

# ALBERTA SECURITIES COMMISSION

## PARTIAL REVOCATION ORDER Under the securities legislation of Alberta (the Legislation)

Citation: Re CMX Gold & Silver Corp., 2021 ABASC 92

Date: 20210615

### CMX Gold & Silver Corp.

#### Background

1. CMX Gold & Silver Corp. (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 22 June 2020.
2. The Issuer has applied to the Principal Regulator for a partial revocation of the FFCTO.

#### Interpretation

3. Terms defined in National Instrument 14-101 *Definitions*, National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* or National Instrument 45-106 *Prospectus Exemptions* have the same meaning if used in this order, unless otherwise defined.

#### Representations

4. This order is based on the following facts represented by the Issuer:
  - (a) The Issuer is a corporation existing under the laws of Alberta.
  - (b) The Issuer's head office is located in Alberta.
  - (c) The Issuer is a reporting issuer in each of British Columbia, Alberta, Saskatchewan and Ontario. The Private Placement (as defined below) will take place entirely in Alberta.
  - (d) The Issuer's common shares (**Common Shares**) are listed for trading on the Canadian Securities Exchange (**CSE**). However, trading of the Common Shares is currently halted on the CSE as a result of the FFCTO.
  - (e) The FFCTO was issued in response to the failure of the Issuer to file its annual audited financial statements, annual management's discussion and analysis and certification of annual filings for the year ended 31 December 2019.
  - (f) The Issuer is seeking a partial revocation of the FFCTO for the purpose of completing a private placement (the **Private Placement**) of up to 7,000,000 units (each a **Unit**) at an issue price of \$0.05 per Unit, with each Unit comprised of one Common Share and one Common Share purchase warrant, as follows:

- (i) \$10,000 of debt converted into Units, with such Units distributed to the debtholder pursuant to the accredited investor prospectus exemption provided under section 2.3 of NI 45-106 (the **AI Exemption**);
  - (ii) \$10,000 of debt converted into Units, with such Units distributed to the debtholder pursuant to the AI Exemption;
  - (iii) \$5,000 of debt converted into Units, with such Units distributed to the debtholder pursuant to the AI Exemption;
  - (iv) \$60,000 of debt converted into Units, with such Units distributed to the debtholder, a corporation controlled by a family member of the Issuer's Chief Executive Officer (**CEO**), pursuant to the family, friends and business associates prospectus exemption provided under section 2.5 of NI 45-106 (the **FFBA Exemption**);
  - (v) \$25,000 of debt converted into Units, with such Units distributed to the debtholder, a family member of the CEO, pursuant to the FFBA Exemption;
  - (vi) \$20,000 of debt converted into Units, with such Units distributed to the debtholder, a family member of the CEO, pursuant to the FFBA Exemption;
  - (vii) \$20,000 of debt converted into Units, with such Units distributed to the debtholder, a director of the Issuer, pursuant to the FFBA Exemption;
  - (viii) a further distribution of 4,000,000 Units for cash proceeds of \$200,000 (the **Cash Proceeds**), to 9 accredited investors pursuant to the AI Exemption, 2 directors of the Issuer pursuant to the FFBA Exemption, 1 family member of a director of the Issuer pursuant to the FFBA Exemption, 2 family members of the CEO pursuant to the FFBA Exemption, 2 close personal friends of the CEO pursuant to the FFBA Exemption and 1 close personal friend of a director of the Issuer pursuant to the FFBA Exemption.
- (g) The purpose of the Private Placement is to enable the Issuer to recapitalize and raise sufficient funds to prepare and file all outstanding continuous disclosure, pay fees for an application for a full revocation of the FFCTO, pay fees owed to the CSE and the Issuer's transfer agent and allocate sufficient working capital to satisfy CSE requirements for a resumption of trading of the Common Shares.
- (h) The Issuer intends to allocate the Cash Proceeds as follows:

<b>Use of Funds</b>	<b>Amount</b>
Audit and accounting fees	\$98,000
Filing, application fees and penalties	\$25,000
CSE and transfer agent fees	\$17,000
Working capital	\$50,000
General administrative expenses	\$10,000
<b>Total</b>	<b>\$200,000</b>

- (i) As the Private Placement would involve trades of securities, the Private Placement cannot be completed without a partial revocation of the FFCTO.
- (j) The Issuer reasonably expects that the Cash Proceeds will be sufficient to bring its continuous disclosure up-to-date and pay all related fees. The Issuer intends to apply for a full revocation of the FFCTO.

**Order**

- 5. The Principal Regulator is satisfied that a partial revocation 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 as it applies to the Issuer solely to permit the Private Placement, provided both of the following:
  - (a) prior to completion of the Private Placement, the Issuer will
    - (i) provide each investor participating in the Private Placement with a copy of the FFCTO,
    - (ii) provide each investor participating in the Private Placement with a copy of this Partial Revocation Order, and
    - (iii) obtain a signed and dated acknowledgement from each investor participating in the Private Placement, which clearly states that the securities of the Issuer acquired by the investor will remain subject to the FFCTO, and that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future;
  - (b) the Private Placement is carried out substantially in the manner set out in representation (f) above.

15 June 2021

*“original signed by”*

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Tom Graham, CPA  
Director, Corporate Finance  
Alberta Securities Commission