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.
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