



June 30, 2005

Alberta Securities Commission  
 Saskatchewan Securities Commission  
 Manitoba Securities Commission  
 Ontario Securities Commission  
 Autorite des marches financiers  
 Nova Scotia Securities Commission  
 New Brunswick Securities Commission  
 Office of the Attorney General, Prince Edward Island  
 Securities Commission of Newfoundland and Labrador  
 Registrar of Securities, Government of Yukon  
 Registrar of Securities, Department of Justice, Government of the Northwest Territories  
 Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

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Ontario Securities Commission  
 SECRETARY'S OFFICE

Dear Sirs/Mesdames:

Thank you for the opportunity to provide comments on the Proposed Multilateral Instrument 52-111 and associated materials.

I would like to begin my comments by asking that we take a moment to ask what we are trying to achieve with the proposed instrument. I have heard it said that we need to be in alignment with the United States legislation, to bolster investor confidence. I have also heard it said that we need this new policy to ensure that situations like Enron and Worldcom cannot happen in the future. With regard to the first concern, Canada has two distinct categories of issuers on our public markets – the large multinational companies that participate on the world stage and attract international investors and the rest of the market that attracts, for the most part, local North American investors. I would argue that it is the large multinational group that needs to compete for investor confidence internationally. These companies are usually interlisted and are already compliant with the SOX 404 requirements. In informal surveys done with Canadian institutional investors, they have overwhelmingly responded that, while they see CEO/CFO certification as a worthwhile exercise to set the “tone from the top”, they see the proposed internal control policy as adding bureaucratic overhead which is both expensive and unnecessary. If these investors don't see this as worthwhile, I would ask why we should be pursuing it.

With regard to the second concern, the “blow ups” that we have seen can be traced back, in most situations, to aggressive management of results by management, in response to demands for performance from the stock market. Instituting a comprehensive series of internal controls will never solve that problem. I take great personal offence at remarks made by some of our

senior regulators that, in light of these very few problems, perhaps we can't rely on any published financial results. I put my professional reputation on the line every time I issue a set of financial results for my company, whether I have to sign a certificate or not. You cannot legislate integrity and ethics in management.

We have to recognize that Canada is a unique market. Most of our public companies would be too small to be on the public market in the United States. The resource industry is capital intensive and many junior companies need to be on the senior market to raise the capital needed for their capital investments. We have a number of junior oil and gas companies with market capitalizations well in excess of \$100 million, but with fewer than 20 employees. Most of their business is conducted by joint ventures managed by other companies and most software utilized is not in-house, including the accounting software, which is typically resident at a service bureau. The compensating factor for this is management's hands-on knowledge of what's going on in the business and control over cash being disbursed. To institute any of the existing internal control models on this type of company would be impossible without significant deficiencies and would be disproportionately expensive. This hardship is further compounded by a severe shortage of trained accounting staff in the Calgary market, to design and implement such systems.

My recommendation in considering how to bolster the confidence of the investing public is as follows:

1. Continue to focus on strengthening audit committees, as this gets directors more involved in setting the "tone from the top", which is essential.
2. Traditional internal control models need to be adapted to the realities of smaller issuers. This, combined with the lack of trained personnel, dictates that a deferral is essential for smaller issuers, if the proposed policy is to be enacted.
3. If the proposed policy were to be limited to issuers with a market capitalization of \$500 million or more, we would pick up 92% of the market value traded in this country, while sparing two-thirds of the issuers the disproportionate expense of full compliance by their companies.

I believe that this is a practical solution to giving the international investment community what they are looking for, while keeping our small and medium-sized issuers competitive.

I appreciate your time in considering my comments. If you have any questions please feel free to call me at (403) 261-8318. Thank you.

Yours truly,

HIGH POINT RESOURCES INC.



R. James Brown  
Vice President Finance and  
Chief Financial Officer