

ALBERTA SECURITIES COMMISSION

Citation: Re Atacama Resources International Inc., 2024 ABASC 183 Docket: ENF-013121
Date: 20241128

SETTLEMENT AGREEMENT AND UNDERTAKING

Atacama Resources International Inc. and Glenn Brian Grant

Regulatory Message

A cease trade order (**CTO**) may be issued by the Executive Director of the Alberta Securities Commission (**ASC** or **Commission**) under section 33.1 of the *Securities Act*, RSA 2000, c. S-4, as amended (the *Act*), where filing requirements under Alberta securities laws have not been met. CTOs are an important tool used by the ASC in such circumstances to prevent harm to the investing public that might otherwise arise when securities are traded without the required continuous disclosure necessary for investors to make an informed decision as whether to buy, sell or hold the securities.

Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets (MI 51-105)* is a rule of the ASC. MI 51-105 deems an OTC issuer to be a reporting issuer (**OTC reporting issuer**) in Alberta, if

- (a) the issuer's business is directed or administered in or from Alberta, promotional activities are carried on in or from Alberta or the issuer has distributed securities to a person or company resident in Alberta before the issuer was assigned a ticker symbol; and
- (b) the issuer has a class of securities quoted on any of the over-the-counter markets in the U.S., but is not listed on a Canadian or U.S. exchange specified in MI 51-105.

OTC reporting issuers are required to comply with the continuous disclosure and corporate governance requirements applicable to reporting issuers that are venture issuers but must also file an annual information form and each of their directors, officers, promoters and control persons must file personal information forms. The ASC will take enforcement action where it determines a breach of MI 51-105 has occurred.

Agreed Facts

1. Staff conducted an investigation into Atacama Resources International Inc. (**Atacama**) and Glenn Brian Grant (**Grant**) to determine if Alberta securities laws had been breached.
2. The investigation confirmed, and Atacama and Grant admit, that they failed to comply with a CTO issued by the ASC, contrary to section 93.1 of the *Securities Act*, RSA 2000, c S-4 (the *Act*).

3. Solely for securities regulatory purposes in Alberta and Canada and as the basis for the settlement and undertakings referred to in paragraphs 27 and 28 and for no other use or purpose, Atacama and Grant agree to the facts and consequences set out in this Settlement Agreement and Undertaking (**Agreement**).
4. Terms used in this Agreement have the same meaning as provided in Alberta securities laws, a defined term in the *Act*.

Parties

5. Atacama is a company that was registered in Florida, United States of America (**U.S.**) under a predecessor name in approximately January 2015. It purports to carry on business as a company focused on mining claims in the Kirkland Lake area of Ontario. Its shares of common stock traded on the Over-the-Counter Market (**OTC Market**) in the U.S. since approximately February 2016.
6. Atacama became a reporting issuer under the *Act* pursuant to Multilateral Instrument 51-105, *Issuers Quoted in the U.S. Over-the-Counter Markets (MI 51-105)* in approximately February 2016, and continued to be a reporting issuer between approximately August 2022 and June 2024 (the **Relevant Period**). Section 3(a) of MI 51-105 provides that an OTC Market issuer is a reporting issuer under (Alberta) securities legislation if, on or after July 31, 2012, its business has been directed or administered in or from the local jurisdiction, here in Alberta.
7. Grant is a resident of Killam, Alberta. However, between September 2021 and June 2023, Grant worked remotely in Clearwater, British Columbia for a company through which he provided consulting services to the oil and gas industry. Grant was a director and officer (chairman and chief executive officer) of Atacama during the Relevant Period and resigned as an officer and director in August 2024.
8. Grant's son, Brian Grant, a resident of Fort McMurray, Alberta, was also a director of Atacama from January 2023 until February 2024.

Circumstances

9. Atacama failed to file periodic disclosure pursuant to section 146 of the *Act*, specifically, certain annual audited financial statements, annual management's discussion and analysis, annual certification form and certification of annual filings, and certain interim unaudited financial statements, interim management discussion and analysis and certification of interim filings for the interim period (the **Relevant Disclosure**).
10. On July 27, 2018, the Director, Corporate Finance, of the Commission, acting under delegated authority of the Executive Director of the Commission, issued a cease trade order under section 33.1 of the *Act* (see *Re Atacama Resources International Inc.*, 2018 ABASC 120 (the **2018 CTO**)), that ordered trading or purchasing cease in respect of each security of Atacama until the order has been revoked or varied.
11. The 2018 CTO was a decision of the Executive Director made under Alberta securities laws.

