosure despite significant investor interests in these companies. At October 26, 2011, there were eight venture issuers with market capitalization over $500M and 25 venture issuers with market capitalization of between $250M and $500M.

In light of the objectives of the proposed amendment, we believe that the scope of the amendments should take into account the nature and size of the issuer.

We have responded to your questions in more detail below.

Mid-year financial reporting

1. Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?
a) If you support this proposal, why? What are the benefits?
b) If you do not support this proposal, why not? What are your concerns?

Our view is that half-year reporting may be appropriate for junior issuers that are inactive or in the early stages of development. A threshold based on market capitalization, revenue or other measures, such as development expenditures , reflective of the investor activity and/or the nature and size of the issuer, would provide relief to smaller companies establishing their operations.

In *The Conceptual Framework for Financial Reporting 2010* (the "Framework"), issued by the International Accounting Standard Board, the Board noted that financial statements provide information to investors and creditors in making their investment decisions and assessing the effectiveness and efficiency of a company's management. The IASB also identified two key characteristics of useful information – relevance and reliability. This objective is consistent with qualitative characteristics of financial reporting that are considered to enhance the usefulness of this information and include reliability, relevance, comparability, verifiability, timeliness and understandability. These characteristics are referred to in the Framework.

While material change reports may convey some of the information used to make the assessments, most material change reports, including those by senior issuers, do not report the financial effects of transactions and events. While smaller companies may report new sales contracts and orders, they often do not outline the timing of and the margins on those revenues. Interim financial reports supplement material change reports by providing the financial effects of material changes in a business.

We believe that interim financial reports that are prepared on a quarterly basis complement the timely disclosures required by material change reports. While the material change report discloses the material change, the interim financial report provides the framework for disclosure of the financial impact of such changes.

When making investment decisions among various alternatives, it is often more useful to compare information about an entity with similar information of other entities or to compare information about the same entity over time. We believe comparability among venture issuers may be reduced if some entities report half-yearly and other reports quarterly.

Comparability may be affected by the requirement under IAS 34 for companies to consider certain information only at the end of a reporting period. For example, impairment assessments are required at the end of a reporting period and may result in differences in the timing and amount of impairment charges for entities with different reporting frequencies. While International Financial Reporting Standards ("IFRS") permit reversal of impairment charges in subsequent periods, the criteria for reversal of impairments are often restrictive. Further, impairment charges for certain assets such as goodwill and investments in equity securities may not be reversed. To illustrate, assume two entities with the same December 31 financial year-end hold the same investment in an equity security for which the current quoted market price is significantly below its cost as at March 31, 2011, but as at June 30, 2011, the quoted market value has increased and is now back to the original cost. Under IFRS, an entity that reports quarterly would recognize an impairment charge in its first quarter profit and loss; however, it would not be able to recognize the recovery in profit and loss in the second quarter. As a result, this entity's profit and loss for both the first quarter and the second quarter year-to-date would be reduced. On the other hand, an entity that reports on a half-yearly basis would not recognize any impairment charge in its half-yearly profit and loss. Similar issues may arise with other period end assessments such as hedge effectiveness.

The process of management preparing an interim financial report often involves verifying the information that is used, for example, counting inventory on hand; checking inputs to models, formulae or other techniques used to measure assets and liabilities of the entity; and recalculating the results. This process helps ensure that investors are receiving material information that has been appropriately identified and evaluated by management.

Certain issuers with substantial foreign operations only receive information from their foreign operations at reporting dates and without the requirement to prepare quarterly information the issuer may not receive timely information regarding the performance of these foreign operations.

The financial reporting standards provide a framework for classifying, characterizing and presenting information in a fashion that is commonly understood by users who have a reasonable knowledge of business and economic activities.

Timeliness of information for decision-making often is also important to investors. Older information is not as useful and less frequent reporting may make it more difficult to identify and assess trends on a timely basis. The reduction of the frequency of reporting periods may result in transactions and events affecting operating results, the financial condition or liquidity of the issuer not being identified on a timely basis.

For the reasons noted above, we believe quarterly reporting should continue for some entities. However, as discussed in the introduction to our letter, there may be some entities that are based on market capitalization, revenues or other appropriate measures for which less frequent reporting may be supportable because their level of activities and development is not as significant to investors.

Prospectus considerations

Sections 7110, *Auditor Involvement with Offering Documents of Public and Private Entities*, and 7115, *Auditor Involvement with Offering Documents of Public and Private Entities – Current Legislative and Regulatory Requirements,* of the CICA Handbook contain certain procedures that an auditor must complete prior to issuing a consent to the use of his or her auditor's report in an offering document and provide for certain communications to securities regulatory authorities. These procedures require the auditor to determine whether events occurring subsequent to the date of the auditor's report included or incorporated by reference in a prospectus have been appropriately reflected in the financial statements or elsewhere in the prospectus. Introduction of half-year reporting may require auditors to apply more extensive procedures, particularly if management controls and procedures to identify subsequent events are not adequate and management internal financial information is not prepared in accordance with IFRS.

We believe that this change may increase the risk of unreported subsequent events. We also believe that the costs of these procedures may reduce the benefits of discontinuing quarterly reporting. In addition, the directors of venture issuer companies may need to complete more extensive due-diligence before approving a prospectus.

Underwriters generally want to obtain comfort from a company's auditors on changes in assets, liabilities, revenues, and earnings subsequent to the most recent financial statements included or incorporated by reference in a prospectus. The auditor is only able to provide comfort on such subsequent changes when internal financial information and accounting records are prepared on the same basis as the audited financial statements. This could impact the timing and cost of capital raising activities when financial statements become stale-dated.

If venture issuers are permitted to report half-yearly, we recommend that the proposals be clarified to allow an issuer filing a prospectus to file an optional interim financial report solely for the purposes of the offering and not as a continuous reporting obligation. We believe that where there are significant subsequent events which have occurred after the annual or mid-year reporting date, the best way to communicate those events may be through more current interim financial statements.

In the request for comment document, it was noted that Hong Kong allows mid-year reporting. Our understanding is that Hong Kong mandates quarterly reporting for the Growth Enterprise Market of the Hong Kong Stock Exchange ("the GEM exchange"). The GEM exchange is an exchange primarily intended for junior issuers. Further, Hong Kong is expected to move to a quarterly reporting regime for its main board listed entities. The responses to Hong Kong's request for views on making quarterly reporting mandatory are available on the Hong Kong Stock Exchange website {http://www.hkex.com.hk/eng/newsconsul/mktconsul/responses/periodic_fin.htm} and may be of use to the Commissions in considering whether mandatory quarterly reporting should be discontinued.

2. If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?

Yes, we believe that the simplification and streamlining of reporting requirements through the introduction of an "annual report" would be helpful to issuers and investors.

3. If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?
a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?
b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.
c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Size of venture issuers varies widely as does the timing of graduation to the main TSX. We find that larger venture issuers typically behave more like main board listed companies. Accordingly, it may be appropriate to have a threshold for the simplification proposals (particularly mid-year financial reporting) based on market capitalization or some other appropriate threshold that takes into account the nature and size of the company.

Another possibility might be to define the ability to report mid-yearly on the basis of usefulness of financial reporting information. There are certain venture issuers that are purely exploration stage companies in the extractive industry without significant revenues or operations. The nature of activities being undertaken and the results of exploration are more important for these issuers than GAAP based financial statements. However, there are venture issuers engaged in an active business and exposed to market fluctuations for which interim information may be relevant. Therefore, it may be appropriate to consider a threshold for the simplification proposals by reference to the nature of a venture issuer's operations.

4. If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?

We do not have any comments to provide on this aspect.

5. If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.

We do not have any comments to provide on this aspect.

6. Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?

We believe that any accounting process used to generate information for public dissemination requires additional procedures such as the period close-off procedures, compilation of the information and putting it into a reliable, relevant and understandable format. This may be less onerous in cases where a company elects to account for certain items on a cash or simplified basis rather than using the protocols required under generally accepted accounting principles ("GAAP"). We believe that the trade-off will be that information may not be as relevant, reliable and comparable as that produced under GAAP. Further, significant events such as impairments or restructuring may not be reflected in the same time periods as they would be under GAAP.

In order to issue a consent, an auditor is required to audit or review "financial statements" included in a prospectus. A subset of financial information would not constitute a "financial statement". Therefore, procedures auditors would perform would be limited to those considering whether such information is inconsistent with information contained in the latest financial statements or knowledge gained during performing subsequent events procedures. Under the current CICA Assurance Handbook, the auditor would not (unless subject to a separate engagement) provide any level of positive or negative assurance on this type of reporting.

Furthermore, if a "subset" of information was presented that did not constitute a financial "statement" as contemplated by IAS 34, any impairments recognized within that information that would not normally be eligible for reversal (e.g. impairments on goodwill or equity instruments) would be eligible for reversal prior to reporting the next financial statements because IFRIC 10 has been interpreted only to apply to interim information prepared with an unreserved statement of compliance with IAS 34. For example, an entity recognising an impairment of goodwill in the first quarter "information", would be eligible to reverse that impairment in its half year report, since the first quarter "information" did not unreservedly comply with IAS 34.

Finally, we would like to point out that IAS 34 already permits the preparation of "condensed financial statements". Condensed financial statements would include, at a minimum, the headings and subtotals from annual financial statements.

In our experience, entities rarely adopt this approach when applying IAS 34 and often go beyond the minimum disclosure requirements in that standard. The fact that more than minimum disclosures are being provided in interim periods may indicate that there is perceived value in preparing statements with additional disclosure over and above the minimum requirements.

Other financial statement requirements

7. The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?
a. If you think that 100% is the correct threshold, explain why.

b. If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.
c. Should financial statements be required at all for these transactions?

We believe that business acquisition reports filed subsequent to an acquisition are helpful to some investors and analysts in developing their own predicative models for future performance when transactions are sufficiently large to affect future performance and financial condition. Financial statement requirements for recently completed or probable acquisitions within a prospectus or information circular are based on BAR thresholds. We believe, information about recently completed acquisitions or probable acquisitions may be of particular relevance to investors who are deciding whether to purchase securities, especially when those securities are being offered in an IPO. Furthermore, such information is relevant to shareholders asked to vote on an acquisition or restructuring. Accordingly, it would be appropriate to consider a lower threshold for determining what constitutes a "major acquisition" where an issuer is filing a prospectus or information circular.

In order for an auditor to issue a consent for a prospectus, CICA 7110 states that an auditor must be satisfied that subsequent event disclosures have been made in the prospectus. For a recently completed "major" acquisition, this might necessitate the disclosure of information about the acquisition as contemplated by IAS 10.22(a). A major acquisition is not defined under the standards, but would likely be considered to be something at less than 100% significance. Therefore, even if the Commissions remove such requirements, disclosure may still be required under the auditing standards for an auditor's involvement with a prospectus.

8. The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?
a. If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

The standards for business acquisitions set out in IFRS 3, *Business Combinations*, now requires the disclosure of pro-forma revenue and profit and loss as if the acquisition date for acquisitions completed during the period had been the beginning of the annual reporting period (unless it is impracticable to provide such information). The IASB added this disclosure as they believed it would be useful to investors and we understand that it was requested by investors.

Given that pro-forma information will be included in the financial statements for acquisitions one might argue the disclosure of pro-forma information in the financial statements would reduce the need to file business acquisition reports.

However, the disclosure requirements in financial statements are somewhat less than in a BAR. In fact, the FASB recently amended its standards to require information about the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings (ASU 2010-29 Topic 805).

