

April 11, 2006



Alberta Securities Commission
4th Floor, 300 – 5th Avenue SW
Calgary, Alberta T2P 3C4

Attention: Mr. David Linder

Linda Hohol
President
TSX Venture Exchange
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Calgary, AB, Canada
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Dear Mr. Linder:

Re: 2005 TSX Venture Exchange Oversight Review

Thank you for your March 27, 2006 letter with respect to your 2005 TSX Venture Exchange (the "Exchange") Oversight review. We are pleased with your conclusions, that the TSX Venture Exchange has in all material respects met the appropriate standards for market operations and regulation. This is consistent with our vision to be the world's best and most trusted marketplace for public venture companies.

As you point out, the review period covered over 28,000 transactions over a 3 year period. Although we review all transactions, we do so on a risk based approach. Material transactions and the use of discretion to waive or modify requirements continue to be reviewed by our experienced management staff and in most cases by our Executive Listing Committee.

In respect to your specific findings and recommendations we have the following comments:

Documentation Findings and Recommendations

In response to your specific findings, policy 1.1, Paragraph 4, provides the Exchange discretion to waive or modify an existing requirement or impose additional requirements. Many of the items noted result from the specific policy requirement using the words "must" or "shall require". Although the discretion provision applies to every single provision of every policy, we will in the next round of policy amendments look to whether the wording in these provisions could be changed to "may require" or something more permissive. In addition, we will re-look at the necessity of our requirements for certificates of no default and the need to amend our checklists. For clarity, we note that the certificate of no default for graduation of listed issuers is our policy requirement, but not a securities legislation requirement.

During the ASC review period, we used checklists for listing applications and only as a training tool for certain filing transactions. As part of our ongoing review of processes and procedures, we recently looked at the use of checklists and determined that we will use them on a discretionary basis and as a training tool.

Training or Supervision Findings and Recommendations

Your comments are noted and will make our Managers aware of your observation. Training of staff is one of our prime ongoing objectives especially from the consistency objective. We have set meetings and numerous processes in place to discuss policy

issues and questions amongst the staff in all regions. In regards to your first observation, the policy requirement is because of the settlement process.

Procedural Findings and Recommendations

Your comments are noted and we will make our Managers aware of your observations. In response to your specific findings, we can advise that in the next round of policy amendments we will consider making policy changes to the Normal Course Issuer Bid policy to clarify that there is no review of the monthly reporting requirement but that we will refer to it in the case of complaints or concerns. Also, we will consider strengthening the company representations in Form 5G.

Significant Waiver Reporting Findings and Recommendations

Your comments are noted and we will make our Managers aware of your comments. In the next round of policy amendments we will be looking at our minimum listing requirements and in particular our tests related to financial criteria, distribution and minimum market values.

Regarding the waivers that we did not report, we advise that four of the five waivers were approved by our Executive Listing Committee but were inadvertently not reported. Your review covers the three year period ending December 31, 2004. As previously discussed, we changed our internal procedures in late 2004 or early 2005 to make sure that all reportable waivers in the Executive Listing Committee presentations are included in the waiver reports to you.

Documentation and Recordkeeping Findings and Recommendations

Your comments are noted and will be forwarded to our Managers. We will ensure all checklists utilized will be scanned. We will comply with the record preservation requirements in National Instrument 21-101.

Once again, we are pleased that the results of your review were positive especially given the volume of transactions. One of the purposes of the regulatory review is to identify areas where policy changes should be reviewed. Your review has identified a number of items that we will thoughtfully consider. Please contact me should you have any further questions or comments.

Yours truly,

TSX VENTURE EXCHANGE INC.

“Linda Hohol”

TSX VENTURE EXCHANGE
Linda Hohol
President