

ALBERTA SECURITIES COMMISSION

PARTIAL REVOCATION ORDER Under the securities legislation of Alberta (the Legislation)

Citation: Re Fanlogic Interactive Inc., 2020 ABASC 44

Date: 20200407

Fanlogic Interactive Inc.

Background

1. Fanlogic Interactive Inc. (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the Executive Director of the Alberta Securities Commission (the **Principal Regulator**) on 6 May 2019.
2. The Issuer has applied to the Principal Regulator for a partial revocation of the FFCTO.

Interpretation

3. Terms defined in National Instrument 14-101 *Definitions* or in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* have the same meaning if used in this order, unless otherwise defined.

Representations

4. This order is based on the following facts represented by the Issuer:
 - (a) The Issuer was incorporated pursuant to the laws of British Columbia on 6 July 2007.
 - (b) The Issuer's head office is located in Alberta.
 - (c) The Issuer is a reporting issuer in Alberta and British Columbia. The Issuer is not a reporting issuer in any other jurisdiction.
 - (d) The Issuer has an authorized share capital of an unlimited number of common shares (**Common Shares**) and an unlimited number of preferred shares, of which 74,225,505 Common Shares are issued and outstanding.
 - (e) The Issuer's Common Shares are listed on the NEX board of the TSX Venture Exchange (the **TSXV**) under the symbol "FLGC.H". Trading in the Common Shares on the TSXV is currently suspended.
 - (f) On 6 May 2019, the Principal Regulator issued the FFCTO in response to the Issuer's failure to file its annual audited financial statements, annual management's discussion and analysis and certification of the annual filings for the year ended 31 December 2018 (the **Required Filings**).
 - (g) Subsequent to the failure to file the Required Filings, the Issuer has not filed any

further financial statements or any continuous disclosure documents required by applicable securities legislation (the **Subsequent Filings**).

- (h) The Corporation has been unable to file the Required Filings and the Subsequent Filings due to financial hardship caused by a sustained period of operating losses.
- (i) Other than the failure to file the Required Filings and the Subsequent Filings, the Issuer is not in default of the securities legislation in any jurisdiction.
- (j) The Issuer seeks a partial revocation of the FFCTO in order to hold an annual and special meeting of the shareholders of the Issuer (the **Meeting**) to, among other things, obtain shareholder approval for a consolidation of the Common Shares on the basis of one post-consolidation common share (**Post-Consolidation Common Share**) for each ten Common Shares currently issued and outstanding (the **Consolidation**), and to permit the Issuer to distribute, pursuant to section 2.3 of National Instrument 45-106 *Prospectus Exemptions* (the **AI Prospectus Exemption**), secured convertible promissory notes (the **Notes**) for aggregate maximum proceeds of \$200,000.00 (the **Offering**).
- (k) The Notes will be secured by the assets of the Corporation, and will be convertible into units of the Corporation (**Units**), with each Unit comprising one Post-Consolidation Common Share and one Post-Consolidation Common Share purchase warrant.
- (l) At the Meeting, the Issuer also intends to seek conditional shareholder approval for the creation of new "control persons" (as defined in section 1.2 of TSXV Corporate Finance Policy 1.1 - *Interpretation*) as a result of the conversion of the Notes.
- (m) For each distribution made in respect of the Offering, the Issuer will comply with the AI Prospectus Exemption. The Offering is intended to take place in British Columbia, Alberta and the United States.
- (n) The Issuer expects the proceeds from the Offering will be used in a manner reasonably consistent with the below table:

Settlement of: <ul style="list-style-type: none">• auditor, accountant and bookkeeper fees necessary for those parties to commence work on preparing the Issuer's outstanding continuous disclosure, and• transfer agent, shareholder communication firm and securities exchange fees necessary to be settled in order to commence work on the Offering, the Meeting, and the Consolidation	\$75,100
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Accounting and audit fees to prepare and file the Issuer's outstanding continuous disclosure and apply for a full revocation of the FFCTO	\$50,000
Legal fees, regulatory fees, and other expenses relating to the Offering, the Consolidation, the Meeting and meeting outstanding TSXV obligations	\$65,000
General working capital for purposes including preparing ongoing continuous disclosure, maintaining a securities exchange listing and pursuing additional financing	\$9,900
TOTAL	\$200,000

- (o) The Issuer expects that the proceeds raised from the Offering will be sufficient to bring its continuous disclosure up-to-date, pay all outstanding fees and penalties, hold the Meeting, complete the Consolidation and apply for a full revocation of the FFCTO.
- (p) Within a reasonable amount of time following the completion of the Meeting, the Consolidation and the Offering, the Issuer intends to apply to the Principal Regulator for a full revocation of the FFCTO.
- (q) The Issuer hereby undertakes to provide the signed and dated written acknowledgments referred to in paragraph 6(c) below to the Executive Director of the Alberta Securities Commission on request.

Order

- 5. The Principal Regulator is satisfied that a partial revocation of the FFCTO meets the test set out in the Legislation for the Principal Regulator to make the decision.
- 6. The decision of the Principal Regulator under the Legislation is that the FFCTO is partially revoked, as it applies to the Issuer, solely to permit the Offering, the Meeting and the Consolidation, provided that prior to completion of the Offering, each investor in the Offering will receive the following:
 - (a) a copy of the FFCTO;
 - (b) a copy of this partial revocation order;
 - (c) written notice from the Issuer, to be acknowledged by each investor in writing, that
 - (i) all of the Issuer's securities, including the securities issued to such investor,

will remain subject to the FFCTO until the FFCTO is fully revoked,

- (ii) no conversion of the Notes will be possible until the FFCTO is fully revoked, and
- (iii) the issuance of this partial revocation order does not guarantee the issuance of a full revocation of the FFCTO in the future.

7 April 2020

“Tom Graham”

Tom Graham, CPA, CA
Director, Corporate Finance
Alberta Securities Commission