IFRS 3R was not similarly amended, so the transparency of pro-forma adjustments to such information in IFRS is reduced when compared to what would be filed in a business acquisition report. We believe this makes the argument for raising the significance threshold to 100% less clear.

9. The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?
a. If you think the exemption should be expanded, explain why.
b. If you do not think that the exemption should be expanded, explain why.

It may be appropriate to expand the exemption in a limited way for venture issuers without significant revenues (i.e. exploration stage companies). We believe that for operating companies the historical financial information is relevant to investors.

It should be noted that CICA auditor consent requirements would require the comparative information in such documents to be subject to review by the auditor because to issue a consent financial statements within an offering document need to be subject review by the auditor.

Governance requirements and executive compensation disclosure

10. The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?
a. If you think that control persons should be added, explain why.
b. If you do not think that control persons should to be added, explain why.

We do not have any comments to provide on this aspect.

11. The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.
a. Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?
i. If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.
ii. If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

We do not have any comments to provide on this aspect.

12. In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Section 31 of 51-103F1 provides an IFRS compliance exception which indicates that a venture issuer is exempt from certain requirements should they provide key management compensation disclosure required by IFRS. Specifically, the proposal states as a condition:

> *the compensation disclosure required by Canadian GAAP applicable to publicly accountable enterprises for "key management personnel" (as defined in Canadian GAAP applicable to publicly accountable enterprises) separately for each director and named executive officer*

A named executive officer is defined to include individuals who are not executive officers, but are among the three top paid individuals earning over $150,000. Such individuals may not meet the definition of "key management personnel" under IFRS if they do not have the authority and responsibility for planning, directing and controlling the activities of the entity. For example, a venture issuer may give a significant bonus to a reserve engineer during a year and this individual may be amongst the highest compensated individuals. However, that engineer may not meet the definition of key management personnel for purposes of IFRS if he does not have the authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, we would suggest that this provision be drafted to exempt issuers who have complied with IAS 24.

General disclosure requirements

13. The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?

We do not have any comments to provide on this aspect.

Should you have any questions regarding our comments, please do not hesitate to contact Michael Walke, Chief Accountant and leader of National Accounting Consulting Services (416) 815-5011 or Scott Bandura Partner, National Accounting Consulting Services at (403) 509-6659.

Yours very truly,

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

BEAR CREEK
MINING CORPORATION

CORPORATE HEADQUARTERS • VANCOUVER
#1050–625 Howe Street • Vancouver, B.C. V6C 2T6, Canada
604-685-6269 • Fax: 604-685-6268
www.bearcreekmining.com

October 31, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

BEAR CREEK
MINING CORPORATION

CORPORATE HEADQUARTERS • VANCOUVER
#1050–625 Howe Street • Vancouver, B.C. V6C 2T6, Canada
604-685-6269 • Fax: 604-685-6268
www.bearcreekmining.com

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

BEAR CREEK
MINING CORPORATION

CORPORATE HEADQUARTERS • VANCOUVER
#1050–625 Howe Street • Vancouver, B.C. V6C 2T6, Canada
604-685-6269 • Fax: 604-685-6268
www.bearcreekmining.com

(a) *If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?*

(b) *If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.*

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

BEAR CREEK
MINING CORPORATION

CORPORATE HEADQUARTERS • VANCOUVER
#1050–625 Howe Street • Vancouver, B.C. V6C 2T6, Canada
604-685-6269 • Fax: 604-685-6268
www.bearcreekmining.com

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

BEAR CREEK
MINING CORPORATION

CORPORATE HEADQUARTERS • VANCOUVER
#1050–625 Howe Street • Vancouver, B.C. V6C 2T6, Canada
604-685-6269 • Fax: 604-685-6268
www.bearcreekmining.com

(a) *If you think the exemption should be expanded, explain why.*

(b) *If you do not think that the exemption should be expanded, explain why.*

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

(a) *If you think that control persons should be added, explain why.*

(b) *If you do not think that control persons should to be added, explain why.*

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

(a) *Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?*

BEAR CREEK
MINING CORPORATION

CORPORATE HEADQUARTERS • VANCOUVER
#1050–625 Howe Street • Vancouver, B.C. V6C 2T6, Canada
604-685-6269 • Fax: 604-685-6268
www.bearcreekmining.com

(i) *If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.*

(ii) *If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.*

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided*

BEAR CREEK
MINING CORPORATION

CORPORATE HEADQUARTERS • VANCOUVER
#1050–625 Howe Street • Vancouver, B.C. V6C 2T6, Canada
604-685-6269 • Fax: 604-685-6268
www.bearcreekmining.com

in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (303) 390-0071.

Yours very truly,

Bradley J. Blacketor
Chief Financial Officer
Bear Creek Mining Corporation

3463, Rue Ste-Famille St., suite 2108, Montreal, Qc, H2X 2K7
(Tel.: 514-844-5295; Fax: 450-448-0309; Email: deshsikka@barfanisai.com)

October ●, 2011

[VIA E-MAIL]

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

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

I have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. I am pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, I have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns?

Response:

I support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, I am of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while I generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, I believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, I am of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which I understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. I would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If I choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

(b) *If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.*

(c) *Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.*

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?*

Response:

Please see our response to Question 1 above. I would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, I believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which I believe is particularly relevant for venture companies. I do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

(a) *If you think that 100% is the correct threshold, explain why.*

(b) *If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.*

(c) *Should financial statements be required at all for these transactions?*

Response:

I agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

(a) *If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?*

Response:

I am of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

(a) *If you think the exemption should be expanded, explain why.*

(b) *If you do not think that the exemption should be expanded, explain why.*

Response:

I do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

I am of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. I believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. I am attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

    (a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

        (i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

        (ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and I see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, I have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock*

options, including amounts earned on exercise. I made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?*

Response:

I do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *I also invite further comment. If you have suggestions about additional steps that I could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

I note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. I am concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, I believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

* * * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (514) 844-5295.

Yours very truly,

Dr. Desh B. Sikka, P.Geo.

MURRAY BROOK MINERALS INC.

Ste. Elisabeth d'Autray, November 1st, 2011 SENT BY EMAIL

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

Dear Sirs/Mesdames :

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

1. *Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?*

   (a) If you support this proposal, why? What are the benefits?

   (b) If you do not support this proposal, why not? What are your concerns ?

Response:

We support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

2. *If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

3. *If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters ?*

   (a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

   (b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.

   (c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

4. *If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not ?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

5. *If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements.*

Response:

Please see our response to Question 1 above.

6. *Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data.

Other financial statement requirements

7. *The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?*

   (a) If you think that 100% is the correct threshold, explain why.

   (b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.

   (c) Should financial statements be required at all for these transactions ?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

8. *The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?*

   (a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

9. *The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers ?*

   (a) If you think the exemption should be expanded, explain why.

   (b) If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

Governance requirements and executive compensation disclosure

10. *The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual ?*

    (a) If you think that control persons should be added, explain why.

    (b) If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

11. *The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.*

(a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?

(i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

(ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

12. *In the Proposed Instrument, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.*

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

General disclosure requirements

13. *The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements ?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

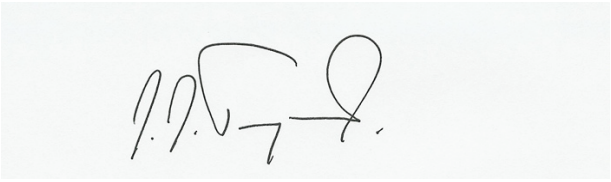
MURRAY BROOK MINERALS INC.

* * * * * * *

Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (450) 760 3877.

Yours very truly,

For MURRAY BROOK MINERALS INC.



Jean-Jacques Treyvaud
President & CEO

The Canadian Institute of Chartered Accountants
277 Wellington Street West
Toronto, ON Canada M5V 3H2
Tel: 416 977.3222 Fax: 416 977.8585
www.cica.ca

L'Institut Canadien des Comptables Agréés
277, rue Wellington Ouest
Toronto (ON) Canada M5V 3H2
Tél. : 416 977.3222 Téléc. : 416 977.8585
www.icca.ca

November 4, 2011

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

Ladies and Gentlemen:

Proposed National Instrument 51-103

Thank you for the opportunity to comment on this proposed National Instrument (NI).

Small public companies are significant value and job creators in the Canadian economy. It is important that these organizations operate in a reporting and regulatory environment that is both attractive and protective of investors' interests. These entities find it increasingly difficult to thrive, however, in an environment of ever more complex and voluminous regulatory and reporting requirements. Accordingly, we applaud the Canadian Securities Administrators for this initiative to simplify governance and disclosure requirements for entities on the Venture exchange.

The CICA's Canadian Performance Reporting Board is generally supportive of the proposals set out in the proposed NI, particularly those dealing with interim reporting and the Business Acquisition Report (BAR). In fact, smaller entities with whom we consulted suggest the proposed changes to the BAR alone would constitute a significant improvement to the reporting environment.

The proposed changes to interim reporting and the BAR will result in more reliance being placed on the material change report. Accordingly, it may be useful for any new instrument to remind issuers of their responsibility to provide complete and timely information in these reports. As well, to ensure that the proposed revisions are workable and avoid abuses, we believe that the mechanisms for some processes and procedures may need to be reviewed.

Our specific comments focus primarily on reporting matters in the proposed instrument. These are set out overleaf. If you would like to discuss our comments in more detail, please contact Chris Hicks, CA at chris.hicks@cica.ca

Yours truly,

Thomas S. Chambers, FCA
Chair, Canadian Performance Reporting Board

COMMENTS ON PROPOSED NATIONAL INSTRUMENT 51-103

1. Mid-year financial reporting

Voluntary three and nine month financial reporting
We support the proposal to replace the current interim reporting requirements with a semi-annual reporting requirement and a prescribed framework for voluntary three and nine month financial reporting. Quarterly interim financial performance information for many Venture companies that are in exploration or development stages is not important. Further, it seems unlikely that small public companies that find it difficult to attract capital would not publicly disclose the information their investors want. Accordingly, those entities at a stage of development when interim financial performance information is more valuable will voluntarily provide interim financial reports. The flexible approach set out in the proposed NI allows entities to provide financial reports that meet investors' needs while significantly reducing the time and cost devoted to financial reporting. Management and the board are then able to focus on strategy development, operational excellence and managing the business.

We understand that the proposed requirement for a two year commitment to voluntary interim reporting is designed to ensure entities cannot opt in and out of voluntary reporting, depending on a quarter's performance. However, we believe more thought needs to be given to the mechanics of entities ceasing to provide interim reports. For example, the proposed NI may need to address circumstances such as a major disposition early in the two-year window that results in voluntary interim reporting no longer being useful.

Management's Discussion and Analysis (MD&A) is a core element of financial reporting that helps users understand the financial statements. Accordingly, we believe that when an entity provides a voluntary interim financial report, it should be accompanied by an MD&A prepared in accordance with the current interim reporting requirements in NI 51-102. As well, when an entity elects to provide interim financial statements, users will expect that information to be reliable. Therefore, we also believe voluntary interim financial reports should be subject to the interim CEO and CFO certifications.

It may also be necessary to consider whether steps should be taken to ensure that mandatory interim financial reporting is not replaced with publication of selected information that readers might perceive as a substitute for interim financial statements and MD&A, such as statements of production volumes or sales figures. Perhaps the CSA could discuss this type of issue in the instrument and set out some circumstances that might be regarded as misleading or inappropriate, or alternatively suggest that entities not providing a voluntary Q1 or Q3 report stay silent about performance in the absence of a material change.

