

ALBERTA SECURITIES COMMISSION

VARIATION ORDER

Citation: Re First Potash Corp., 2020 ABASC 191

Date: 20201216

First Potash Corp.

Background

1. First Potash Corp. (the **Filer**) has made an application under section 214 of the *Securities Act* (Alberta) (the **Act**) to the Executive Director of the Alberta Securities Commission (**ASC**) for an order varying a cease trade order dated 16 October 2013 *Re First Potash Corp.*, 2013 ABASC 474 (the **CTO**).

Interpretation

2. Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this order, unless otherwise defined.

Representations

3. This order is based on the following facts represented by the Filer:
 - (a) The Filer is a corporation that was incorporated under the *Business Corporations Act* (British Columbia) on 18 September 2006.
 - (b) The Filer's head office is located in Placitas, New Mexico, USA.
 - (c) The Filer is a reporting issuer in British Columbia and Alberta. The Filer is not a reporting issuer in any other jurisdiction.
 - (d) The authorized capital of the Filer consists of an unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series, of which 60,962,649 common shares are issued and outstanding.
 - (e) On 16 October 2013, the ASC issued the CTO in response to the Filer's failure to file its annual audited financial statements, annual management's discussion and analysis, and certification of annual filings for the year ended 28 February 2013 and interim unaudited financial statements, interim management's discussion and analysis, and certification of interim filings for the interim period ended 31 May 2013 pursuant to section 146 of the *Securities Act, R.S.A. 2000, c S-4*.
 - (f) The Filer is subject to a cease trade order (**BC CTO**) of the British Columbia Securities Commission (**BCSC**) dated 17 July 2013 (together with the CTO, the **CTOs**).
 - (g) Other than what is described in this order, the Filer is not subject to any other cease trade orders.

- (h) The Filer proposes to enter into a loan agreement (the **Loan Agreement**) with an arm's length third party (the **Lender**) to borrow the amount of \$10,000 (the **Loan**) from the Lender, with the proceeds to be used for the purpose of paying expenses of the Filer relating to the revival of the Filer and relating to the application by the Filer for this order and partial revocation of the BC CTO. The Loan will be payable on demand and will bear interest at the rate of 10% per annum only after default. The principal amount of the Loan will be convertible into 62,111,801 common shares at a price of \$0.000161 per common share and 62,111,801 share purchase warrants exercisable at a price of \$0.000645 per common share of the Filer. The Filer proposes to enter into the Loan Agreement in reliance on section 2.30 of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**).
- (i) Upon conversion of the Loan, the Filer proposes to issue the common shares and share purchase warrants to the Lender (the **Debt Settlement**) in reliance on section 2.14 of NI 45-106.
- (j) The Filer also proposes to distribute up to 90,294,822 common shares at an issue price of \$0.000161 per share and up to 85,988,419 common shares at an issue price of \$0.000645 per share, for aggregate maximum proceeds of \$70,000 (the **Offering**). The Offering will be made in reliance upon the accredited investor exemption in section 2.3 of NI 45-106 and the director, executive officer, control person, family, friends and business associates exemption in section 2.5 of NI 45-106.
- (k) The Offering is intended to take place in British Columbia, Alberta, Ontario, and possibly other jurisdictions in Canada and the United States.
- (l) The Filer seeks to vary the CTO to permit the entering into of the Loan Agreement, the completion of the Debt Settlement and the completion of the Offering.
- (m) The Filer reasonably expects the proceeds from the Offering will be used in a manner consistent with the below table:

Auditing Fees	\$12,500
Accounting Fees	\$ 7,500
Legal Fees	\$15,000
Filing Fees and Disclosure Costs	\$14,000
Registrar and Transfer Agent	\$ 3,000
Working Capital	<u>\$18,000</u>
Total	\$70,000

- (n) The Filer reasonably expects that the proceeds raised from the Offering will be sufficient to bring its continuous disclosure up to date and to apply for a full revocation and pay all outstanding related fees.

- (o) Before entering into the Loan Agreement, completing the Debt Settlement and issuing the common shares pursuant to the Offering, the Filer will:
 - (i) provide the Lender and each investor in the Offering a copy of the CTO;
 - (ii) provide the Lender and each investor in the Offering a copy of this order;
 - (iii) obtain a signed and dated acknowledgement from the Lender and each investor in the Offering, which clearly states that the issuance of a variation order does not guarantee the issuance of a full revocation in the future.
- (p) The Filer has concurrently applied for a partial revocation of the BC CTO to permit the same matters as contained in this order.
- (q) Within a reasonable time following the completion of the Offering, the Filer intends to apply for a full revocation of the CTO.
- (r) The Filer hereby undertakes to provide the signed and dated written acknowledgements referred to in paragraph 3(c) below to the Executive Director on request.

Decision

- 4. The undersigned, considering that it would not be prejudicial to the public interest to do so, orders under subsection 214(1.1) of the Act that the CTO is varied to permit the entering into of the Loan Agreement, the completion of the Debt Settlement and completion of the Offering, provided that prior to entering into the Loan Agreement and completing the Debt Settlement, and prior to completion of the Offering, the Lender and each investor in the Offering will receive:
 - (a) a copy of the CTO;
 - (b) a copy of this order; and

- (c) written notice from and acknowledge to the Filer in writing that all of the Filer's securities, including the securities issued in connection with the Debt Settlement and the common shares issued pursuant to the Offering, will remain subject to the CTOs until such orders are revoked and that the issuance of a variation order does not guarantee the issuance of a full revocation in the future.

16 December 2020

“original signed by”

Timothy Robson

Manager, Legal

Corporate Finance

Alberta Securities Commission