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.