12. The 2018 CTO was neither revoked by the Executive Director nor stayed or rejected after an appeal to the Commission.
13. On July 6, 2021, the Director, Corporate Finance, acting under delegated authority of the Executive Director, issued an order varying the 2018 CTO under section 214(1.1) of the *Act* (see *Re Atacama Resources International Inc.*, 2021 ABASC 97 (the **Variation**)), and otherwise confirming that trading or purchasing cease in respect of each security of Atacama until the CTO has been revoked or varied.
14. The Variation was a decision of the Executive Director made under Alberta securities laws.
15. The Variation was neither revoked by the Executive Director nor stayed or rejected after an appeal to the Commission.
16. During the Relevant Period, and in breach of the 2018 CTO, Atacama issued securities as follows:
 - 16.1 122 shares of Atacama series B preferred stock to U.S. residents;
 - 16.2 78,083,759 shares of Atacama common stock to Canadian residents, including Grant, and U.S. residents, some of which have since been cancelled by Atacama; and
 - 16.3 21 promissory notes to a Canadian and U.S. residents.
17. The securities that Atacama issued during the Relevant Period were trades (the **Relevant Trades**) within the meaning of section 1(jjj) of the *Act*.
18. The Relevant Trades breached the 2018 CTO and therefore contravened Alberta securities laws.
19. Grant authorized, permitted or acquiesced in the Relevant Trades by Atacama during the Relevant Period.
20. During the Relevant Period, and in breach of the 2018 CTO, Grant also committed acts in furtherance of the Relevant Trades, including but not limited to:
 - 20.1 convening board of directors' meetings concerning the approval of the trades;
 - 20.2 negotiating the terms and conditions of the trades;
 - 20.3 voting in favour of executing the trades; and
 - 20.4 certifying the authenticity of the resolutions of the board of directors approving the execution of the trades for Atacama's transfer agent.

Admitted Breach of Alberta Securities Laws (Admitted Breach)

21. Based on the Agreed Facts, Atacama and Grant admit they failed to comply with the 2018 CTO issued by ASC, contrary to section 93.1 of the *Act*.

Circumstances Relevant to Settlement

22. Atacama is a U.S.-based company with no mining operations in Alberta. The jurisdiction of the ASC arises by virtue of Grant administering and directing Atacama in or from Alberta under MI 51-105.
23. The contraventions resulted in investor losses from unpaid promissory notes and a decrease in share price.
24. Common shares issued to persons closely related to Atacama have been cancelled.
25. The Relevant Disclosure was never filed with the Commission on SEDAR+, as required by Alberta securities laws, including section 146 of the *Act* and National Instrument 51-102.
26. This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

Settlement and Undertakings

27. Based on the Agreed Facts and Admitted Breach, Atacama and Grant agree and undertake to the Executive Director of the Commission to pay to the ASC a monetary settlement of \$30,000 on a joint and several basis.
28. Based on the Agreed Facts and Admitted Breach, Grant agrees and undertakes to the Executive Director of the Commission to:
 - 28.1 immediately resign all positions he may have as a director or officer of any reporting issuer;
 - 28.2 be prohibited from acting as a director or officer, or both, of any reporting issuer for a period of five years from the date of this Agreement; and
 - 28.3 successfully complete training in best practices for public company governance and disclosure, as approved by the Executive Director of the ASC in writing upon satisfactory completion.

Administration

29. Atacama and Grant acknowledge that they received independent legal advice and have voluntarily made the admissions and undertakings in this Agreement.
30. Atacama and Grant waive any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.
31. Atacama and Grant acknowledge and agree that the ASC may enforce this Agreement in the Court of King's Bench or in any other court of competent jurisdiction.

- 32. Atacama and Grant understand and acknowledge that this Agreement may form the basis for securities-related orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow for provisions of a settlement agreement made in this matter to be given parallel effect in those other jurisdictions automatically, without further notice to them. Atacama and Grant understand and acknowledge that they should contact the securities regulator of any other jurisdiction in which they may intend to engage in any securities-related activities.
- 33. Execution and fulfillment of the terms of this Agreement by Atacama and Grant resolves all issues involving Atacama and Grant, its officers and directors relating to the conduct described above, and Staff will take no further steps against them arising from these facts.
- 34. This Agreement may be executed in counterpart.

Signed by the duly authorized signatory of) Atacama Resources International Inc.
 Atacama Resources International Inc. at)
 Calgary, Alberta, this 19th day of)
 November 2024, in the presence of:)
)
WITNESS NAME)
 WITNESS NAME)
)
“Original Signed By”) Per: “Original Signed By”
 SIGNATURE)

Signed by Glenn Brian Grant at Calgary,)
 Alberta, this 19th day of November 2024,)
 in the presence of:)
)
WITNESS NAME)
 WITNESS NAME)
)
“Original Signed By”) “Original Signed By”
 SIGNATURE) Glenn Brian Grant

) ALBERTA SECURITIES COMMISSION
)

Calgary, Alberta, 28th November, 2024)
) “Original Signed By”
) Samir Sabharwal
) Executive Director