

Newmac Resources Inc.
1580-1500 West Georgia Street
Vancouver, BC, Canada V6G 2Z6

January 19, 2014

BY EMAIL: lstreu@bcsc.bc.ca; tracy.clark@asc.ca; and comments@osc.gov.on.ca

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

c/o Larissa Streu

Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2

c/o Tracy Clark

Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4

Dear Sirs and Madams,

Re: *Multilateral CSA Notice MI 45-312 – Proposed Prospectus Exemption for Distributions to Existing Security Holders.*

This letter is submitted on behalf of Newmac Resources Inc. (the “**Company**”) in response to the Canadian Securities Administrators (“**CSA**”) request in the above identified notice (“**MI 45-312**”) for comments to the CSA concerning the adoption of a new prospectus exemption for distributions to existing security holders of securities of TSX Venture Exchange issuers (the “**Proposed Exemption**”). The Company is listed on the TSX Venture Exchange (“**TSXV**”) and is a reporting issuer in British Columbia and Alberta. The Company has security holders in almost every province and territory in Canada.

The Company is in support of MI 45-312 and its goal to expand and expedite capital raising opportunities for small and medium sized enterprises listed on exchanges in Canada. The Proposed Exemption has the potential to assist venture issuers in raising capital more efficiently in Canada. It also has the potential to provide retail investors the opportunity to participate in unit offerings and discounted private placement offerings of issuers where they are existing security holders of without having to be an accredited investor.

We are providing our comments on the Proposed Exemption in response to the specific questions raised in the request for comments in MI 45-312. Our comments are as follows:

1. **If you are a TSXV issuer, will you use the Proposed Exemption?** Yes. The Proposed Exemption will provide a broader base of potential private placement investors to the Company. It will allow the Company to invite existing security holders to make a further investment in the Company on the same terms it now offers to accredited investors only. The conditions outlined in MI 45-312 and the draft rule regarding the use of the Proposed Exemption does not impose a heavy financial or timing burden on the issuer. Allowing investors to confirm in writing they are a security holder as of the record date of the offering simplifies what would have otherwise been a difficult task with objecting beneficial owners and delays in obtaining NOBO and OBO lists.
2. **Should the Proposed Exemption be available to issuers listed on other Canadian markets?** Yes. All reporting issuers have the same continuous disclosure requirements under Canadian securities laws and should be treated equally. We see no reason to distinguish TSXV issuers and venture issuers listed on other exchanges for the purpose of eligibility to use the Proposed Exemption.
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?** No investment cap should be imposed. What is the CSA's rationale for imposing a \$15,000 investment limitation? This numerical cap appears to be arbitrary and unrelated to the regulatory reasons for allowing retail investors to acquire an issuer's securities under the Proposed Exemption. According to the TSX Group 2012 MiG Report, the average raise size of a TSXV issuer in 2012 was \$3.2 million. Over 213 existing security holders would have to participate in the offering if each investor was subject to a \$15,000 investment cap. Requiring this number of investors to participate in an offering would make the cost of capital under this exemption much higher than that associated with using the accredited investor exemption. Let each existing security holder determine what they want to invest in an offering under the Proposed Exemption. If the CSA insists on an investment cap, the cap amount should be raised to at least \$100,000 in a 12 month period.
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?** An investor knowledgeable about the company and its risks should be allowed to decide for his or herself what level of investment is suitable for them.
5. **Do you agree that there should be no investment limit if an investor receives suitability advice from a registered investment dealer?** Yes. A registered investment dealer is subject to know your client, know your product and client suitability rules.
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?** Yes. Retail investors who are invested in the company are more likely to have read the public disclosure documents of the issuer versus potential investors recently introduced to the issuer. Current security holders also have had the opportunity to watch the issuer's stock trading activity in the market place, and often seek out and talk to management at investment shows. Existing security holders are informed investors.
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?** Record dates serve several different purposes. There is no reason to extend the record date beyond one day before the announcement in this instance. There are other means to catch and correct any perceived abuses in the private placement process without restricting the ability of issuers to efficiently raise capital.
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.**
 - **Do you agree that a four month hold period is appropriate for this exemption?** Yes. The Proposed Exemption does not require an issuer to provide potential investors with an offering

document such as a rights offering circular or a rights offering prospectus which justifies the use of a seasoning period versus hold period. Under the Proposed Exemptions, existing security holders who participate in an issuer's private placement are put on equal footing to accredited investors and investors acquiring the issuer's securities under other available exemptions under *National Instrument 45-106 – Prospectus and Registration Exemptions*.

- **Should we require issuers to provide additional continuous disclosure, such as an annual information form?** No. The need to file an annual information form is one of the reasons the short form prospectus and offering memorandum exemption for qualifying issuers is not used by venture issuers. If an annual information form is required the Proposed Exemption will not be widely used or used at all by venture issuers.
 - **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?** No comment.
 - **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?** No comment.
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?** The Proposed Exemption should be allowed to be conducted under the standard private placement rules of the exchange on which the securities are traded. This class of investor, existing security holders of the issuer, should be treated identical to other exempt market participants. No additional terms and conditions regarding the structure should apply.

As discussed above we strongly support the CSA's implementation of the Proposed Exemption with the understanding that it is made available to all venture issuers and not just TSXV issuers. We also strongly encourage the Ontario Securities Commission and the Newfoundland Labrador Financial Services Regulation Division join the CSA participating jurisdictions in adopting the Proposed Exemption. It is important that the capital raising exemptions in Canada be harmonized to ensure issuers and investors have the same opportunities wherever they reside.

If you have any questions regarding our views, please do not hesitate to contact the undersigned.

Yours Truly,

Newmac Resources Inc.

“Andrea Yuan”
Andrea Yuan, CFO