



British Columbia Securities Commission

Citation: 2019 BCSECCOM 408

## **Partial Revocation Order**

### **Freedom Energy Inc.**

#### **Under the securities legislation of British Columbia (the Legislation)**

#### **Background**

- ¶ 1 Freedom Energy Inc. (the Issuer) is subject to a failure-to-file cease trade order (the FFCTO) issued by the regulator of the British Columbia Securities Commission (the Principal Regulator) on August 2, 2019.
- ¶ 2 The Issuer has applied to the Principal Regulator for a partial revocation order of the FFCTO.

#### **Interpretation**

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**

- ¶ 3 This decision is based on the following facts represented by the Issuer:
- a. The Issuer's head office is in Vancouver, British Columbia.
  - b. The Issuer is currently a reporting issuer in British Columbia and Alberta.
  - c. The Issuer is seeking a partial revocation of the FFCTO in order to:
    - i. complete a share consolidation of its issued and outstanding common shares on the basis of one (1) post-consolidated common share for every five (5) pre-consolidated common shares (the Consolidation), and
    - ii. complete a private placement of 5,000,000 units at a price of \$0.05 per unit (the Unit) for gross proceeds of \$250,000, with each Unit consisting of one post-consolidation common share and one share purchase warrant (the Private Placement). Each warrant would entitle the holder to purchase one post-consolidation common share for \$0.10 exercisable for two years from the date of closing of the Private Placement.



- d. The Issuer currently has 33,395,446 common shares issued and outstanding. Upon completion of the Consolidation, the Issuer will have 6,679,089 common shares issued and outstanding, before taking into account the elimination of fractional shares. Upon completion of the Private Placement, the Issuer will have 11,679,089 common shares issued and outstanding.
- e. The Private Placement will be offered to various subscribers in British Columbia and Alberta and other jurisdictions relying on the accredited investor exemption contained in section 2.3 of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) and the family, friends, and business associates exemption contained in section 2.5 of NI 45-106.
- f. The Private Placement will not result in the creation of a new control person of the Issuer.
- g. The Issuer seeks to conduct the Private Placement to raise sufficient funds to prepare and file all outstanding financial statements and continuous disclosure records; obtain TSX Venture Exchange (the TSXV) for approval of the Consolidation and Private Placement; pay accounts payable; and provide the Issuer with sufficient working capital to continue its operations until it can apply for and receive a full revocation of the FFCTO.
- h. The Issuer intends to use the proceeds from the Private Placement to, among other things, pay audit and accounting fees, legal fees, filing fees with the securities commissions and the TSXV, accounts payable, with the remainder being general working capital.
- i. The Issuer intends to allocate the proceeds from the Private Placement follows:

<b>Description</b>	<b>Estimated Amounts</b>
Audit and accounting fees required for the fiscal 2019 audit and the interim financial statements	\$25,000
Legal and filing fees related to applications for partial and full revocation of the BC CTO and TSXV approval of the Consolidation and Private Placement	\$25,000
Payment of accounts payable	\$175,000
General working capital	\$25,000
<b>Total</b>	<b>\$250,000</b>



- j. Before completing the Consolidation and the Private Placement, the Issuer will:
  - i. provide each investor in the Private Placement with a copy of the FFCTO;
  - ii. provide each investor in the Private Placement with a copy of this order partially revoking the FFCTO; and
  - iii. obtain a signed and dated acknowledgement from each investor in the Private Placement, which clearly states that the common shares and warrants purchased in the Private Placement will remain subject to the FFCTO until a full revocation order is granted, and that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future.

#### **Order**

- ¶ 4 The Principal Regulator is satisfied that a partial revocation order of the FFCTO meets the test set out in the Legislation for the Principal Regulator to make the decision.
- ¶ 5 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 Consolidation and the Private Placement.
- ¶ 6 November 15, 2019

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