



MIDAS GOLD

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To the Attention of:

- British Columbia Securities Commission
- Alberta Securities Commission
- 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

Dear Sir/Madam

RE: Multilateral CSA Notice 45-312 Proposed Prospectus Exemption for Distributions to Existing Security Holders

I am writing in support of the exemption proposed in the above noted consultation for the reasons noted in the CSA Notice – TSX-V companies rarely conduct prospectus offerings and rarely conduct financings based on the available exemptions due to the costs and risks of a failed financing. Further, existing shareholders are often disadvantaged as they are not able to participate in a private placement, usually conducted at a discount to the then current share price, due to a lack of access to an arranged placement or a lack of an available accredited investor exemption. The net result is that existing shareholders are often cut out of financings and are effectively diluted by the amount of the offering discount and/or warrants attached to the issue. Opening access to existing shareholders and limiting the exposure to \$15,000 per individual, per company, per year



provides reasonable protection given that, as shareholders, they are already somewhat familiar with the company's business and risks. This exemption should be made permanently available in all jurisdictions.

Note that Midas Gold Corp. is listed on the TSX, not the TSX-V, and so the aforementioned changes would not benefit or affect Midas Gold and therefore Midas Gold could not take advantage of it. However, I am or have been a participant in a number of TSX-V companies over the years as management, board member or an investor. As a TSX listed company, I am disappointed in the lack of participation by the OSC in this proposal and its evident intent not to participate – I think it does Ontario based shareholders a disservice and the OSC should be encouraged to participate and support this proposal. I also believe that this exemption should be made available across all Canadian markets, including the TSX.

As to the proposed level of the emption (at \$15,000) and whether it should be higher with advice, I think it is a reasonable level and think that having different levels with independent advice adds complexity and verification challenges, so keep it simple. Similarly, keep it simple in respect of the record date – shareholders of record the day before the announcement.

With respect to the seasoning period, given that the investor already has free trading shares, and the amounts per person are limited, there should NOT be a 4 month hold, rather a short (say 5 or 10 day) period after which shares are free trading. This would increase the attractiveness of this exemption and reduce the investor's risk of being locked up for 4 months during the hold period. I would not recommend restricting insider participation, as that should be encouraged by shareholders, or if it were restricted, put it at a higher threshold, such as 25% or more.

As to allowing shareholder participation, I think this could be accommodated by the issuer "upsizing" the size of the financing, as commonly occurs in private placements if and when demand is strong, as opposed to making it a quasi-rights offering.

A somewhat related matter for review by the various securities regulators for both the TSX-V and the TSX should be the cumbersome and costly impediments to rights issues, which are widely used in Australia and elsewhere but are generally not used in Canada. The issuance of tradable rights would provide the greatest degree of fairness to existing shareholders and would open another avenue to shareholders to maintain their exposure to the company on an equal basis to new investors, or to sell on their rights.

Finally, normal discount and/or warrant provisions should be permitted, much as they are for private placements.

Regards,

A handwritten signature in black ink, appearing to be 'S. Quin', with a long horizontal stroke extending to the right.

Stephen P. Quin
President & CEO