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[VIA E-MAIL]

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Prince Edward Island Securities Office
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Department of Community Services, Government of Yukon
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Dear Sirs/Mesdames:

Re: Proposed National Instrument 51-103 – *Ongoing Governance and Disclosure Requirements for Venture Issuers* - Request for Comments

We have reviewed the proposed rules and rule amendments relating to venture issuers (the "**Proposed Instrument**"), as contained in the Request for Comments issued by the Canadian Securities Administrators ("**CSA**") on July 29, 2011. We are pleased to have the opportunity to participate in the review process by providing responses to the specific questions set out under the heading "Questions on the Proposed Materials" in the "Request for Comments", together with the additional comments set out below. For ease of reference, we have reproduced your questions.

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?*

   If you support this proposal, why? What are the benefits?

   If you do not support this proposal, why not? What are your concerns?

Response:

We 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, with some modification.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the associated costs, on venture issuers of quarterly reporting. Subject to the comments below, we are of the view that the proposed semi-annual financial reporting, when complied with mandatory material change reporting, would provide the market with a comprehensive financial report on a basis which is sufficiently timely for a venture issuer, and would be consistent with the financial reporting requirements applicable to public companies in the other jurisdictions you highlight in the Request For Comments. The proposed semi-annual financial reporting would enable venture issuers to reduce the level of financial and administrative resources dedicated to compliance matters and to focus more time and often limited resources on its business activities.

However, while we generally agree with the notion that investors in venture companies place a great deal of value on the issuer's management and strategic plan and that quarterly income statement data is not as relevant to those investors, we believe that investors also place an emphasis on a venture company's liquidity and capital resources and progress toward its corporate goals. As a result, we are of the view that semi-annual financial reports should be supplemented by a three and nine month report which would address the venture company's liquidity, working capital, capital resources, main uses of cash in the quarter and changes in capital structure as at those dates. This supplementary information would not be dissimilar in nature to the type of information which we understand must be filed with securities regulatory authorities on a quarterly basis by Australian mining exploration entities and certain other developing businesses. We would also support quarterly reporting which provides detailed updates on the issuer's exploration or research and development programs. For example, a mining company would provide a comparison of its exploration work program to the actual program results to date both in terms of scope and expenditures. The rationale for such quarterly reporting is that timely disclosure of information relating to expenditures, and cash flow generally, assist the market to understand the extent to which these entities are achieving their goals. Such information would not be subject to certification by the issuer's CEO and CFO.

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?*

Response:

Yes. The positive role that venture issuers play in the Canadian equity capital markets and the broader economy justify pursuing a separate regulatory regime which is more tailored to the characteristics of the Canadian venture market and provides companies which typically do not have the administrative and financial resources of larger companies with a less onerous compliance burden.

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?*

If you think full financial statements are necessary, why do you think so? Specifically, how do you use this information?

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.

Does the information noted in (b) vary for issuers based on industry, size or whether the issuer generates revenues? If so, please explain.

Response:

Refer to our response to Question 1 above.

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?*

Response:

Please see our response to Question 1 above. We would not expect a permissible absence of first and third quarter financial statements in and of itself to deter one from investing in all venture issuers.

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.*

Response:

Please see our response to Question 1 above.

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?*

Response:

As set out in our response to Question 1 above, we believe that semi-annual financial reporting together with supplementary quarterly financial information which is focused on the venture company's liquidity and capital resources would significantly reduce the reporting burden on venture issuers while also providing investors with certain quarterly information which we believe is particularly relevant for venture companies. We do not believe that preparation of that supplementary quarterly financial information would place an undue burden on the issuer and its management. In our view, good corporate governance practices require regular monitoring of financial and operational results, including preparation of cash-flow analysis and balance sheet data

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?*

If you think that 100% is the correct threshold, explain why.

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.

Should financial statements be required at all for these transactions?

Response:

We agree with the proposal to eliminate the BAR and the introduction of an enhanced form of material change report in respect of certain material transactions under the Proposed Instrument. In our view, 100% or more of the venture issuer's market capitalization is the correct threshold to require venture issuers to provide financial statements of an acquired business as it is typically indicative of a transformational transaction for the issuer. For that reason, the requirement for financial statements at that threshold should not be viewed as an unreasonable burden on a venture issuer given that the issuer will have 75 days to file those statements.

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?*

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?

Response:

We are of the view that pro forma financial statements do not provide useful information about acquisitions that would not be provided elsewhere in a venture issuer's disclosure.

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 NI 41-101F1. Should this exemption be expanded to apply to all venture issuers?*

If you think the exemption should be expanded, explain why.

If you do not think that the exemption should be expanded, explain why.

Response:

We do not believe that the exemption should be expanded. The current and proposed exemption for "junior issuers" strikes an appropriate balance between the need for disclosure of audited historical financial information concerning an issuer and enabling reasonable access to the Canadian capital markets by issuers whose assets, revenue and equity are relatively small.

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?*

If you think that control persons should be added, explain why.

If you do not think that control persons should to be added, explain why.

Response:

We are of the view that control persons should be added to the list of those individuals that would not be considered independent for purposes of membership on a venture issuer's audit committee. We believe that this approach would enhance investor confidence in the venture issuer's corporate governance practices and the integrity of its financial reporting, by reducing the opportunity for conflicts of interest in that area of the issuer's affairs. Just as outside auditors of a public company must be independent, so too should at least a majority of the members of an audit committee of a venture issuer.

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.*

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?

If you think that executive compensation and corporate governance disclosure should be provided in both the annual report and the information circular, explain why.

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.

Response:

In our view, the director and officer compensation disclosure should be set out in the information circular and we see no reason to distinguish between TSX Venture Exchange issuers and TSX issuers in this regard. In any event, venture issuers should not be required to duplicate such disclosure should the Proposed Instrument be adopted.

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.

Response:

Particularly in the case of venture issuers, grant date fair value and the accounting fair value of stock options or other securities-based compensation does not generally provide relevant information. The exercise price of such options may never be realized in the lifetime of the option. Conversely, should an issuer's share price far exceed the exercise price of an option at the time of exercise this too would result in a significant disparity between the grant date fair value and the amount realized upon exercise of the option. The measure of the real value of an option is made either at the time of exercise and conversion into cash or at the time at which the option expires. Options may well be granted with an exercise price which far exceeds the share price during the lifetime of that option, making the grant date fair value meaningless in terms of the actual compensation that may be received by the option holder. Providing fair value disclosure using valuation methods such Black-Scholes in the compensation table and adding such values to cash compensation to arrive at the total compensation for a Named Executive Officer ("NEO") can be misleading. There are shareholders who believe that the total amount is actual compensation received by the NEO in the financial year.

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?*

Response:

We do not believe that a CPC should be exempted from further aspects of the annual or mid-year report requirements as the progress of the CPC towards a qualifying transaction merits periodic updating.

Other Comments

14. *We also invite further comment. If you have suggestions about additional steps that we could take to tailor a regulatory regime that is directed at the venture market, please provide them.*

Response:

We note that the proposed form of annual report requires a venture issuer to provide forward-looking information with respect to the issuer's business objectives, key performance targets and milestones and related information. We are concerned that the nature of this disclosure will unfairly expose venture issuers to secondary market civil liability, in a manner not required of more senior issuers. Further, we believe that the information required in section 17 of Proposed Form 51-103F1 addresses many of the items contemplated at item 18 of the Form.

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Thank you in advance for your attention to this matter. Should you have any questions with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 356-6084 ot taniailieva@rogers.com .

Yours very truly,

Tania Ilieva, P. Geo
VP Exploration