Significance of other proposals
While the interim reporting aspects of the proposal should provide a significant benefit to many small entities, other aspects of the proposal are sufficiently important on their own to justify this initiative. The proposed changes to the Business Acquisition Report will be a significant improvement. As well, having all the requirements for Venture issuers in one instrument will facilitate understanding the requirements.

Interim reporting work effort
Even when an entity does not prepare interim external reports at Q1 and Q3, it will be most likely that some form of interim report will be prepared for management, the board, or a third party, such as a lender. That activity, however, generally involves much less effort than that necessary to provide external reports in compliance with securities regulations. If the CSA were to mandate a subset of interim reporting, we believe the processes and procedures necessary to provide information for external purposes in accordance with

securities regulations would likely not result in any significant reduction to the current work effort for interim reporting.

2. Other financial statement requirements

Business Acquisition Reports
We do not believe that Business Acquisition Reports provide useful information on a timely basis. Accordingly, we agree with the change to the 100% threshold. As well, we do not believe that pro-forma financial statements as contemplated in the current requirements provide any useful information.

Long-form prospectus
We believe that one year of audited financial statements with unaudited financial statements for the second most recently completed year should be sufficient for all Venture issuers that in many cases have only basic accounting records for prior periods.

3. Governance requirements and executive compensation disclosure

Audit committee composition
It is difficult to recruit audit committee members for small public companies. Adding control persons to the list of people who would not be counted in the majority determination for the instrument would result in significant difficulty for many of these entities. As well, we believe such a requirement would likely impair the quality of their governance because less qualified individuals would likely replace those with greater competency and knowledge of the business. While control persons might bring their own biases, this risk seems minor in view of the other governance requirements and is outweighed by the above-noted negative consequences of excluding control persons from the majority determination.

Director and executive officer compensation disclosure
We believe duplication of information should be avoided whenever possible. Accordingly, when information about executive compensation is provided in the annual report, reference to that effect should be made in the information circular, as currently proposed.

The proposals would require an entity to disclose criteria and goals for executive compensation and the weight assigned to each. We do not believe such disclosure is meaningful in a small public company and that this will result in boilerplate disclosure. Instead we believe entities should be asked to explain how they determined compensation.

Stock option disclosure
The financial statements will disclose the weighted average fair value of share options granted during the period and information on how fair value was measured. While this aggregate information is useful, we agree that individual director and executive compensation disclosure should focus on amounts realized on the exercise of options and that available to be realized on unexercised options.

4. Annual report

We acknowledge the benefits of providing all the required information in one annual report. However, we believe many small entities will have logistical issues with preparing and distributing a longer annual report. Accordingly, we believe entities should have the option of continuing to be able to incorporate certain documents by reference, for example board and governance matters.

FONDS de solidarité FTQ

545, boulevard Crémazie Est
Bureau 200
Montréal (Québec) H2M 2W4
Tél. : 514 383-8383
1 800 361-5017
Téléc. : 514 383-2502
www.fondsftq.com

Le 4 novembre 2011

M[e] Anne-Marie Beaudoin
Secrétaire
Autorité des marchés financiers
800, Square Victoria, 22[e] étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Courriel : consultation-en-cours@lautorite.qc.ca

M[me] Sylvie Lalonde
Chef du service de la réglementation
Autorité des marchés financiers
800, Square Victoria, 22[e] étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Courriel : consultation-en-cours@lautorite.qc.ca

OBJET : Projet de Règlement 51-103 sur les obligations permanentes des émetteurs émergents en matière de gouvernance et d'information

Mesdames,

Le Fonds de solidarité FTQ (ci-après le « Fonds ») vous remercie de lui permettre d'exprimer ses commentaires sur le projet de *Règlement 51-103 sur les obligations permanentes des émetteurs émergents en matière de gouvernance et d'information* (le « Projet de règlement 51-103 ») dans le cadre de la consultation sur ce projet de règlement.

Le Fonds de solidarité FTQ en bref

Le Fonds de solidarité FTQ est un fonds d'investissement en capital de développement d'appartenance syndicale, issu de la Fédération des travailleurs et travailleuses du Québec. Le Fonds a été créé en 1983 par la *Loi constituant le Fonds de solidarité des travailleurs du Québec (F.T.Q.)* et est devenu un acteur de premier plan dans l'économie du Québec.

La mission du Fonds de solidarité FTQ s'articule autour des quatre (4) grands piliers suivants:

- investir dans des entreprises à impact économique québécois et leur fournir des services en vue de contribuer à leur développement et de créer, de maintenir et de sauvegarder des emplois;
- sensibiliser et inciter les travailleurs et les travailleuses à épargner pour leur retraite et à participer au développement de l'économie par la souscription aux actions du Fonds;
- favoriser la formation des travailleurs et des travailleuses dans le domaine de l'économie et leur permettre d'accroître leur influence sur le développement économique du Québec;
- stimuler l'économie québécoise par des investissements stratégiques qui profiteront aux travailleurs et aux travailleuses, de même qu'aux entreprises québécoises.

Au 30 septembre 2011, le Fonds, directement, comptait environ 270 entreprises partenaires (excluant ses investissements dans les membres de son réseau et excluant les investissements des membres de son réseau), et les titres d'environ 20 % d'entre elles étaient cotés en Bourse. Par ailleurs, si l'on tient compte de l'ensemble des membres du réseau du Fonds et des investissements de ce réseau, le nombre d'entreprises partenaires se chiffre à environ 2 000[1].

L'actif net du Fonds au 31 mai 2011 était de 8,2 milliards $, dont près de 4 milliards $ sont investis en capital de développement. De ce montant investi en capital de développement, on comptait, toujours au 31 mai 2011, près de 680 millions $ en titres cotés en Bourse.

Le Fonds investit dans plusieurs secteurs de l'économie, dont notamment les ressources naturelles, l'aérospatial, le transport, l'agroalimentaire, les technologies de l'information et les sciences de la vie.

Projet de règlement 51-103

Bien que le Fonds soit en accord de manière générale avec l'objet principal du Projet de règlement qui consiste à simplifier et adapter l'information diffusée par les émetteurs émergents pour tenir compte des besoins et des attentes des investisseurs et à rendre les obligations des émetteurs plus appropriées et gérables à leur stade de développement, il a des réserves quant à certaines des modifications proposées dans le Projet de règlement. Nous accueillons par ailleurs favorablement le regroupement en un seul document (le rapport annuel) des informations relatives aux émetteurs émergents.

[1] Au 31 mai 2011.

Dans le présent document, nous reprendrons, dans l'ordre où elles apparaissent dans l'avis de consultation, les questions sur les projets de texte soumises aux participants au marché.

1. Soutenez-vous la proposition de remplacer l'obligation de déposer des rapports financiers intermédiaires pour des périodes de 3 et 9 mois (et le rapport de gestion connexe) par un mécanisme prescrit de dépôt facultatif?

(a) Si vous la soutenez. pourquoi? Quels en seraient les avantages?

(b) Si vous ne la soutenez pas, pourquoi? Quelles sont vos réserves?

RÉPONSE

Le Fonds ne soutient pas la proposition, car il estime que l'information financière trimestrielle est essentielle à la protection, à l'évaluation et au suivi de ses investissements dans les émetteurs émergents, étant donné que ceux-ci peuvent être parmi ses investissements les plus risqués. De plus, des informations financières récentes permettent d'établir de meilleures prévisions financières. Cette information trimestrielle s'avère encore plus cruciale lorsqu'il s'agit d'émetteurs émergents dont les activités sont saisonnières.

Le Fonds n'est pas convaincu que les obligations de dépôt de rapports financiers prévues au Projet de règlement seront systématiquement moins onéreuses que les obligations actuelles, qui incluent le dépôt de rapports trimestriels.

Le Fonds croit également que même si une économie de temps et d'argent découle de l'élimination de la production de rapports financiers trimestriels, cela ne compensera pas pour les effets négatifs que cette élimination risque d'avoir sur les émetteurs émergents eux-mêmes. Parmi les effets potentiellement défavorables d'une divulgation moins complète, notons la difficulté à obtenir des couvertures par les analystes et à obtenir du financement et le fait que les vérifications diligentes pour les placements privés par des investisseurs risquent d'être plus lourdes pour la direction en l'absence d'information trimestrielle. De plus, si les informations financières pour les 1er et 3e trimestres ne sont plus disponibles, il est possible que les investisseurs se voient dans l'obligation de prendre des escomptes d'évaluation. Dans le contexte financier actuel, caractérisé par une grande volatilité, il nous apparaît important que l'information financière soit disponible le plus rapidement possible.

Par ailleurs, pour le Fonds, qui est susceptible d'intervenir en période de difficultés financières des entreprises, un délai de 6 mois avant d'obtenir des informations financières peut s'avérer trop long pour réagir et intervenir en temps opportun afin de soutenir un émetteur. Pour les émetteurs avec de petites capitalisations boursières, dont le fonds de roulement peut parfois s'avérer serré, il est important que les investisseurs puissent faire un suivi plus fréquent.

Une divulgation plus complète, incluant les 1er et 3e trimestres, nous semble essentielle pour un émetteur émergent qui désire évoluer vers une plus grande Bourse puisque l'émetteur devra fournir des comparatifs trimestriels pour une ou des années précédant l'entrée sur cette plus grande bourse. Même dans le cas où un émetteur ne compte pas migrer à court terme vers une plus grande Bourse, le Fonds estime que l'habitude de procéder à une divulgation trimestrielle est une bonne pratique afin d'attirer des investisseurs plus sophistiqués.

En ce qui concerne le régime de prospectus, et dans la foulée de ce qui a été mentionné précédemment, le Fonds n'est pas à l'aise avec le fait que les rapports trimestriels ne soient plus inclus dans le prospectus ordinaire et il souhaite donc que l'information trimestrielle la plus à jour à la date du dépôt du prospectus soit incluse dans celui-ci.

2. Si nous décidons de ne pas supprimer l'obligation d'information financière trimestrielle, les autres éléments du projet de règlement sont-ils assez importants pour justifier une réforme du régime d'encadrement des émetteurs émergents?

RÉPONSE

Le Fonds estime que les autres éléments du Projet de règlement sont assez importants pour justifier une telle réforme puisque le seul fait de regrouper la plupart des obligations dans un même règlement facilitera la tâche des émetteurs émergents qui, souvent, n'ont pas les moyens financiers de recourir à des conseillers pour faire l'analyse de chaque règlement où se retrouvent les obligations qui leur sont applicables.

Le Fonds accueille favorablement les nouvelles règles de gouvernance ainsi que les exigences d'indépendance de la majorité des membres du comité d'audit.

3. Si vous ne soutenez pas la proposition de remplacer l'obligation de déposer des rapports financiers intermédiaires pour des périodes de 3 et 9 mois et le rapport de gestion connexe par un mécanisme prescrit de dépôt facultatif, estimez-vous nécessaire que les émetteurs émergents déposent des rapports financiers complets et un rapport de gestion pour les premier et troisieme trimestres?

(a) Dans l'affirmative, pourquoi? En particulier, quel usage faites-vous de cette information?

(b) Dans la négative, qu'est-ce qui, outre les rapports financiers complets, vous procurerait l'information dont vous avez besoin? Veuillez fournir une réponse détaillée et motivée.

(c) *L'information dont il est question en (b) différerait-elle selon le secteur d'activité ou la taille de l'émetteur ou selon qu'il génère un profit? Dans l'affirmative, veuillez expliquer pourquoi.*

RÉPONSE

Le Fonds est favorable à un allègement des rapports financiers pour les 1er et 3e trimestres, en ce qu'il ne croit pas nécessaire que ceux-ci soient accompagnés d'une analyse de la direction ou du rapport de gestion connexe et ce, d'autant plus qu'un rapport de gestion sera présenté avec l'information semestrielle.

