

## Headnote

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – issuer deemed to no longer be a reporting issuer under the Legislation of the Jurisdictions – issuer is in the process of winding up and has distributed almost all of its assets to shareholders – issuer has ceased all commercial activity and will be dissolved after the liquidation process is complete – shareholders voted to approve the liquidation and were informed the issuer intended to cease to be a reporting issuer – more than 15 securityholders in each of the Jurisdictions and more than 50 securityholders worldwide.

Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* – issuer exempt from designation as an OTC reporting issuer under the Instrument – issuer is in the process of winding up and has distributed almost all of its assets to shareholders – issuer has ceased all commercial activity and will be dissolved after the liquidation process is complete – shareholders voted to approve the liquidation and were informed the issuer intended to cease to be a reporting issuer – issuer unable to eliminate the OTC ticker symbol for its securities as such securities continue to trade on the U.S. over-the-counter market.

Applicable Legislative Provisions  
*Securities Act*, RSA 2000, c S-4, s. 153

**Citation: Re PRD Energy Inc., 2017 ABASC 128**

**Date: 20170728**

In the Matter of  
the Securities Legislation of  
Alberta and British Columbia (the **Jurisdictions**)

and

In the Matter of  
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of  
PRD Energy Inc. (the **Filer**)

Decision

## Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer:

- (a) has ceased to be a reporting issuer in each of the Jurisdictions (the **Reporting Issuer Relief**); and

- (b) is exempt from being designated a reporting issuer under section 3 of Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* (**MI 51-105**) (the **OTC Relief**, and together with the Reporting Issuer Relief, the **Exemptive Relief Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Alberta Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of the other Decision Maker.

### **Interpretation**

Terms defined in MI 11-102, National Instrument 14-101 *Definitions* or MI 51-105 have the same meaning if used in this decision, unless otherwise defined.

### **Representations**

This decision is based on the following facts represented by the Filer:

1. The Filer was continued from British Columbia to Alberta under the *Business Corporations Act* (Alberta) (the **ABCA**) on September 14, 2006.
2. The Filer's head office mailing address is currently located in Calgary, Alberta.
3. The Filer currently has 143,908,123 issued and outstanding common shares (**Common Shares**); the Filer has no other securities outstanding.
4. The Common Shares are held by approximately 1100 non-objecting beneficial holders of Common Shares (**Shareholders**) and 73 registered Shareholders. Of the registered Shareholders 4 have registered addresses located in Alberta and 15 have registered addresses located in British Columbia.
5. The Filer called and held an annual and special meeting of its Shareholders on August 26, 2016 (the **Meeting**) at which it sought, amongst other things: (i) the approval by the Shareholders of an ordinary resolution to delist the Common Shares from the TSX Venture Exchange (**TSX-V**) (the **Delisting Resolution**); and (ii) the approval by the Shareholders of a special resolution to voluntarily liquidate and dissolve the Filer and make one or more distributions of remaining cash to Shareholders in conjunction with the liquidation and dissolution, provided the Filer is in compliance with the solvency and liquidity provisions of the ABCA at the time of distribution (the **Dissolution Resolution**). The Delisting Resolution was approved by 78.73% and the Dissolution Resolution was approved by 78.88% of the Common Shares represented in person or by proxy at the Meeting.

