

## ALBERTA SECURITIES COMMISSION

### CEASE TRADE ORDER: VARIATION

Citation: Re Agau Resources, Inc., 2017 ABASC 166

Date: 20171106

#### Agau Resources, Inc.

#### Background

1. Agau Resources, Inc. (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 to vary a cease trade order dated 3 February 2011 *Re: Agau Resources, Inc., 2011 ABASC 65* (the **CTO**).

#### Representations

2. This decision is based on the following facts represented by the Filer:
  - (a) The Filer was incorporated under the laws of Alberta on April 9, 1996.
  - (b) The Filer's head office is located in Alberta.
  - (c) The Filer is a reporting issuer in Alberta and British Columbia. The Filer is not a reporting issuer in any other jurisdiction.
  - (d) The Filer has an authorized share capital of an unlimited number of common shares without par value, of which 14,711,551 are issued and outstanding.
  - (e) On February 3, 2011, the ASC issued the CTO in response to the Filer's failure to file its interim unaudited financial statements, interim management's discussion and analysis, and certification of interim filings for the interim period ended November 30, 2010.
  - (f) The Filer is also subject to a cease trade order (**BC CTO**) of the British Columbia Securities Commission (**BCSC**) dated February 10, 2011 (together with the CTO, the **CTOs**).
  - (g) Other than what is described in this order, the Filer has not been subject to any other cease trade orders.
  - (h) Pursuant to a loan agreement with an arm's length party (the **Lender**), the Lender has agreed to advance a loan (the **Loan**) of up to \$7,500 to the Filer, secured by a general security agreement, with the proceeds to be used for the purpose of paying expenses of the Filer relating to the reorganization of the Filer and relating to the applications for the partial revocation of the CTOs. The Loan is payable on demand and bears interest at the rate of 10% per annum only after default.

- (i) The Filer seeks to vary the CTOs to permit the Filer to distribute, pursuant to certain exemptions from the prospectus requirement (the **Offering**), common shares or units comprising common shares and warrants, for aggregate maximum proceeds of \$65,000.
- (j) For each distribution made in respect of the Offering, the Filer will comply with one or more of the accredited investor exemption contained in section 2.3 of National Instrument 45-106 *Prospectus Exemptions (NI 45-106)*, the family, friends and business associates exemption in section 2.5 of NI 45-106 and the employee, executive officer, director and consultant exemption in section 2.24 of NI 45-106. The Filer will only use the exemption in section 2.24 of NI 45-106 to raise funds from executive officers and directors, the Filer will not use this exemption to raise funds from employees or consultants.
- (k) The Offering is intended to take place in British Columbia, Alberta and possibly other jurisdictions in Canada and the United States.
- (l) The Filer reasonably expects the proceeds from the Offering will be used in a manner consistent with the below table:
- |                                  |                 |
|----------------------------------|-----------------|
| Auditing Fees                    | \$20,000        |
| Accounting Fees                  | \$ 7,000        |
| Legal Fees                       | \$10,000        |
| Filing Fees and Disclosure Costs | \$18,000        |
| Registrar and Transfer Agent     | \$ 5,000        |
| Working Capital                  | <u>\$ 5,000</u> |
| <b>Total</b>                     | <b>\$65,000</b> |
- (m) The Filer also seeks to vary the CTOs to permit the Filer to issue common shares and warrants to the Lender in full satisfaction of the Loan (the **Debt Settlement**) pursuant to the securities for debt exemption in section 2.14 of NI 45-106.
- (n) The Filer has concurrently applied for a partial revocation of the BC CTO to permit the Offering and the Debt Settlement to be completed in British Columbia.
- (o) 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.
- (p) Within a reasonable time following the completion of the Offering and Debt Settlement, the Filer intends to apply to the ASC for a full revocation of the CTO.
- (q) 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**

3. 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 Offering and the Debt Settlement, provided that prior to completion of the Offering and the Debt Settlement, each investor and the Lender will receive:
- (a) a copy of the CTO;
  - (b) a copy of this partial revocation order; and
  - (c) written notice from and acknowledge to the Filer that all of the Filer's securities, including the securities issued in connection with the Offering and the Debt Settlement, will remain subject to the CTOs until such orders are revoked and that the issuance of a partial revocation order does not guarantee the issuance of a full revocation in the future.

6 November 2017

*"original signed by"*

Denise Weeres  
Manager, Legal  
Corporate Finance