Pour le Fonds, une information trimestrielle adéquate serait composée de ce qui suit : le bilan, l'état des résultats et le tableau des flux de trésorerie (ainsi que les notes y afférent), sans qu'il ne soit nécessaire d'accompagner ces informations du rapport de gestion.

Le Fonds ne voit pas d'avantage à créer différents régimes pour les émetteurs émergents selon leur secteur d'activité, leur taille ou le fait qu'ils génèrent ou non un profit, car cette distinction pourrait créer une certaine confusion. De plus, il nous semble que la création de plusieurs régimes soit contraire au but recherché par le Projet de règlement.

4. *Si les émetteurs émergents n'étaient pas tenus de déposer des rapports financiers pour les premier et troisième trimestres, cela vous dissuaderait-il d'investir dans tous les émetteurs émergents? Pourquoi?*

RÉPONSE

L'absence d'information trimestrielle ne dissuadera pas de manière systématique le Fonds d'investir dans tous les émetteurs émergents. Il s'agit toujours d'une analyse individuelle pour chaque entreprise. Toutefois, cela entraînera encore plus de prudence dans l'analyse de ces entreprises et risque éventuellement de mener à la prise d'escomptes d'évaluation, tel que déjà mentionné dans notre réponse à la question n° 1.

5. *Si vous détenez actuellement des placements dans des émetteurs de territoires où il existe un régime d'information semestrielle, veuillez expliquer pourquoi cela vous convient, particulièrement si vous vous opposez à la suppression de l'obligation de fournir des rapports financiers pour les premier et troisieme trimestres.*

RÉPONSE

S. O.

6. Serait-il moins fastidieux d'établir une version allégée ou différente d'information financière trimestrielle? Est-ce qu'une version allégée ou différente serait moins longue à préparer, ou est-ce que le travail et les ressources requises seraient sensiblement les mêmes que ceux requis pour la préparation de rapports financiers intermédiaires?

RÉPONSE

Tel que déjà mentionné dans la réponse à la question n° 3, le Fonds serait satisfait, pour l'information trimestrielle, du bilan, de l'état des résultats et du tableau des flux de trésorerie (ainsi que les notes y afférent) sans rapport de gestion.

7. Le projet de règlement vient remplacer l'obligation de déposer une déclaration d'acquisition d'entreprises dans le cas d'une acquisition significative par l'obligation, pour l'émetteur émergent, de fournir les états financiers de l'entreprise acquise si la valeur de la contrepartie transférée représente 100 % ou plus de la capitalisation boursière de l'émetteur. Le seuil de 100 % convient-il?

(a) Si vous pensez que le seuil de 100 % est le bon, veuillez expliquer pourquoi.

(b) Si vous êtes d'avis que le seuil de 100 % n'est pas acceptable, veuillez expliquer pourquoi. Le seuil devrait-il être moins élevé? Veuillez exposer votre avis sur la pertinence d'un autre seuil et motiver votre réponse.

(c) Est-il pertinent d'exiger des états financiers relativement à ces acquisitions?

RÉPONSE

Advenant que l'obligation de déposer les états financiers trimestriels soit maintenue, ce que le Fonds souhaite, le seuil de 100 % pourrait être acceptable puisque les informations financières relatives à une acquisition devraient se retrouver dans l'information trimestrielle.

Toutefois, si le dépôt des informations financières trimestrielles ne devait plus être obligatoire, le Fonds est d'avis que le seuil de 100 % de la capitalisation boursière de l'émetteur pour déclencher l'obligation de déposer des informations pertinentes sur une acquisition (tel que prévu dans l'ancien *Business Acquisition Report* ou dans la déclaration de changement important pour une acquisition significative) serait trop élevé par rapport au seuil actuel de 40 %.

Dans un tel scénario, le Fonds estime qu'une déclaration de changement important pour les acquisitions significatives (qui inclut notamment la date d'acquisition, le montant de la contrepartie payée pour la cible et le détail de la transaction et de ce qui est acquis et les états financiers de la cible dans le délai prévu au Projet de règlement) devrait être déposée pour des acquisitions significatives à un seuil de

50 % de la capitalisation boursière de l'émetteur, si l'émetteur consolide la cible dans ses états financiers.

Au nombre des indicateurs du caractère matériel d'une acquisition, le Fonds croit en effet qu'il pourrait être pertinent de considérer, conjointement avec le pourcentage de la capitalisation boursière, la décision de consolider les états financiers de la cible dans les états financiers de l'émetteur.

8. *Le projet de règlement ne prévoit pas d'obligation de fournir des états financiers pro forma dans le cas des acquisitions qui sont significatives à 100 %. Les états financiers pro forma contiennent-ils de l'information utile sur les acquisitions qui n'est pas fournie dans d'autres documents d'information des émetteurs émergents?*

(a) Si vous estimez qu'ils contiennent de l'information utile, de quelle information s'agit-il précisément et quelle utilisation en faites-vous?

RÉPONSE

Le Fonds est à l'aise avec l'élimination de l'obligation de déposer des états financiers pro forma lors d'une acquisition importante. Il serait toutefois important d'obtenir de l'information sur le montant des écarts d'acquisition générés par la transaction.

9. *Le projet d'annexe prévoyant le prospectus ordinaire de l'émetteur émergent établit en faveur du sous-groupe des « petits émetteurs » une dispense leur permettant de présenter, dans le prospectus du premier appel public a l'épargne, des états financiers annuels audités sur un exercice seulement, accompagnés d'information financière comparative non auditée, dans le prolongement de l'obligation actuellement faite aux petits émetteurs en vertu de l'Annexe 41-IOIAI. Faudrait-il étendre cette dispense à l'ensemble des émetteurs émergents?*

(a) Dans l'affirmative, veuillez expliquer pourquoi.

(b) Dans la négative, veuillez expliquer pourquoi.

RÉPONSE

Le Fonds serait plutôt favorable à ce que cette dispense (permettant de présenter dans le prospectus pour le premier appel public à l'épargne des états financiers annuels audités pour un exercice seulement, accompagné d'information financière comparative non auditée) soit accessible à certains autres émetteurs émergents,

sans toutefois qu'elle ne le soit systématiquement. Cette dispense devrait être à la discrétion de l'Autorité des marchés financiers et être accordée selon un critère de pertinence, ayant trait notamment au stade de développement de l'émetteur et à sa taille.

10. *Le projet de règlement prévoit que le comité d'audit soit formé d'au moins trois administrateurs qui ne sont pas en majorité membres de la haute direction ou salariés de l'émetteur émergent ou d'un membre du même groupe que celui-ci. Y a-t-il lieu d'ajouter à cette liste les personnes participant au contrôle, comme dans le paragraphe b de l'article 21 de la Politique 3.1 du Guide de financement des sociétés de la Bourse de croissance TSX?*

(a) Dans l'affirmative, veuillez expliquer pourquoi.

(b) Dans la négative, veuillez expliquer pourquoi.

RÉPONSE

Le Fonds est favorable à l'introduction de cette majorité d'indépendants. Le Fonds ne croit pas que l'on devrait ajouter à la liste de personnes exclues les personnes participant au contrôle de l'émetteur, qui ont avantage à ce que l'information financière soit fiable.

11. *Le projet de règlement exige la présentation de la rémunération des administrateurs et des membres de la haute direction et de l'information sur la gouvernance dans le rapport annuel de l'émetteur émergent plutôt que dans sa circulaire de sollicitation de procurations. La circulaire renvoie l'investisseur qui recherche ces renseignements au rapport annuel de l'émetteur. Nous cherchons à réduire les chevauchements d'information exigée des émetteurs émergents, mais aussi à équilibrer cette préoccupation avec celle de garantir aux investisseurs une information adéquate pour prendre des décisions, en l'occurrence pour élire les administrateurs. Dans l'affirmative, veuillez expliquer pourquoi.*

(a) Faudrait-il obliger les émetteurs émergents à reproduire l'information sur la rémunération des administrateurs et des membres de la haute direction dans le document mis a la disposition des actionnaires en vue d'élire les administrateurs, c'est-a-dire la circulaire de sollicitation de procurations?

i) Si vous estimez que l'information sur la gouvernance et la rémunération de la haute direction devrait figurer à la fois dans le

rapport annuel et dans la circulaire de sollicitation de procurations, veuillez expliquer pourquoi.

ii) *Si. au contraire, il ne vous parait pas nécessaire de fournir cette information dans les deux documents, veuillez expliquer pourquoi.*

RÉPONSE

Le Fonds est tout à fait d'accord avec le fait que l'information ne se retrouve pas à deux endroits et que l'on renvoie l'investisseur au rapport annuel.

12. *Dans le projet de règlement, nous avons remplacé l'obligation d'indiquer, dans la déclaration de la rémunération de la haute direction, la juste valeur des options d'achat d'actions ou des autres éléments de la rémunération à base de titres à leur date d'attribution par l'obligation de présenter d'autres détails sur les options d'achat d'actions, y compris les montants gagnés lors de leur exercice. Nous avons effectué cette modification en réponse aux commentaires reçus à propos de la pertinence et de la fiabilité, dans le cas des émetteurs émergents, de la juste valeur des options d'achat d'actions à la date d'attribution. Dans le cas de ces émetteurs, la déclaration de la juste valeur des options d'achat d'actions ou d'autres éléments de la rémunération à base de titres à leur date d'attribution et de leur juste valeur comptable est-elle utile? Dans l'affirmative, veuillez expliquer pourquoi.*

RÉPONSE

Pour le Fonds, la déclaration de la juste valeur des options d'achat d'actions à leur date d'attribution n'est pas essentielle. Il importe d'abord et avant tout de bien connaître les modalités et conditions d'exercice des options d'achat d'actions, à savoir notamment le nombre d'options, le prix d'exercice et la durée de celles-ci.

13. *Le projet de règlement permettrait aux sociétés de capital de démarrage de remplir certaines obligations d'information à fournir dans le rapport annuel en renvoyant à l'information présentée dans le prospectus relatif à leur premier appel public à l'épargne. Faudrait-il exempter les sociétés de capital de démarrage d'un plus grand nombre d'obligations d'information annuelle ou semestrielle? Dans l'affirmative, de quelles obligations?*

RÉPONSE

En ce qui a trait aux sociétés de capital de démarrage, le Fonds est d'avis que si aucun changement n'est survenu depuis le dépôt du prospectus, celles-ci devraient être exemptées des obligations d'information annuelle et trimestrielle, sauf de celles ayant trait aux états financiers, à la rémunération de la haute direction et aux démarches effectuées afin de procéder à leur acquisition.

N'hésitez pas à communiquer avec M^{e} Sylvie Drouin ou le soussigné pour toute information additionnelle et veuillez agréer, Mesdames, l'expression de mes meilleurs sentiments.

