

ALBERTA SECURITIES COMMISSION

ORDER

Citation: Re Touchstone Exploration Inc., 2017 ABASC 78

Date: 20170510

Touchstone Exploration Inc.

Background

1. Touchstone Exploration Inc. (the **Filer**) has applied to the Alberta Securities Commission (the **Commission**) for (i) an order under section 144(1) of the *Securities Act* (Alberta) (the **Act**) exempting from the prospectus requirement of section 110 of the Act (the **Prospectus Requirement**) a proposed distribution of securities of the Filer outside of Canada; and (ii) an order under section 221(5) of the Act that the application and this order be kept confidential and not made public until the earliest of:
 - (a) the date on which either the UK Offering (as defined below) or the Admission (as defined below) is publicly disclosed;
 - (b) the date on which the Filer advises the Commission that there is no longer any need for this order to remain confidential; and
 - (c) 90 days after the date of this order.

Interpretation

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

Representations

3. This order is based on the following facts represented by the Filer:
 - (a) The Filer is a corporation incorporated under the *Business Corporations Act* (Alberta) having its head office in Calgary, Alberta.
 - (b) The Filer is a reporting issuer in each of the provinces of Canada (the **Jurisdictions**) and is not in default of any of its obligations under the securities legislation of any of the Jurisdictions.
 - (c) The Filer's common shares (the **Common Shares**) are currently listed on the Toronto Stock Exchange.
 - (d) The Filer anticipates completing a distribution (the **UK Offering**) of Common Shares (the **Offered Shares**) to investors in the United Kingdom (**UK**).

- (e) The UK Offering will be conducted in accordance with applicable UK securities laws and pursuant to placing letters (the **Placing Letters**) between Shore Capital Stockbrokers Ltd. or one or more additional brokers (the **UK Broker**) and each prospective subscriber under the UK Offering.
- (f) In connection with the UK Offering, the Filer is seeking the admission of its Common Shares on the AIM market operated by London Stock Exchange plc (the **LSE**) in accordance with the UK AIM Rules for Companies (the **Admission**) and is required to provide the LSE with certain information (the **Admission Document**).
- (g) The Filer will issue a news release and file a material change report under Alberta securities laws with respect to the UK Offering; those documents and the Admission Document will be filed on SEDAR.
- (h) The Placing Letter for each prospective subscriber will include covenants by that subscriber of the placing terms and conditions, including:
 - (i) a representation that the subscriber is not a resident of Canada;
 - (ii) acknowledgements of the subscriber that are substantially similar to those found in subsection 3.1(c) of Commission Rule 72-501 *Distributions to Purchasers Outside Alberta* (**Rule 72-501**); and
 - (iii) an agreement of the subscriber not to resell the Offered Shares in Canada, through a Canadian exchange or otherwise, for a period ending four months and one day from the date of the distribution of the Offered Shares.
- (i) Neither the Filer nor the UK Broker will take any action for the purpose of, or that could reasonably be expected to have the effect of, preparing the market or creating a demand for the UK Offering in Alberta.
- (j) The Filer understands that foreign securities cannot be held electronically or traded in CREST, the computerized settlement system that facilitates the paperless transfer of title to shares. CREST is the UK counterpart of the Book Entry Only depository service of the Canadian Depository for Securities Limited, and is the principal system for the paperless settlement of trades in uncertificated shares. Accordingly, to enable holders of Common Shares to settle their transactions in CREST following the Admission, the Filer will enter into depository arrangements. The Filer has been advised that any certificates representing the Offered Shares cannot be issued with a legend, with the exception that any global certificate representing the Common Shares issued to CREST will contain the legend required by subsection 3.1(e) of Rule 72-501.

- (k) The Admission Document will contain a description of resale restrictions substantively similar to that contemplated for the legend prescribed by subparagraph 2.5(2)(3)(i) of National Instrument 45-102 *Resale of Securities (NI 45-102)*.
- (l) Because the Filer is an issuer with a fundamental connection to Alberta, as contemplated by Commission Policy 45-601 *Distributions Outside Alberta*, distributing securities from Alberta, the Filer must comply with the Prospectus Requirement or rely on exemptions from that requirement.
- (m) The Filer is unable to rely on the exemption from the Prospectus Requirement provided by section 3.1 of Rule 72-501 because it is unable to legend the certificates representing the Offered Shares in the manner specified in subsection 3.1(e) of Rule 72-501. No other exemption from the Prospectus Requirement is available to the Filer for the UK Offering.

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4. The Commission, being satisfied that to do so would not be prejudicial to the public interest, orders:
 - (a) under section 144(1) of the Act that the distribution of Offered Shares by the Filer pursuant to the UK Offering is exempt from the Prospectus Requirement, provided that the Filer files a report of exempt distribution prepared and executed in accordance with Form 45-106F1 *Report of Exempt Distribution* within 10 days from the date of the distribution of the Offered Shares;
 - (b) under section 144(2) of the Act that the first trade in Alberta of an Offered Share issued pursuant to the UK Offering is a distribution to which section 2.5 of NI 45-102 applies; and
 - (c) under section 221(5) of the Act that the Filer's application and this order will be kept confidential and not be made public until the earliest of:
 - (i) the date on which either the UK Offering or the Admission is publicly disclosed;
 - (ii) the date on which the Filer advises the Commission that there is no longer any need for this order to remain confidential; and
 - (iii) 90 days after the date of this order.

For the Commission:

"original signed by"

Stan Magidson
Chair & CEO

"original signed by"

Tom Cotter
Vice-Chair