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Ontario Securities Commission
Market Regulation Branch
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8

September 4, 2014

marketregulation@osc.gov.on.ca

Re: Application of Aequitas Innovations Inc.
for Recognition of Aequitas Neo Exchange Inc. as an Exchange

Dear Sir/Madam,

This letter is written in support of **Aequitas Innovations Inc** and its application for recognition as an Exchange.

I am writing in a personal capacity, with over 35 years of experience in mining corporate development, financing and managing public companies in Canada, and out of a serious concern for the deterioration in Canada's standing as, historically, the global leader in capital markets for mining and mineral exploration companies.

I currently serve as Chairman and Chief Executive Officer of Labrador Iron Mines (TSX) and Canadian Zinc Corporation (TSX), and in addition I serve as Chairman of Conquest Resources (TSX-V), Xtierra (TSX-V), Anglesey Mining (LSE) and Minco plc (AIM). Previously, I was at various times Chairman and/or Chief Executive of Scandinavian Minerals, Sulliden Gold Corp, Northgate Exploration, Campbell Resources, Sonora Gold Corp, and various other junior companies, variously listed on the TSX; NYSE; LSE; AIM; NASDAQ; and other exchanges.

Once the pre-eminent market for raising capital for mining and mineral exploration companies, I fear the Canadian capital market has lost its place due in large part to an ill-devised strategy which appears to have been focused on profit rather than customers (the companies), trading rather than capital raising and, regrettably, over-regulation. I suggest that efforts must be taken to re-establish Canada's place as the world's capital of mining finance.

It is against this background and in this context that I am supportive of Aequitas and its initiatives to help re-invigorate the capital raising process in Canada, restores investor confidence and enhances liquidity.

Investor Confidence and Liquidity

I believe investor confidence in Canada, especially in the mining and minerals sector, has been impacted by a number of factors, both at the macro-economic level, starting with the 2008 financial crisis and the ongoing weak commodity markets, and at the market level by the demutualization and privatization of the TMX, the introduction of ETFs, and specifically by the facilitation of High Frequency Trading which produces an unbalanced trading environment. Long-term, fundamentals-based, investing has been replaced by micro-second trading facilitated by market structures approved by regulators. Long-term investors, both institutions and retail, are disadvantaged.

The demise of investor confidence has led to the over-institutionalization of savings and to the active retreat of retail investors in Canadian capital markets. Brokers, including Bank owned, faced with scaled backed sales desks and limited analyst research due to dealer cost-cutting efforts springing from the technology race, structure new “wealth management” teams to push investments into funds (often Bank sponsored) that increasingly manage large sums of Canadian investor money. These funds appear obligated to invest in only large cap, highly liquid securities and have deserted the minerals sector and particularly its junior end.

With only approximately 200 companies trading more than a million shares a day, a large percentage of Canadian savings is either invested in a very small sub-set of Canadian securities or is being invested in deeper and more liquid markets abroad. In this environment Canada’s small and medium-sized mining and exploration companies are starved of the capital they need to grow or even continue in business.

As mining companies, where significant capital is required to progress through various stages of the mining life cycle from exploration to development to production, we turn to the public markets to raise capital through access to institutional and retail investors. In return for their capital, investors require markets that provide an effective forum to buy and sell securities and exchanges that allow efficient and transparent pricing. Mineral companies have historically also leveraged their securities for employee compensation and incentives, which has enabled us to hire and retain qualified and experienced personnel and allowed us to deploy additional cash to create value in our projects. Underlining these realities of a public company is the need for liquidity and the lack of liquidity in the vast majority of Canadian public companies is a major cause for concern.

I believe Aequitas should be given the approval to move forward so that it can provide an alternative trading environment that prioritizes long-term investors and fosters market making by reducing the deleterious impact of HFTs, and to provide much-needed liquidity in all securities – TSX, TSX-V and Aequitas Neo-listed firms. These solutions should help in providing a more fair and balanced trading environment that engenders and restores greater investor confidence.

Costs of Being a Public Company

The junior /mid-tier mining industry faces ongoing high costs of doing business: listing fees, legal fees, regulatory and financial reporting and a liquidity shortage that impacts the costs of raising capital. It would seem that the incumbent exchanges cater to HFT firms because that volume represents profit.

I recommend that Aequitas should be granted recognition as an Exchange because competition will deliver an incentive to lower fees and develop products and services better suited to their issuer clientele, the majority of which constitute the Canadian and global mining industry.

Capital-Raising for Junior Mining Companies

Fundamentally, I believe that there needs to be a complete overhaul of the regulatory environment in which Canada's resource exploration, development and mining industry operates to reduce the burdens of existing as a public company and re-energize mineral exploration, mine financing and development. Alleviated burdens will enable management to focus on operations and creating shareholder value, while navigating the cyclical nature of commodities markets. However, that broader discussion is for another day.

I believe the Aequitas Neo Exchange and its complementary private markets platform should be recognized and allowed to offer additional Canadian-based options for raising capital. This choice, combined with the support of re-energized market makers and a fair and balanced trading environment will help re-establish investor confidence in publicly traded companies and hopefully offer a new and different partner to capital-raising issuers.

Sincerely,

A handwritten signature in blue ink, appearing to read "John F. Kearney". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

John F. Kearney

CC. Aequitas Innovations Inc,
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