6. The Filer has no active business, proposes to satisfy all of its liabilities and distribute all of its assets, and proposes to complete a voluntary dissolution in accordance with the provisions of the ABCA.
7. The Filer's assets consist primarily of cash.
8. The information circular and proxy statement of the Filer dated July 26, 2016 prepared in respect of the Meeting noted that the Filer would proceed to seek an exemptive relief order ceasing the Filer as a reporting issuer if the Dissolution Resolution was approved.
9. Immediately following the Meeting, the Filer:
  - (a) filed a Notice of Intention to Dissolve with the Registrar of Corporations of Alberta (the **Registrar**) and was issued a Certificate of Intent to Dissolve; and
  - (b) applied to delist the Common Shares from the TSX-V.
10. The issuance of the Certificate of Intent to Dissolve by the Registrar precludes the Filer from carrying on any business except to the extent necessary to liquidate its business and, as a result, the Filer is prohibited from seeking public financing or from carrying on any promotional activities.
11. The Common Shares were delisted from the TSX-V at the close of trading on August 31, 2016.
12. On September 21, 2016, \$11,800,465.17 was distributed to the Filer's Shareholders of record on September 15, 2016. The Filer's then remaining cash was held back to pay for estimated wind-up expenses and to settle outstanding debts (including contingent liabilities) and after providing for the payment or discharge of all its obligations, the Filer intends to distribute its remaining property, either in money or in kind, among its Shareholders.
13. The Filer is currently dissolving its German subsidiaries and disposing of all its other assets that are not to be distributed in kind to its Shareholders, discharging all its obligations and completing all other acts required to liquidate its business and anticipates that it will have done so in the first quarter of 2018. The Filer is unable to complete its voluntary dissolution in accordance with the provisions of the ABCA until it has completed such procedures.
14. The Filer is a reporting issuer in the Jurisdictions. The Filer wishes to cease to be a reporting issuer in the Jurisdictions to preserve its cash position until it is dissolved.
15. The Common Shares have been assigned a ticker symbol (the **OTC Ticker Symbol**) by the U.S. Financial Industry Regulatory Authority (**FINRA**). Because the Common Shares no longer trade on the TSX-V, the Filer constitutes an "OTC issuer" and an "OTC reporting issuer" under MI 51-105.

16. The average daily reported closing price of the Common Shares on the U.S. over-the-counter markets (**OTC Markets**) for the three month period commencing April 1, 2017 and ending June 30, 2017 was \$0.00088 and the reported average trading volume of the Common Shares on the OTC Markets was 36,690 Common Shares per day.
17. The Filer has been unable to have the OTC Ticker Symbol eliminated and the Common Shares are currently quoted on the No Information segment of the Pink Open Market.
18. The Filer has no intention to distribute any of its securities.
19. Except as represented by the Filer in this decision, no securities of the Filer, including debt securities, are traded in Canada or another country on a “marketplace” as defined in National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.
20. The Filer has undertaken to each Decision Maker that the Filer:
  - (a) will, promptly upon receipt of the Exemptive Relief Sought, issue and file a news release advising Shareholders:
    - (i) that it has ceased to be a reporting issuer in each of the Jurisdictions; and
    - (ii) of the anticipated date of its dissolution and final distribution to Shareholders;
  - (b) if it has not dissolved on or before September 30, 2017, will, on or about that date and thereafter on a quarterly basis until it dissolves, issue a news release regarding the status of its liquidation and anticipated timing of its dissolution;
  - (c) will promptly notify each Decision Maker if at any time before its dissolution it proposes to:
    - (i) commence an active business or any commercial operations;
    - (ii) undertake a distribution of securities in any jurisdiction; or
    - (iii) file a Revocation of Intent to Dissolve with the Registrar;
  - (d) will not:
    - (i) carry on any activities that would constitute promotional activities under MI 51-105; or
    - (ii) request an OTC Ticker Symbol or request that any class of its securities be quoted or listed for trading on the OTC Markets or on any marketplace, as defined in NI 21-101, or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported; and

- (e) as soon as practicable after the time of dissolution, will issue a news release confirming the dissolution.
21. The Filer is not eligible to use the simplified procedure under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* as it has more than 50 shareholders in Canada and is considered an OTC reporting issuer under MI 51-105.
22. The Filer, upon the grant of the Exemptive Relief Sought, will no longer be a reporting issuer in any jurisdiction of Canada.
23. The Filer is not in default of any of its obligations under securities legislation in any jurisdiction of Canada.

**Decision**

Each of the Decision Makers is satisfied that the decision meets the tests set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Reporting Issuer Relief is granted.

The OTC Relief is granted provided that the Filer:

- (a) complies with each of its undertakings set forth in paragraph 20; and
- (b) does not do any of the following:
- (i) commence an active business or any commercial operations;
  - (ii) undertake a distribution of securities in any jurisdiction;
  - (iii) carry on any activities that would constitute promotional activities under MI 51-105;
  - (iv) request an OTC Ticker Symbol or request that any class of its securities be quoted or listed for trading on the OTC Markets or on any marketplace, as defined in NI 21-101, or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported; or
  - (v) file a Revocation of Intent to Dissolve with the Registrar.

“original signed by”

Tom Graham, CA  
 Director  
 Corporate Finance