Le directeur des affaires corporatives et
secrétaire corporatif adjoint,

Philippe Bonin

CANADIAN PUBLIC ACCOUNTABILITY BOARD
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

150 York Street, Suite 200, Box 90, Toronto, Ontario M5H 3S5
Tel 416.913.8260 Fax 416.850.9235 www.cpab-ccrc.ca

November 9th, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Authorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Department of Community Services, Government of Yukon
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

c/o: **Ashlyn D'Aoust**
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-2082
ashlyn.daoust@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: 514-864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

Dear Ms.D'Aoust and Ms. Beaudoin:

Re: Proposed National Instrument 51-103, Ongoing Governance and Disclosure Requirements for Venture Issuers and Related Amendments

The Canadian Public Accountability Board (CPAB) is pleased to comment on proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers and Related Amendments ("the proposed National Instrument")*. CPAB is supportive of the Canadian Securities Administrators (CSA) initiative to simplify compliance for venture issuers. The proposed National Instrument sets forth a new disclosure regime for the venture issuer market which is a very important

segment of Canada's capital markets. This approach raises important public policy questions which in our view need further study. CPAB has serious concerns with the proposed approach of reducing the disclosure and governance standards applicable to venture issuers. Venture issuers are already subject to reduced corporate governance, certification and continuous disclosure requirements. A further reduction in requirements is not in the public interest and could have the impact of eroding investor confidence and Canada's reputation for investor protection. Developments over the past six months with respect to venture issuers with significant operations in foreign jurisdictions also suggest more robust regulation is needed at this time rather than less.

We strongly encourage the CSA to conduct greater outreach with investors and perform a comprehensive cost-benefit analysis before proceeding further with these proposals.

Elimination of Requirement to File Three and Nine Month Interim Reports

The proposed National Instrument eliminates the requirement for venture issuers to file three and nine month interim financial reports and associated MD&A, and introduces a mid-year report that includes a six month interim financial report and associated MD&A. This would mean for a venture issuer with a calendar year end, the report for the half year ended June 30th, would be filed by August 31st and there would be no further financial reporting required for another 8 months, until April 30th when the annual report would be filed. We are concerned that investors will have less timely information to make informed investment decisions in areas such as cash flow information, the income statement, related party transactions, liquidity and going concern. The proposed move to a mid-year report will also mean that audit committees and directors of venture issuers will have less timely oversight over the financial reporting process for such entities.

The venture issuer population includes a diverse mix of companies; wherein the larger venture issuers have significant operations, substantial revenues and very large market capitalizations. A further weakening of the disclosure regime for venture issuers also increases the risk that issuers who might otherwise graduate to the TSX will remain on the TSX-V for purposes of limiting their disclosure and governance requirements. In this same vein, we believe that once a TSX-V company reaches an appropriate size threshold a move to the TSX should be automatic and not optional. It is not in the public interest for significant reporting issuers in the capital markets to be able to avail themselves of the reduced governance and disclosure regime available to venture issuers when their peers must adhere to the more robust requirements of the TSX.

In our view the usefulness of quarterly financial statements to investors outweighs any benefit accruing to venture issuers from their elimination, with perhaps the exception of the smallest exploration stage companies in certain sectors such as the resource sector where there may be merit in more streamlined and targeted quarterly disclosure requirements. For example, such disclosure might include cashflow and liquidity information, updated information on exploration activities and significant transactions in the period (e.g. related party transactions and financing transactions).

Audit Committee Requirements and Disclosures

Audit Committees play a critical role in contributing to the integrity of financial reporting and audit quality. Under existing requirements in National Instrument 52-110 *Audit Committees ("NI 52-110"),* Audit Committees of venture issuers are required to pre-approve non-audit services provided by the external auditor. The proposed National Instrument would eliminate the requirement for Audit Committees of venture issuers to pre-approve non-audit services. The independence of the external auditor is a key

prerequisite to audit quality and is important in promoting investor confidence in financial reporting. We believe pre-approval of non-audit services by Audit Committees is an important governance control to ensure that auditor independence is not impaired, and therefore should be retained in the proposed National Instrument. Existing requirements in NI 52-110 (Form 52-110F2) require disclosure of the education and experience of each audit committee member that is relevant to the performance of the member's audit committee responsibilities. The proposed National Instrument would eliminate this disclosure requirement. The Audit Committee is one of the most significant Committees of the Board and it is important for financial statement users to be provided with disclosure of the education and experience of audit committee members. To eliminate this disclosure requirement reduces Audit Committee transparency and may potentially lead to a deterioration in the quality of venture issuer Audit Committee members and the quality of governance. We believe this disclosure requirement is important to investors and should be retained.
We note that venture issuer audit committees are currently exempt from the independence and financial literacy requirements in NI 52-110, these proposals would further weaken the requirements for venture audit committees which is not in the public interest.

Given the increasing complexity of financial reporting we believe that the governance of venture issuer audit committees would be strengthened by introducing a new requirement for at least one member of a venture issuer's audit committee to be financially literate as described in NI 52-110.

Duties to Act Honestly and in Good Faith

We do not understand why the CSA are no longer proposing to introduce, into securities law, obligations on directors and officers to act honestly and in good faith and to exercise care, skill and diligence. Strong corporate ethics are an essential element of effective corporate governance and high quality financial reporting. The CSA should incorporate into the proposed National Instrument obligations on directors and officers to act honestly and in good faith and to exercise care, skill and diligence.

In conclusion we reiterate that venture issuers are already subject to reduced corporate governance, certification and continuous disclosure requirements. A further reduction in these requirements is not in the public interest and could have negative consequences for the integrity of financial reporting and public confidence in the Canadian capital markets.

CPAB appreciates the opportunity to provide input on the proposed National Instrument.

We would be pleased to discuss any of the above comments.

Yours very truly,

Brian Hunt, FCA
Chief Executive Officer

NORTON ROSE

Barristers & Solicitors / Patent & Trade-mark Agents

Norton Rose OR LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4 CANADA

F: +1 416.216.3930
nortonrose.com

On June 1, 2011, Ogilvy Renault joined Norton Rose Group.

Direct line
+1 416.216.4806

Email
pierre.soulard@nortonrose.com

November 11, 2011

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

Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Fax: (403) 297-2082
E-mail: ashlyn.daoust@asc.ca

Attn: Ashlyn D'Aoust, Legal Counsel, Corporate Finance

and

Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: (514) 864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

Attn: Anne-Marie Beaudoin, Corporate Secretary

Dear Sirs/Mesdames:

Re: CSA Notice and Request for Comment 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*

This letter responds to certain of the questions posed in Notice and Request for Comment 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* (the **Proposed Instrument**) published by members of the Canadian Securities Administrators (**CSA**) on July 29, 2011. We thank you for inviting comments on this initiative. For ease of reference, we have reproduced the questions to which we have responded below.

By way of general comment, we note that the Toronto Venture Exchange (**TSXV**) is home to a wide range of issuers, from capital pool companies (**CPCs**) and other shell issuers to smaller public issuers, where money is raised generally by private placement, to TSXV issuers who access the short-form prospectus system and may soon be eligible to migrate to the Toronto Stock Exchange (**TSX**). An issuer's choice of exchange is often driven by where its competitors and other issuers similar to them are listed. For example, large extraction industry companies may choose to list solely on the TSXV and are able to raise adequate capital with such a listing. On the other hand, comparatively small life sciences companies may list on the senior TSX despite the more

onerous requirements, because their competitors are American companies who are reporting quarterly and their investor community expects such reporting. Consequently, regulators should bear in mind that certain venture issuers may voluntarily provide disclosure similar to that of senior issuers even if doing so is more onerous, while other venture issuers may not be strongly motivated to migrate to the senior exchange and may take full advantage of any lesser regulatory burden on venture issuers by remaining on the TSXV.

If regulators consider it undesirable for large issuers to remain listed exclusively on the TSXV and thereby avoid the mandatory quarterly reporting and other requirements of the TSX, they may consider distinguishing among venture issuers according to size or other criteria when determining the appropriate regime.

Mid-year financial reporting

1. **Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting?**

   a) **If you support this proposal, why? What are the benefits?**

   b) **If you do not support this proposal, why not? What are your concerns?**

We support the elimination of mandatory three and nine month financial reporting and MD&A. The proposed change will be of substantial benefit to smaller issuers for whom the preparation of disclosure documents is a proportionately greater expense and will permit such issuers to focus more time and resources on business activities. Larger issuers will likely continue to provide three and nine month interim financials and MD&A to meet the demands of investors and/or underwriters, and to prepare for their eventual migration to the TSX. The Proposed Instrument provides such issuers with a prescribed framework should they select this option.

We are of the view that in addition to being able to voluntarily provide three and nine month financial statements, issuers should be permitted to fully opt out of the venture issuer regime and file the same disclosure as a senior issuer if they so choose.

Combined with mandatory material change reporting, the proposed semi-annual financial reporting would provide the market with financial information on a timely basis and would be consistent with the requirements imposed in other jurisdictions. Due to the extended filing deadline for annual financial statements, the elimination of first quarter financial statements will not significantly affect the disclosure record as such statements are finalized only shortly after the annual financials. In general, quarterly income statement data is less relevant to venture company investors. The market may, however, be interested in the company's cash on hand, burn rate, capital resources, and progress towards its corporate goals. Consequently we believe semi-annual reporting should be complemented by a three and nine month report disclosing information about the company's liquidity, working capital, capital resources, changes in capital structure, and principal uses of cash during the quarter.

Venture investors are also interested in detailed information about a company's exploration or research programs and we would support quarterly reporting on these matters. This information, combined with disclosure of information on capital and expenditures, helps the market understand the company's progress towards its goals and to evaluate its prospects accordingly. CEO and CFO certification of this information should not be required.

2. **If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Proposed Instrument significant enough to justify changing the venture issuer regulatory regime?**

Yes. The consolidation of venture issuer requirements and the reduction of duplication will make the regulations less onerous to comply with.

3. **If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters?**

   a) **If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?**

   b) **If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why.**

   c) **Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.**

Please see our response to Question 1 above.

Other financial statement requirements

6. **Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?**

We are of the view that semi-annual financial reporting, quarterly disclosure of information regarding liquidity and capital and material change reporting obligations (that incorporates disclosure of material changes in the financial position of an issuer) will together provide investors with sufficient information to make investment decisions and will reduce the burden on venture issuers.

7. **The Proposed Instrument eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?**

   a) **If you think that 100% is the correct threshold, explain why.**

   b) **If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons.**

   c) **Should financial statements be required at all for these transactions?**

We believe 100% is the correct threshold for acquisitions by a venture issuer. Preparing financial statements in respect of such transactions should be required.

8. **The Proposed Instrument does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?**

   a) **If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information?**

We do not believe pro forma financial statements provide useful information not provided elsewhere in the venture issuer's disclosure.

9. **The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?**

   a) **If you think the exemption should be expanded, explain why.**

   b) **If you do not think that the exemption should be expanded, explain why.**

The TSXV contains a diversity of issuers some of whom are large, well-established and should not be exempted from providing historical information to investors. Other smaller venture issuers may be in a development or exploration stage and may not have any revenues or may not have been in existence for a substantial period of time. These issuers are not stable enough for long term trends and historical financials to be of use to investors. Therefore, we are of the view that the current scope of the "junior issuer" exemption is appropriate and should not be expanded. Exemptive relief from the requirements of Form 41-101F1 may always be sought by issuers in individual circumstances, and underwriters and agents will advise the issuers as to what financial information is appropriate and necessary to market to investors.

Governance requirements and executive compensation disclosure

10. **The Proposed Instrument requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?**

We are of the view that control persons are not independent of management and this should be reflected in their addition to the list. This change would reduce the likelihood of conflicts of interest and increase investor confidence in the corporate governance practices and financial reporting of venture issuers.

11. **The Proposed Instrument requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.**

   a) **Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular?**

      i) **If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.**

      ii) **If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.**

We are of the view that director and officer compensation disclosure is most appropriately set out in the information circular and no distinction should be made between TSXV and TSX issuers. A reference in the Annual Report to the information circular should be sufficient to keep investors well informed.

