

# ALBERTA SECURITIES COMMISSION

## PARTIAL REVOCATION ORDER

Under the securities legislation of Alberta (the **Legislation**)

**Citation: Re Fortem Resources Inc., 2020 ABASC 103**

**Date: 20200626**

### Fortem Resources Inc.

#### Background

1. Fortem Resources 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 16 July 2019.
2. The Issuer has applied to the Principal Regulator for a partial revocation order 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 decision is based on the following facts represented by the Issuer:
  - (a) The Issuer is incorporated pursuant to the laws of the State of Nevada.
  - (b) The Issuer's head office is located at Suite 1020 – 909 11th Avenue S.W., Calgary, Alberta T2R 0E7.
  - (c) The Issuer is a reporting issuer in the provinces of Alberta and British Columbia.
  - (d) The Issuer's securities are listed on the TSX Venture Exchange under the symbol "FTM".
  - (e) The Issuer is an "SEC foreign issuer" as defined in National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and an "SEC issuer" as defined by National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards*.
  - (f) In accordance with NP 11-207, the Principal Regulator is the Issuer's principal regulator.
  - (g) Under Section 146 of the *Securities Act* (Alberta) (the **Act**), the Issuer was required to file its annual financial statements, annual management's discussion and analysis, and certification of annual filings for the year ended 28 February 2019 (collectively, the **Required Records**);

- (h) By 4 July 2019, the Issuer had failed to file the Required Records and, as a result, the Executive Director of the Principal Regulator (the **Executive Director**) ordered pursuant to Section 146 of the Act that Marc Bruner and Robert DaCunha, the Issuer's Chief Executive Officer and Chief Financial Officer, respectively, cease trading in or purchasing securities of the Issuer (the **MCTO**).
- (i) In issuing the MCTO, the Executive Director relied in part upon a representation of the Issuer that it expected to file the Required Records and any other periodic disclosure required to be filed pursuant to Section 146 of the Act while the MCTO is in effect (the **Other Disclosure**) on or before 14 July 2019.
- (j) On 12 July 2019, the Issuer issued a press release stating that it had determined that all of the financial statements filed by the Issuer in respect of the periods after the year ended 28 February 2017 (the **Past Financial Statements**) should not be relied upon. The Issuer also announced that it did not expect to file the Required Records or amended versions of the Past Financial Statements until 9 August 2019.
- (k) By 16 July 2019, the Issuer had failed to file the Required Records and, as a result, the Executive Director ordered that the MCTO be revoked and issued the FFCTO ordering that all trading and purchasing of the Issuer's securities cease, excluding any beneficial securityholder of the Issuer who was not, at the date of the FFCTO, an insider or control person of the Issuer, provided:
  - (i) the sale is made through a "foreign organized regulated market", as defined in Section 1.1 of the *Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada*; and
  - (ii) the sale is made through an investment dealer registered in a jurisdiction of Canada in accordance with applicable securities legislation.
- (l) On 16 September 2019, the Issuer was granted a partial revocation of the FFCTO which allowed the Issuer to raise an aggregate of US\$285,566 to facilitate the preparation and filing of the Required Records, Other Disclosure and Past Financial Statements (collectively, the **Outstanding Disclosure Documents**).
- (m) By 30 October 2019, the Issuer had filed the Outstanding Disclosure Documents.
- (n) The Issuer now seeks a partial revocation of the FFCTO in order to raise funds to allow the Issuer to prepare and file (i) the annual audited financial statements, (ii) annual management's discussion and analysis, and (iii) accompanying certifications for the year ended 29 February 2020 (collectively, the **2020 Annual Disclosure Documents**) as well as to help pay certain professional fees relating to the Principal Regulator's review of the Outstanding Disclosure Documents and 2020 Annual Disclosure Documents, with a view to obtaining a full revocation of the FFCTO following their respective filing.

- (o) The Issuer proposes to borrow up to \$100,000 from an officer of the Issuer resident in the Province of British Columbia, which funds are to be advanced on an unsecured basis pursuant to a non-convertible promissory note (the **Note**).
- (p) The Issuer proposes to rely on the exemption under Section 2.24 (Employee, executive officer, director and consultant) of National Instrument 45-106 – *Prospectus Exemptions* for the issuance of the Note.
- (q) Specifically, the proceeds of the Note will be used as follows:
  - (i) Legal fees: \$35,000
  - (ii) Accounting and audit fees: \$50,000
  - (iii) Engineering fees: \$15,000
  - Total: \$100,000
- (r) The Issuer believes that the proceeds from the Note will be sufficient to file the 2020 Annual Disclosure Documents and pay all related legal, accounting, auditor, and engineering fees related thereto in addition to those fees related to the Principal Regulator’s ongoing review of the Issuer’s continuous disclosure filings.
- (s) Before completing the issuance of the Note, the Issuer will:
  - (i) obtain, and provide upon request to the Principal Regulator, a signed and dated acknowledgement from the officer subscribing for the Note which clearly states that the securities of the Issuer acquired will remain subject to the FFCTO until a full revocation order is granted, the issuance of which is not certain, and
  - (ii) provide the officer a copy of the FFCTO and a copy of the partial revocation order.
- (t) The Issuer intends to apply for a full revocation of the FFCTO immediately following the filing of the 2020 Annual Disclosure Documents.

**Order**

- 5. 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.

6. The decision of the Principal Regulator under the Legislation is that the FFCTO is partially revoked.

*“original signed by”*

---

Timothy Robson  
Manager, Legal  
Corporate Finance  
Alberta Securities Commission