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BY EMAIL

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorite des marches 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

(collectively, the "**CSA**")

To the CSA:

Re: Comments on amendments to Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (the "**Proposed Instrument**")

We respond to the CSA's request for comment on the Proposed Instrument, published on July 29, 2011.

We act for over 50 Venture Issuers who would be affected by the Proposed Instrument and from whom we have attempted to obtain feedback. In order to do this, we sent our clients a survey which discusses the changes contained in the Proposed Instrument and incorporates the CSA's questions on the Proposed Instrument.

Our comments in this letter summarize the feedback we have received from clients as well as our Securities Group's thoughts on the Proposed Instrument.

We highly favour the Proposed Instrument and concur with the rationale for the proposed changes.

The Proposed Instrument should be adopted in its entirety, including the change to a voluntary 3 and 9 month financial reporting system ("**Voluntary Filing**"). Voluntary

Filing is advantageous because it alleviates any financial and administrative burden on smaller Venture Issuers trying to meet this requirement, while allowing other Venture Issuers who may be concerned about reporting to institutional investors and/or graduating to a senior stock exchange that require historical comparative interim reporting as a condition of listing, to continue to report on a quarterly basis.

Voluntary Filing is more suitable for Venture Issuers where the cost and time associated with preparing and filing the interims may be greater than the benefit gained by shareholders who read and rely on these interims. Many Venture Issuers are in early stages and do not necessarily have significant operations and results therefrom. Semi-annual reporting may be sufficient for investors to be able to assess and evaluate the financial position of these companies.

Many of our clients feel that the cost of regulatory compliance for Venture Issuers is a hindrance to using the public market and that the majority of shareholders/investors do not read financial statements or MD&A. Financial statements provide an analysis of the company after the fact, and while, MD&A provides more current information to expand on this financial picture, in its current format has become far too cumbersome, lengthy and not concise. Relevant information is more commonly contained in Venture Issuer's news releases and material change reports.

Many of our clients have advised us that semi-annual reporting would not deter them from investing in any foreign company, as no "new" disclosure material is provided in 3 and 9 month reports (i.e. information presented is readily available through other disclosure, on the company websites or by speaking with company management).

We support Voluntary Filing because it will streamline issuers' disclosure requirements and allow issuers to have the choice to expend this capital on exploration and business growth instead of administration. By potentially decreasing the amount of regulatory requirements on our clients, the time spent on complying with these requirements may also decrease, allowing management the choice to focus on other important work such as budgeting, planning and project evaluation. We are also in favour of condensing the regulatory framework covering Venture Issuers' continuous disclosure into one instrument, such that management of Venture Issuers are able to more easily understand the regulatory framework and comply with same.

Moreover, many of our clients believe that Voluntary Filing would not damage the reputation of Venture Issuers because a semi-annual reporting schedule is standard practice in many other jurisdictions including Australia, the United Kingdom, Hong Kong and South Africa.

We favour simple, plain language and concise MD&A. We enclose a copy of the Australian Form 5B as an example of a standard we think is effective and should be considered. We submit that the focus of investors and shareholders tends to be on matters such as available working capital, capital structure, management compensation, liquidity, and reports on expenditures. These should be presented in clear, simple and plain language, so that interested readers do not have to sift through pages of accounting "jargon" to be able to determine what an issuer has done and what it proposes to do with the financial resources available to it.

Many of our clients were not in favour of imposing the requirements for comprehensive annual and semi annual reports, if that was simply in addition to their current disclosure requirements. They want the administrative burden and cost reduced not increased.

As far as the proposal to eliminate the BAR and introduce enhanced material change reporting, the feedback we received was almost universally in favour. We do note that the market capitalization threshold was generally viewed as preferable to existing thresholds, however also advise that management of many Venture Issuers stated that the requirement to provide audited financial statements for even two prior fiscal years tended to be a very costly and time consuming exercise, especially in respect of non resource transactions. Due to the nature of such ventures, matters that occurred two years prior to the filing generally had little relevance to the transaction. Further, it was generally felt that pro forma financial statements do not provide useful information about acquisitions that could be easily captured in a much simpler and cost effective manner.

In respect of the proposal to expand the proposed exemption for "junior issuers" in the long form prospectus to all Venture Issuers, we received little feedback; however we support such an initiative. We submit that providing one year of audited financial statements with unaudited comparative financial information sufficiently satisfies the need for relevant financial disclosure for Venture Issuers.

While some clients voiced concerns about excluding control persons from the majority of members of an audit committee, we are in favour of that change. Control persons tend to exert significant influence of Venture Issuer's management, and we submit that investor confidence would be enhanced by adopting the proposed change.

Similarly, many of our clients were in favour of removing the disclosure on executive compensation from information circulars, however our view is that shareholders tend to review such disclosure in conjunction with annual general meetings, and therefore we feel compensation disclosure is relevant. We suggest that disclosure not be duplicated, but rather that a reference to the disclosure in the annual and semi annual report be mandated to be included in the information circular.

In the case of Venture Issuers, we do not believe that the grant date fair value and the accounting fair value of stock options or other securities based compensation provide useful information. In fact we submit that it is often misunderstood by the average investor and in some cases the media (as a component of actual compensation received by a NEO).

Finally, as far as other comments are concerned, we reiterate our support for the Proposed Instrument and commend the CSA for its initiative in this area. Our only concern would be with the requirement to include forward looking information in the annual report. We believe that such information is very relevant but may expose issuers to secondary market civil liability. We expect that, in time, any forward looking statements would be highly qualified, and perhaps this is an area that merits additional study.

We strongly recommend that the CSA review financing mechanisms for Venture Issuers in conjunction with the adoption of the Proposed Instrument. It is our view that the fairest method of financing for Venture Issuers is through rights offerings. We advocate being able to use the annual report as the base document; however, we feel that the rights offering process could and should be simplified. We note that although many of our clients would prefer to offer all shareholders the opportunity to participate in new offerings, the fact is that it is far more efficient and cost effective to complete a private placement than conduct a rights offering. If the rights offering procedure were simplified, we believe that Venture Issuers would more readily avail themselves of same.

If you have any questions with regard to our submission, please do not hesitate to contact any member of our securities group. We would welcome the opportunity to further discuss the Proposed Instrument with you.

Yours truly,

Rory S. Godinho, Securities Group Leader
on behalf of BOUGHTON LAW CORPORATION