NORTON ROSE

General disclosure requirements

13. The Proposed Instrument would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?

We are of the view that the CPC is a unique vehicle and should be excluded from the application of the Proposed Instrument. The current regulations create a tailored regime for CPCs and the appropriate disclosure regime will be imposed depending upon the qualifying transaction that the CPC completes. This should be left in place.

14. We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.

The definition of "material contract" in the Proposed Instrument should conform to the definition of "material contract" contained in NI 51-102.

The insider trading offence applies to the insiders of the issuer and not the issuer itself. We do not think it is appropriate to require an issuer to "police" its insiders. Market practice dictates that most issuers already have insider policies.

There is currently no requirement for venture issuers to provide detailed information in respect of voting results at shareholder meetings, whereas such disclosure is required of other reporting issuers under section 11.3 of NI 51-102. It is our view that this requirement should be included in the Proposed Instrument, as the cost of providing this information is minimal and it can be of value to investors.

* * * * * *

This letter has been prepared by members of the Securities Group of Norton Rose OR LLP but may not reflect the views of all of its members. If you have any questions concerning these comments, please contact Pierre Soulard (direct line: (416) 216-4806 or by e-mail at Pierre.Soulard@nortonrose.com) or Tracey Kernahan (direct line: (416) 216-2045 or by e-mail at Tracey.Kernahan@nortonrose.com).

Yours very truly,

Per:

Pierre Soulard
Partner

Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

November 14, 2011

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

c/o: **Ashlyn D'Aoust**
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, AB T2P 0R4
ashlyn.daoust@asc.ca

Anne-Marie Beaudoin
Corporate Secretary
Authorité des marchés financiers
800, square Victoria, 22e étage
Montreal, QC H4Z 1G3
consultation-en-cours@lautorite.qc.ca

RE: Proposed National Instrument 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers

This submission is made by the Pension Investment Association of Canada ("PIAC") in reply to the request for comments published on July 29, 2011 by the Canadian Securities Administrators ("CSA") on Proposed National Instrument 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers (the "Proposal").

PIAC has been the national voice for Canadian pension funds since 1977. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over $1 trillion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.

As noted in our response to the CSA Multilateral Consultation Paper 51-403 *Tailoring Venture Issuer Regulation* (the "Consultation Paper"), PIAC is generally supportive of regulatory changes that streamline disclosure requirements and reduce expenses for venture issuers, provided that investors remain adequately protected. We are pleased the CSA has reflected on the feedback received and made a number of changes from what was contemplated in the Consultation Paper. However, we still believe that some of the provisions outlined in the Proposal will unduly compromise disclosure and governance standards and it is unclear that the regime proposed will result in a less complex, streamlined system more manageable for venture issuers. We have provided comments in respect of the questions or issues where we felt that our perspective might be helpful.

Financial Reporting Requirements

We believe it is important for investors to be able to review the financial position of venture companies on a regular basis to manage investment risk and are of the view that the benefits of three and nine month interim financial statements and MD&A outweigh the time and costs of report preparation incurred by venture issuers. If full interim financial statements are not provided, we believe that at a minimum, investors should be provided with the cash and debt balances of exploration and development stage companies, which form a large part of the venture market.

Business Acquisition Reporting

In the event of a significant business acquisition, we believe that financial statements are useful because they provide certain asset specific information within the notes sections that would otherwise be unavailable post merger/amalgamation. We do not believe that issuers would incur additional cost from providing financial statements in this scenario given that they are historical and already filed. Given the value of the financial statements, we consider the proposed threshold of 100% of market capitalization of the issuer too high, as it would result in disclosure only within a limited set of circumstances. On the other hand, we are of the view that pro-forma financial statements provide limited value for investors of venture companies and we would not be opposed to excluding these reports given the extra costs involved in preparing these materials.

Exemption for IPO Prospectuses

We believe that the current exemption allowing "junior issuers" to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectuses should be expanded to all venture issuers. In our view, with the exception of the notes to the financial statements, historical financial statements are generally not useful for investors of mining/materials companies, which comprise the majority of venture issuers.

Executive Compensation Disclosure

We suggest reinstating the requirement to disclose the grant date fair value of stock options, as we believe that these details provide useful information for investors of

venture issuers. The grant date fair value reflects the board's intentions with respect to compensation, and provides investors with a deeper understanding of the link between pay and performance.

* * * * * *

We appreciate this opportunity to comment. Please do not hesitate to contact Stéphanie Lachance, Chair of the Corporate Governance Committee (514-925-5441; slachance@investpsp.ca) if you wish to discuss any aspect of this letter in further detail.

Yours sincerely,

Barbara Miazga
Chair

BCF AVOCATS D'AFFAIRES

BUSINESS LAW

Translation

Dear Sir or Madam:

Please find hereunder our answers to the various questions that you raised in connection with your consultation on the new regulatory regime for venture issuers proposed in your Notice and Request for Comment published on July 29, 2011.

We have inserted, in italics, the various questions asked, and then added our responses.

Although they are late, we hope our responses will prove useful to you.

Questions on how the removal of mandatory first and third quarter financial statement reporting would affect investor protection and capital-raising

1. Do you support the proposal to replace the requirement to file three and nine month interim financial reports (and associated MD&A) with a prescribed framework for voluntary three and nine month financial reporting? **YES**

a) If you support this proposal, why? What are the benefits?

In our opinion, these interim financial statements are of less value to most investors. Given the scarce resources of most venture issuers, we believe that releasing the Chief Financial Officer and his team from this obligation would enable them to spend more time on other tasks that could potentially generate value for investors.

b) If you do not support this proposal, why not? What are your concerns? **N/A**

2. If we choose not to eliminate mandatory quarterly financial reporting, are the other elements of the Draft Regulation significant enough to justify changing the venture issuer regulatory regime? **YES**

3. If you do not support the proposal to replace the requirement to file three and nine month interim financial reports and associated MD&A with a prescribed framework for voluntary three and nine month financial reporting, do you think it is necessary for venture issuers to file full financial statements and MD&A for their first and third quarters? **N/A**

a) If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information? **N/A**

b) If you do not think that full financial statements are necessary, is there something other than full financial statements that could provide you with the information that is necessary or relevant for your purposes? Please specify what financial or other information would suffice and explain why. **N/A**

c) Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain. **N/A**

4. If venture issuers were not required to file first and third quarter financial statements, would this deter you from investing in all venture issuers? Why or why not?

The lack of interim financial statements would not, in our opinion, influence the decision to invest or not.

5. If you currently invest in issuers in jurisdictions that prescribe semi-annual reporting, please explain why you are comfortable doing so, particularly if you oppose the elimination of mandatory first and third quarter financial statements. **N/A**

6. Would it be less burdensome, or would there be significant time savings, to prepare some subset of quarterly financial reporting, or would the work required to prepare alternative quarterly financial reporting be as onerous as preparing interim financial statements?

The answer to this question necessarily depends on the information required. Whenever possible, it always seems preferable to us to aim for a shorter version rather than requiring alternative information.

Other financial statement requirements

7. The Draft Regulation eliminates the requirement to file business acquisition reports (BARs) for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. Is 100% the correct threshold?

This is a difficult question to answer given the wide disparities that exist between the market capitalization of smaller and larger issuers.

For smaller issuers, the threshold could ensure that acquisitions of little value (in monetary terms) are contemplated. It might be necessary in this case to set a minimum amount that would trigger the obligation.

As for larger issuers, the 100% threshold could ensure that acquisitions of a very large value (in monetary terms) are not contemplated. Here, it might be necessary to set a maximum amount that would trigger the obligation.

a) If you think that 100% is the correct threshold, explain why. **N/A**

b) If you do not think that 100% is the correct threshold, explain why. Should the threshold be lower? Please provide your views on an alternative threshold, with supporting reasons. **N/A**

c) Should financial statements be required at all for these transactions?

If the objective is to rapidly provide the information to the market, this requirement is useless. A more exhaustive disclosure of certain financial information related to the target in the press release would be more useful in this regard.

8. The Draft Regulation does not include a pro forma financial statement requirement for acquisitions that are 100% significant. Do pro forma financial statements provide useful information about acquisitions that is not provided elsewhere in the venture issuer's disclosure?

We do not think that pro forma financial statements contain useful information.

a) If you are of the opinion that pro forma financial statements do provide useful information, specifically, what information do they provide and how do you make use of that information? **N/A**

9. The proposed long form prospectus form for venture issuers provides the subset of "junior issuers" with an exemption that allows them to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectus. This is consistent with current requirements for junior issuers under Form 41-101F1. Should this exemption be expanded to apply to all venture issuers?

a) If you think the exemption should be expanded, explain why.

In our view, it would be beneficial to expand this exemption given the costs and complications associated with an audit for past fiscal years.

b) If you do not think that the exemption should be expanded, explain why. **N/A**

Governance requirements and executive compensation disclosure

10. The Draft Regulation requires an audit committee to be composed of at least three directors, a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer. Should control persons be added to this list, similar to section 21(b) of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual?

a) If you think that control persons should be added, explain why. **N/A**

b) If you do not think that control persons should to be added, explain why.

We see no point in adding control persons to the list. We believe those individuals are well placed to fill the role. We hope the Venture Exchange will amend its policies accordingly.

11. The Draft Regulation requires that director and executive officer compensation as well as corporate governance disclosure be provided in a venture issuer's annual report instead of in its information circular. The information circular directs investors to the issuer's annual report for this information. We are attempting to reduce duplication for venture issuers, but want to balance that goal with ensuring that investors have adequate information available for decision making purposes, namely when they make their decision to elect directors.

a) Should venture issuers be required to duplicate director and executive officer compensation disclosure in the document that shareholders have on hand when they vote for directors, the information circular? **NO**

i) If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why. **N/A**

ii) If you do not think that it is necessary to provide executive compensation and corporate governance disclosure in both the annual report and in the information circular, explain why.

In our view, it is important to avoid duplicate disclosure. We think investors are more interested in reading a short document than a voluminous one, and duplicated disclosure has the effect of making documents more voluminous. Referencing the

pertinent section in the annual report seems sufficient to us given how easily the annual report can be obtained via the Internet.

12. In the Draft Regulation, we have replaced the requirement to disclose the grant date fair value of stock options or other securities-based compensation in the executive compensation disclosure with a requirement to disclose other details about stock options, including amounts earned on exercise. We made this change as a result of feedback received regarding the relevance and reliability of the grant date fair value of stock options for venture issuers. Does specific disclosure of the grant date fair value and the accounting fair value of stock options or other securities-based compensation provide useful information for venture issuers? If so, please explain.

We do not see the disclosure of the grant date fair value as being useful.

General disclosure requirements

13. The Draft Regulation would permit a capital pool company (CPC) to satisfy certain of its annual report disclosure obligations by referring to disclosure previously provided in its initial public offering prospectus. Should CPC's be exempted from further aspects of the annual or mid-year report requirements? If so, which requirements?

No comment.

Further comments invited

14. We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.

As for disclosure relating to governance and ethical conduct (section 41) of Form 51-103F1, we do not find it very useful. In many cases, because of an issuer's small size, the "honest" disclosure of the processes or measures in place could make them appear as shortcomings. It could have the adverse effect of prompting small issuers to paint an "embellished" picture of the situation by describing processes and measures that do not formally exist. We do not think that removing this requirement would impact the quality of the information provided.

For similar reasons, we do not think the disclosure under section 34 of Form 51-103F1 should be required.

