

23<sup>rd</sup> of August, 2002

Ontario Securities Commission  
20 Queen Street West  
Toronto, ON, M5H 3S8

To Whom It May Concern:

**Regarding: CNQ Application**

The market CNQ intends to facilitate is important for several reasons:

1. **Shareholder Liquidity for existing companies:** A number of companies, having legally used exemptions in provincial securities acts (such as Manitoba's 91(b)), now have more than 100 – 150 shareholders, yet have no ability to provide a transparent market for its investors. Once these investors have made their investments, and provided that the company is providing ongoing disclosure, surely the public interest is not served by permanently restricting resale except through a completely non-transparent, illiquid, undefined market such as exists between a prospective buyer and seller who are operating in complete isolation from any marketplace.
2. **Exploration companies could make full use of tax laws.** The ability of exploration companies to maintain CCPC status while issuing flow-through shares could be a substantive benefit to investors and therefore the companies' ability to obtain financing.
3. **Regulation shouldn't unduly shape business decisions and activities.** For many exploration projects, the next phase is in the order of \$100,000 - \$300,000, requiring access to capital markets; however, Investment Dealers currently recommend that companies not go public unless the IPO will raise at least \$1 million. This disparity in some cases resulted in inflation of project activities and their budgets beyond what might normally be undertaken. It certainly has precluded small companies from funding legitimate projects – providing a distinct regulatory advantage to large companies.
4. Exploratus seeks to keep non-exploration expenses to a bare minimum, and a less expensive alternative for allowing its investors to obtain liquidity would be of benefit.

***We would urge you to approve CNQ's proposal for a QTRS.***

Yours truly,

S. Mark Francis CIM  
President