

October 27, 2011

[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

I 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. In answer to 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?*
 - (a) *If you support this proposal, why? What are the benefits?*
 - (b) *If you do not support this proposal, why not? What are your concerns?*

Response:

I 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.

Semi-annual financial reporting is preferable to quarterly reporting in order to reduce the administrative burden, and the costs, of quarterly reporting. The proposed semi-annual financial reporting provides a comprehensive financial report that is sufficiently timely for a venture issuer, and consistent with the financial reporting. In my view, the quarterly reports are on no use.

Investors place more value on the issuer’s management and strategic plan.

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. Anything that reduces the burdens of compliance reporting is useful.

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

Response:

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:

No

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:

N/A.

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:

No

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.*
 - (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?*

Response:

a--Yes. c-No

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?*
- (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?*

Response:

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?*
- (a) *If you think the exemption should be expanded, explain why.*
 - (b) *If you do not think that the exemption should be expanded, explain why.*

Response:

Yes .

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.*

Response:

Yes.

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.*

Response:

No.

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:

No it does not.

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:

No.

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:

Please note that during the development stage an unfair proportion of a junior companies capital is expended in satisfying regulatory rather than business objectives. Anything that you can do to alleviate this will be welcome by all. I am of the opinion that harsher personal penalties for illegal activities will do more to ensure compliance than more regulations.

* * * * *

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 (204) 669-1166.

Sincerely,

George H. Gale
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Winnipeg, MB R2G 1C3