



December 17, 2013

British Columbia Securities Commission ("BCSC")
Alberta Securities Commission ("ASC")
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick) Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

Attention: Larissa Streu, Senior Legal Counsel, Corporate Finance, BCSC (lstreu@bcsc.bc.ca)
Tracy Clark, Legal Counsel, Corporate Finance, ASC (tracy.clark@asc.ca)

Dear Sirs/Mesdames:

We write in response to your request for comments on the proposed exemption to broaden the definition of "accredited investor". This is the collective response of Directors and Management of five reporting issuers in the mineral resource sector as well as the writer, Lawrence Page Q.C., based upon an active involvement in the sector for a continuous 47 year period as a Solicitor for reporting issuers and as a Director and Officer of reporting issuers, five of which developed producing mines from prospects through expenditure of risk capital.

Generally, our view has been consistent that Government, through agencies such as the BCSC and the TSXV, should not govern the conduct of investors by the imposition of limits on investment or otherwise interfere in the free flow of the market place in the determination of when an investor may exercise his decision to purchase treasury shares or to sell them in the open market.

The proposed amendment to the existing exemption may be marginally beneficial to issuers and investors but it highlights that regulation should be restricted to conduct of issuers relating to the aspects of continuous disclosure of the business and affairs of the issuer and provision of full, true and plain disclosure relating to proposed sale of treasury shares and not imposition of artificial "risk" criteria in the assessment of whether an investor may be permitted to spend his money as he decides based upon information relating to the risk. Compliance with these requirements provides the proposed shareholder with information to base a decision to purchase shares and participate in the growth of an exploration company through development of its properties utilizing "risk capital".

Our response to the questions posed by the BCSC as set out below are proffered in the context of our general observations that the proposals are a welcome partial return to a time when investors were not constrained by artificial governmental barriers in the individual investment decision.

1. **If you are a TSXV issuer, will you use the proposed exemption?**

Yes, any access to investors not constrained by artificial barriers to investment is welcome although onerous in implementation. Most issuers employ minimal administrative staff due to financial constraints. To raise any amount of significant money to fund a drilling program when the maximum limit is arbitrarily set at \$15,000 per existing shareholder will require an extraordinary expenditure of time and money in completion of all subscription agreements and filing documents.

2. **Should the proposed exemption be available to issuers listed on other Canadian markets?**

The real test should be that the exemption should be available to all compliant issuers and not be a function of the trading platform where its shares are listed.

3. **Investors will only be able to invest \$15,000 in a 12-month period unless they obtain advice from a registered investment dealer. Is \$15,000 the right investment limit?**

There should be no limit on amount of investment. What criteria is utilized by a bureaucrat in making such a value judgment without knowledge of a specific investors investment capability?

4. **In what circumstances would it be suitable for an investor that is a retail security holder to invest more than \$15,000 in a TSXV issuer?**

In circumstances where the "retail security holder" has access to all material facts in making his individual decision to invest in a company of which he is an "owner" and stakeholder.

5. **Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?**

A registered investment dealer is only one source of advice for an investor. Assume an investor sought advice from a lawyer, accountant or any other professional subject to compliance through membership in his professional association; would such advice be acceptable to the regulators? There should be no limit on the amount of investment.

6. **Do you agree that being a current security holder of an issuer enables an investor to make a more informed investment decision in that issuer?**

To some extent, but with continuous disclosure requirements, any person can be as well informed as to the business and affairs of an issuer in which an investment from treasury is contemplated. Any citizen may purchase an unrestricted amount of shares of an issuer through the facilities of a stock exchange without interference by a bureaucratic imposition of artificial criteria.

7. **What is the appropriate record date for the exemption? Should it be one day before the announcement of the offering or should it be a more extended period? If you think it should be a more extended period, what would be the appropriate period of time?**

There should be no “shareholding” criteria for an exemption but if the BCSC remains adamant that it should remain involved in the investment decision there should be no period. A shareholder of two years duration and a shareholder of two days duration both have equal access to all material information respecting the business and affairs of an issuer based upon compliance with continuous disclosure procedures.

8. **We are currently proposing that the exemption be subject to the same resale restrictions as most other capital raising exemptions (i.e., a four month restricted period). However, there are some similarities between the proposed exemption and the rights offering exemption, which is only subject to a seasoning period.**

- a. **Do you agree that a four month hold period is appropriate for this exemption?**

We don't agree that any hold period is necessary or desirable. The decision to sell a surety as well as the decision to purchase a security should be a personal decision based upon access to all material facts in the business and affairs of an issuer. The present practice of imposition of a four month hold period is arbitrary and a deterrence to timing of further finances by an issuer. Let market conditions determine purchase and sale of securities.

- b. **Should we require issuers to provide additional continuous disclosure, such as an annual information form?**

This is the area where regulators should concentrate instead of imposing artificial restrictions on an investor's decisions. Practically, most issuers voluntarily disclose all relevant information on their respective websites which are not mandatory. Additionally, investors have access to filings on SEDAR and MD&A reports so our view is that there presently exist sufficient disclosure venues.

- c. **If we were to consider a seasoning period for this exemption, should we consider some of the restrictions that apply under a prospectus-exempt rights offering, such as “claw-backs” limiting insider participation?**

Regulators should restrict their activities to requiring issuers to comply with full true and plain disclosure requirements and compliance with existing law. To preclude an insider from participation in a treasury offering is inference in the rights of a citizen to make an investment decision and additionally fetters the rights of an issuer from making the same offering available to all shareholders on identical terms.

- d. **If securities offered under the exemption were only subject to a seasoning period, would there be a greater need to ensure investors are made aware of and have an opportunity to participate in the offering?**

If you suggest that all equity offerings from treasury should be made available to all shareholders, we don't disagree but why involve a "seasoning period" Our view is that any hold period or seasoning period is an unwarranted interference in the relationship between issuer and its shareholders.

9. **We have not proposed any conditions regarding the structure of the financing, i.e., minimum or maximum price, maximum dilution, or period in which an offering must be completed. We contemplate that the proposed financing would be conducted under the standard private placement rules of the TSXV which, among other things, allow pricing at a discount to market price. Is this appropriate or are there structural requirements that we should make a condition of the exemption?**

We do not agree that a regulator should impose artificial restrictions on the offering price of a treasury security. The practice of the TSX-V Exchange is currently a major impediment to issuers' ability to finance because of the definition of "Discounted Market Price" inclusive of the following provisions: **(and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of \$0.05).**

Currently because of depressed market prices, this artificial minimum price at which a financing may be undertaken constitute the greatest impediment to financing junior issuers. Investors should have the freedom to purchase treasury shares from an issuer at a price established by the market based upon bid/ask transactions. We urge the BCSC to deal with the TSX-V Exchange to revise its policies to respond to market conditions.

Perhaps an issuer should be free to sell to the public, inclusive of its shareholders, securities at "market" price with no hold period and at a "discounted price" with a hold period but there should be no minimum price mandated.

Yours truly,

MANEX RESOURCE GROUP INC.



Per:

Lawrence Page, Q.C.
President