We believe disclosure should focus on compliance with rules, not on a description of the processes and measures in place. Thus, for example, it might be possible to rework subsection 3(a) of section 41 to require disclosure in the annual report of all conflicts of interest identified by the board of directors.

The securities team at BCF, LLP

BCF AVOCATS D'AFFAIRES

Mesdames, Messieurs,

Vous trouverez ci-dessous nos réponses aux diverses questions que vous avez soulevées dans le cadre de votre consultation sur le nouveau régime de réglementation des émetteurs émergents proposé dans votre avis du 29 juillet 2011.

Nous avons repris en italique les diverses questions posées, et y avons ajouté nos réponses.

Nous espérons que nos réponses, malgré qu'elles soient tardives, pourront vous être utiles.

Questions sur les effets de la suppression de l'obligation de fournir des rapports financiers pour les premier et troisième trimestres sur la protection des investisseurs et la mobilisation de capitaux.

1. Soutenez-vous la proposition de remplacer l'obligation de déposer des rapports financiers intermédiaires pour des périodes de 3 et 9 mois (et le rapport de gestion connexe) par un mécanisme prescrit de dépôt facultatif? **OUI**

a) Si vous la soutenez, pourquoi? Quels en seraient les avantages?

Nous sommes d'avis que ces états financiers intermédiaires ont une valeur marginale pour la majorité des investisseurs. Compte tenu du peu de ressources de la majorité des émetteurs émergents, nous croyons que le fait de libérer le Chef des finances et son équipe de cette obligation leur permettrait de passer plus de temps à d'autres tâches susceptibles de générer de la valeur pour les investisseurs.

b) Si vous ne la soutenez pas, pourquoi? Quelles sont vos réserves? **N/A**

2. Si nous décidons de ne pas supprimer l'obligation d'information financière trimestrielle, les autres éléments du projet de règlement sont-ils assez importants pour justifier une réforme du régime d'encadrement des émetteurs émergents? **OUI**

3. Si vous ne soutenez pas la proposition de remplacer l'obligation de déposer des rapports financiers intermédiaires pour des périodes de 3 et 9 mois et le rapport de gestion connexe par un mécanisme prescrit de dépôt facultatif, estimez-vous nécessaire que les émetteurs émergents déposent des rapports financiers complets et un rapport de gestion pour les premier et troisième trimestres? **N/A**

a) Dans l'affirmative, pourquoi? En particulier, quel usage faites-vous de cette information? **N/A**

b) Dans la négative, qu'est-ce qui, outre les rapports financiers complets, vous procurerait l'information dont vous avez besoin? Veuillez fournir une réponse détaillée et motivée. **N/A**

c) L'information dont il est question en b) différerait-elle selon le secteur d'activité ou la taille de l'émetteur ou selon qu'il génère un profit? Dans l'affirmative, veuillez expliquer pourquoi. **N/A**

4. Si les émetteurs émergents n'étaient pas tenus de déposer des rapports financiers pour les premier et troisième trimestres, cela vous dissuaderait-il d'investir dans tous les émetteurs émergents? Pourquoi?

Nous ne croyons pas que le fait qu'il n'y ait pas d'états financiers intermédiaires aurait un impact sur la décision d'investir ou non.

5. Si vous détenez actuellement des placements dans des émetteurs de territoires où il existe un régime d'information semestrielle, veuillez expliquer pourquoi cela vous convient, particulièrement si vous vous opposez à la suppression de l'obligation de fournir des rapports financiers pour les premier et troisième trimestres. **N/A**

6. Serait-il moins fastidieux d'établir une version allégée ou différente d'information financière trimestrielle? Est-ce qu'une version allégée ou différente serait moins longue à préparer, ou est-ce que le travail et les ressources requises seraient sensiblement les mêmes que ceux requis pour la préparation de rapports financiers intermédiaires?

La réponse à cette question dépend nécessairement de l'information qui serait requise. Dans la mesure du possible, il nous parait toujours préférable de viser une version allégée plutôt que de requérir une information différente.

Autres obligations relatives aux états financiers

7. Le projet de règlement vient remplacer l'obligation de déposer une déclaration d'acquisition d'entreprises dans le cas d'une acquisition significative par l'obligation, pour l'émetteur émergent, de fournir les états financiers de l'entreprise acquise si la valeur de la contrepartie transférée représente 100 % ou plus de la capitalisation boursière de l'émetteur. Le seuil de 100 % convient-il?

Il est difficile de répondre à cette question compte tenu des écarts importants qui existent entre la capitalisation boursière des plus petits émetteurs et celle des plus grands.

Dans le cas des plus petits émetteurs, le seuil pourrait faire en sorte que des acquisitions de peu de valeur (en termes monétaires) soient visées. Il y aurait alors peut-être lieu de prévoir un montant minimal qui déclencherait cette obligation.

Dans le cas des plus grands émetteurs, le seuil de 100 % pourrait faire en sorte que des acquisitions d'une très grande valeur (en termes monétaires) ne soient pas visées. Ici, il y aurait peut-être lieu de prévoir un montant maximal qui déclencherait cette obligation.

a) Si vous pensez que le seuil de 100% est le bon, veuillez expliquer pourquoi. **N/A**

b) Si vous êtes d'avis que le seuil de 100% n'est pas acceptable, veuillez expliquer pourquoi. Le seuil devrait-il être moins élevé? Veuillez exposer votre avis sur la pertinence d'un autre seuil et motiver votre réponse. **N/A**

c) Est-il pertinent d'exiger des états financiers relativement à ces acquisitions?

Si l'objectif est de fournir l'information rapidement au marché, cette exigence n'est pas utile. Une divulgation plus exhaustive de certaines informations financières relatives à la cible dans le communiqué de presse serait plus utile à cet égard.

8. Le projet de règlement ne prévoit pas d'obligation de fournir des états financiers pro forma dans le cas des acquisitions qui sont significatives à 100 %. Les états financiers pro forma contiennent-ils de l'information utile sur les acquisitions qui n'est pas fournie dans d'autres documents d'information des émetteurs émergents?

Nous ne croyons pas que les états financiers pro-forma contiennent de l'information utile.

a) Si vous estimez qu'ils contiennent de l'information utile, de quelle information s'agit-il précisément et quelle utilisation en faites-vous? **N/A**

9. Le projet d'annexe prévoyant le prospectus ordinaire de l'émetteur émergent établit en faveur du sous-groupe des « petits émetteurs » une dispense leur permettant de présenter, dans le prospectus du premier appel public à l'épargne, des états financiers

annuels audités sur un exercice seulement, accompagnés d'information financière comparative non auditée, dans le prolongement de l'obligation actuellement faite aux petits émetteurs en vertu de l'Annexe 41-101A1. Faudrait-il étendre cette dispense à l'ensemble des émetteurs émergents?

a) Dans l'affirmative, veuillez expliquer pourquoi.

Nous croyons que l'extension de cette dispense serait bénéfique compte tenu des coûts et des complications engendrés par une vérification visant des exercices passés.

b) Dans la négative, veuillez expliquer pourquoi. **N/A**

Obligations en matière de gouvernance et d'information sur la rémunération de la haute direction

10. Le projet de règlement prévoit que le comité d'audit soit formé d'au moins trois administrateurs qui ne sont pas en majorité membres de la haute direction ou salariés de l'émetteur émergent ou d'un membre du même groupe que celui-ci. Y a-t-il lieu d'ajouter à cette liste les personnes participant au contrôle, comme dans le paragraphe b de l'article 21 de la Politique 3.1 du Guide de financement des sociétés de la Bourse de croissance TSX?

a) Dans l'affirmative, veuillez expliquer pourquoi. **N/A**

b) Dans la négative, veuillez expliquer pourquoi.

Nous ne croyons pas qu'il y ait lieu de rajouter à la liste les personnes participant au contrôle. Nous croyons que ces personnes sont bien placées pour jouer ce rôle. Nous souhaitons que la Bourse de croissance modifie ses politiques en conséquence.

11. Le projet de règlement exige la présentation de la rémunération des administrateurs et des membres de la haute direction et de l'information sur la gouvernance dans le rapport annuel de l'émetteur émergent plutôt que dans sa circulaire de sollicitation de procurations. La circulaire renvoie l'investisseur qui recherche ces renseignements au rapport annuel de l'émetteur. Nous cherchons à réduire les chevauchements d'information exigée des émetteurs émergents, mais aussi à équilibrer cette préoccupation avec celle de garantir aux investisseurs une information adéquate pour prendre des décisions, en l'occurrence pour élire les administrateurs.

a) Faudrait-il obliger les émetteurs émergents à reproduire l'information sur la rémunération des administrateurs et des membres de la haute direction dans le document mis à la disposition des actionnaires en vue d'élire les administrateurs, c'est-à-dire la circulaire de sollicitation de procurations? **NON**

i) Si vous estimez que l'information sur la gouvernance et la rémunération de la haute direction devrait figurer à la fois dans le rapport annuel et dans la circulaire de sollicitation de procurations, veuillez expliquer pourquoi. **N/A**

ii) Si, au contraire, il ne vous paraît pas nécessaire de fournir cette information dans les deux documents, veuillez expliquer pourquoi.

Nous sommes d'avis que la duplication d'information est à éviter. Selon nous, les investisseurs ont plus envie de lire un court document qu'un document volumineux, et la duplication d'information a pour effet de rendre les documents plus volumineux. Le renvoi à la section pertinente du rapport annuel nous semble suffisant compte tenu de la facilité à obtenir le rapport annuel en utilisant l'Internet.

12. Dans le projet de règlement, nous avons remplacé l'obligation d'indiquer, dans la déclaration de la rémunération de la haute direction, la juste valeur des options d'achat d'actions ou des autres éléments de la rémunération à base de titres à leur date d'attribution par l'obligation de présenter d'autres détails sur les options d'achat d'actions, y compris les montants gagnés lors de leur exercice. Nous avons effectué cette modification en réponse aux commentaires reçus à propos de la pertinence et de la fiabilité, dans le cas des émetteurs émergents, de la juste valeur des options d'achat d'actions à la date d'attribution. Dans le cas de ces émetteurs, la déclaration de la juste valeur des options d'achat d'actions ou d'autres éléments de la rémunération à base de titres à leur date d'attribution et de leur juste valeur comptable est-elle utile? Dans l'affirmative, veuillez expliquer pourquoi.

Nous ne croyons pas que la déclaration de la juste valeur des options à leur date d'attribution soit utile.

Obligations d'information générales

13. Le projet de règlement permettrait aux sociétés de capital de démarrage de remplir certaines obligations d'information à fournir dans le rapport annuel en renvoyant à l'information présentée dans le prospectus relatif à leur premier appel public à l'épargne. Faudrait-il exempter les sociétés de capital de démarrage d'un plus grand nombre

d'obligations d'information annuelle ou semestrielle? Dans l'affirmative, de quelles obligations?

Aucun commentaire

Autres commentaires

14. Nous accueillons tout autre commentaire. Veuillez nous faire part de toute autre suggestion de mesure que nous pourrions prendre pour concevoir un régime qui soit adapté au marché du capital de risque.

En ce qui a trait à la divulgation relative à la gouvernance et à la conduite éthique (article 41) de l'annexe 51-103A1, nous ne croyons pas qu'elle soit d'une grande utilité. Dans plusieurs cas, la petite taille des émetteurs fait en sorte que la divulgation « honnête » des processus ou des mesures mises en place pourrait laisser croire à des failles à cet égard. Cela pourrait avoir l'effet pervers de faire en sorte que les petits émetteurs soient tentés de présenter un portrait « embelli » de la situation en décrivant des processus et des mesures qui n'existent pas de façon formelle. Nous ne croyons pas que le retrait de cette exigence aurait un impact sur la qualité des renseignements fournis.

Pour des raisons similaires, nous sommes d'avis que la divulgation requise par l'article 34 de l'annexe 51-103A1 ne devrait pas être exigée.

Nous croyons que la divulgation devrait porter sur le respect des règles et non pas sur la description des processus et des mesures mis en place. Ainsi, par exemple, on pourrait envisager de reformuler le paragraphe 3a) de l'article 41 afin de forcer la divulgation dans le rapport annuel de tous les conflits d'intérêts qui ont été repérés par le conseil d'administration.

L'équipe de valeurs mobilières de BCF s.e.n.c.r.l.

Caisse de dépôt et placement
du Québec

Centre CDP Capital
1000, place Jean-Paul-Riopelle
Montréal (Québec) H2Z 2B3
Canada
Tél. 514 842-3261
Téléc. 514 842-4833
www.lacaisse.com

Montréal, le 4 novembre 2011

Me Anne-Marie Beaudoin
Secrétaire de l'Autorité
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal (Québec) H4Z 1G3

Courrier électronique : consultation-en-cours@lautorite.qc.ca

Objet : Projet de Règlement 51-103 sur les obligations permanentes des émetteurs émergents en matière de gouvernance et d'information et ses concordants

Me Beaudoin,

La Caisse de dépôt et placement du Québec (la « **Caisse**») vous transmet ses commentaires sur le Projet de *Règlement 51-103 sur les obligations permanentes des émetteurs émergents en matière de gouvernance et d'information et ses concordants* (le « **Projet de règlement** »).

À propos de la Caisse

La Caisse est une institution financière qui gère des fonds provenant principalement de régimes de retraite et d'assurance publics et privés.

Un des plus importants gestionnaires de fonds institutionnels au Canada, la Caisse est un participant actif sur les marchés financiers, qui investit tant dans les grandes que les moyennes et petites entreprises du Québec.

C'est à ce titre que la Caisse souhaite commenter le Projet de règlement en répondant à certaines des questions formulées par les Autorités canadiennes en valeurs mobilières (« **ACVM** »). La Caisse estime en effet importante la préoccupation des ACVM de trouver une règlementation proportionnée des valeurs mobilières pour les émetteurs émergents[1] permettant de concilier deux impératifs soit, l'accès au capital et l'intégrité des marchés.

Les réponses de la Caisse aux questions des ACVM se feront dans l'ordre dans lequel ces questions ont été formulées dans l'Avis de consultation sur le Projet de règlement.

[1] Nous utilisons la même définition d'émetteur émergent que les ACVM dans le Règlement

Effets de la suppression de l'obligation de fournir des rapports financiers pour les premier et troisième trimestres sur la protection des investisseurs et la mobilisation de capitaux.

1 — 6

La Caisse s'interroge à savoir si la suppression de l'obligation de déposer des rapports financiers intermédiaires pour les périodes de trois et neuf mois sera à l'avantage des émetteurs.

Ce type d'émetteur, qui jouit de moins de visibilité, puisque plusieurs d'entre eux sont peu ou pas suivis par les analystes, requiert un suivi tout aussi rigoureux que pour les émetteurs à plus grosse capitalisation.

La Caisse, en tant qu'investisseur sophistiqué qui dispose de personnel spécialisé peut réaliser un suivi de ces émetteurs, à même ses propres ressources. Toutefois, lorsque la Caisse se place dans la perspective de l'investisseur moyen, elle croit que le fait de réduire l'information sur un émetteur risque de se traduire par une diminution de la liquidité du marché au détriment de cet émetteur.

La Caisse est d'avis qu'il faut maintenir l'obligation, mais qu'il y a lieu de la simplifier afin de répondre aux besoins des émetteurs dont les ressources, parfois limitées, peuvent justifier des obligations modulées.

Ce n'est pas tant la quantité d'information que la Caisse recherche, mais sa qualité, qui permet à un investisseur de prendre une décision éclairée quant à son investissement.

Par ailleurs, la Caisse détient bien des investissements dans des sociétés situées dans des territoires où il existe un régime d'information semestriel, toutefois, ces investissements de la Caisse à l'étranger se limitent aux sociétés à forte capitalisation pour lesquelles les sources d'information sont disponibles et diversifiées.

Autres obligations relatives aux états financiers

7 — 8

Le projet de règlement vient remplacer l'obligation de déposer une déclaration d'acquisition d'entreprises dans le cas d'une acquisition importante par l'obligation, pour l'émetteur émergent, de fournir les états financiers de l'entreprise acquise si la valeur de la contrepartie transférée représente 100 % ou plus de la capitalisation boursière de l'émetteur. Ce nouveau seuil vient remplacer le seuil actuellement en vigueur et qui est de 40 %.

La Caisse ne croit pas opportun de faire passer le seuil de 40 à 100 % puisque cela aurait pour effet de faire en sorte qu'un grand nombre d'acquisitions ne constituera plus une « acquisition importante » pour laquelle les émetteurs seraient tenus de fournir des états financiers.

La Caisse est d'avis que ces états financiers seraient de toutes les façons disponibles puisque l'émetteur aurait probablement à les préparer pour ses fins propres incluant son conseil d'administration. Il en est de même pour les états financiers pro forma que le

Projet de règlement n'exige pas, même dans le cas des acquisitions qui sont importantes à 100 %. Là encore, l'émetteur aura probablement à les préparer pour son conseil d'administration lorsqu'il aura à évaluer et à comprendre l'implication d'une transaction majeure. Dans la mesure où ils sont disponibles, la Caisse est d'avis qu'il faut les fournir.

Obligations en matière de gouvernance et d'information sur la rémunération de la haute direction

11 —

Selon le Projet de règlement, l'information à fournir sur la rémunération des administrateurs et des membres de la haute direction serait présentée dans le rapport annuel et non plus dans la circulaire.

La Caisse est d'avis que l'information à fournir sur la rémunération des administrateurs et des membres de la haute direction doit se retrouver dans la circulaire d'information.

Les actionnaires doivent être en mesure de se prononcer sur ces questions en toute connaissance de cause, sans avoir à aller chercher l'information dans une source autre que la circulaire.

12 —

Le Projet de règlement propose la suppression de l'obligation de calculer et de déclarer la juste valeur des options et des autres rémunérations à base d'actions à la date d'attribution.

La Caisse juge toutefois cette information pertinente pour l'analyse de la rémunération globale des dirigeants afin notamment, que les actionnaires puissent voter les programmes de rémunération en ayant toute l'information utile à leur prise de décision.

La Caisse est d'avis que la valeur marchande à la date de l'attribution des options est importante, car elle permet de comprendre les paramètres pris en compte par le conseil d'un émetteur, y compris la volatilité, pour la fixation de la rémunération de la haute direction.

En conclusion, la Caisse estime important de s'assurer que la règlementation ne constitue pas un frein à l'accès au capital, en particulier pour les moyennes et petites entreprises dont les ressources, parfois limitées, peuvent rendre leur conformité règlementaire laborieuse. La Caisse est d'avis que cette démarche doive se faire dans le cadre d'une analyse plus complète des enjeux liés à l'accès au capital.

Veuillez agréer, Me Beaudoin, l'expression de nos sentiments les plus distingués.

Marie Giguère
Première vice-présidente, Affaires juridiques et secrétariat

Caisse de dépôt et placement du Québec

Centre CDP Capital

1000, place Jean-Paul-Riopelle
Montréal (Québec) H2Z 2B3
Canada

Montréal, November 4, 2011 [Translation]

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

E-mail: consultation-en-cours@lautorite.qc.ca

Subject: Draft *Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers*

Dear Ms. Beaudoin:

The Caisse de dépôt et placement du Québec (the "**Caisse**"**)** hereby submits its comments on Draft *Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers* (the "**Draft Regulation**").

About the Caisse

The Caisse is a financial institution that manages funds primarily from public and private pension and insurance funds.

One of Canada's largest institutional fund managers, the Caisse is an active participant in financial markets and invests in large, medium-sized and small businesses in Québec.

It is in this capacity that the Caisse wishes to provide comments on the Draft Regulation by responding to some of the questions raised by the Canadian Securities Administrators ("**CSA"**). The Caisse in fact believes in the importance of the CSA's concern with advancing proportionate securities regulations for venture issuers[1] that reconcile two imperatives: access to capital and market integrity.

The Caisse's responses to the CSA's questions come in the order in which these questions were raised in the Notice and Request for Comment on the Draft Regulation.

[1] Our definition of venture issuer is the same as that used by the CSA in the Regulation

Impact of the removal of mandatory first and third quarter financial statement reporting on investor protection and capital-raising

1— 6

The Caisse wonders whether the removal of mandatory first and third quarter financial statement reporting will be beneficial to issuers.

This type of issuer, which enjoys less visibility, as many receive little or no attention from analysts, requires monitoring as rigorous as larger cap issuers.

As a sophisticated investor with specialized staff, the Caisse can monitor such issuers using its own resources. However, from the perspective of the average investor, the Caisse believes that reducing information on an issuer could result in decreasing market liquidity to the detriment of that issuer.

The Caisse believes this obligation should be maintained, but could be simplified to meet the needs of issuers whose sometimes limited resources may justify adjusted requirements.

The Caisse is not so much concerned with the quantity of information, but rather its quality, enabling an investor to make an informed decision.

Moreover, the Caisse has many holdings in companies located in jurisdictions that have semi-annual filing regimes; however, the Caisse's foreign investments are limited to large-cap companies for which diverse information sources are available.

Other financial statement requirements

7— 8

The Draft Regulation eliminates the requirement to file business acquisition reports for significant acquisitions. Instead, it requires venture issuers to provide financial statements of an acquired business if the value of the consideration transferred equals 100% or more of the market capitalization of the venture issuer. This new threshold replaces the current threshold of 40%.

The Caisse does not think it is appropriate to raise the threshold from 40% to 100%, as this would result in a large number of acquisitions not being considered "significant acquisitions" for which issuers would have to provide financial statements.

In the Caisse's view, these financial statements would be available in any event as the issuer would probably have to prepare them for its own purposes, including its board of directors. The same applies to the pro forma financial statements that the Draft Regulation does not require, even in cases of acquisitions that are 100% significant. There, too, the issuer will probably have to prepare them for its board of directors when it has to assess and grasp the implications of a major transaction. Insofar as they are available, the Caisse is of the opinion that they must be furnished.

Governance and executive compensation disclosure requirements

11 —

The Draft Regulation requires that director and executive officer compensation be provided in the annual report, instead of in the information circular.

It is the Caisse's opinion that information on director and executive officer compensation should be provided in the information circular.

Shareholders must be able to make fully informed decisions on such issues, without having to seek out the information in a source other than the circular.

12 —

The Draft Regulation proposes removing the requirement to calculate and disclose the grant date fair value of stock options and other securities-based compensation.

However, the Caisse deems this information relevant to the analysis of aggregate officer compensation so that, in particular, shareholders have all information necessary in order to vote on compensation plans.

The Caisse believes that the grant date market value of stock options is important, as it facilitates an understanding of the parameters considered by an issuer's board, including volatility, in setting executive officer compensation.

In conclusion, in the Caisse's view, it is important to ensure that regulations do not constitute a barrier to capital, especially for small and medium-sized businesses whose sometimes limited resources may make regulatory compliance onerous. The Caisse believes that this process must occur within the framework of a more extensive study of the issues associated with access to capital.

Sincerely,

Marie Giguère
Executive Vice President, Legal Affairs and Secretariat