

ALBERTA SECURITIES COMMISSION

VARIATION ORDER

Citation: Re Sherbrook SBK Sport Corp., 2021 ABASC 104

Date: 20210707

Sherbrook SBK Sport Corp.

Background

1. Sherbrook SBK Sport Corp. (the **Filer**) has made an application under section 214 of the *Securities Act* (Alberta) (the **Act**) to the Executive Director of the Alberta Securities Commission (**ASC**) for an order varying a cease trade order dated 8 August 2012 *Re Sherbrook SBK Sport Corp.*, 2012 ABASC 349 (the **CTO**).

Interpretation

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

Representations

3. This order is based on the following facts represented by the Filer:
 - (a) The Filer is a corporation existing under the *Canada Business Corporations Act*.
 - (b) The head office of the Filer is located in Sherbrooke, Quebec.
 - (c) The authorized capital of the Filer consists of an unlimited number of common shares (**Common Shares**) of which 45,828,942 Common Shares are issued and outstanding.
 - (d) The Filer is a reporting issuer under the securities legislation of the provinces of British Columbia and Alberta and is not a reporting issuer or equivalent under the securities legislation of any other jurisdiction in Canada.
 - (e) No securities of the Filer are traded in Canada or any other country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.
 - (f) On August 8, 2012, the ASC issued the CTO in response to the Filer's failure to file its annual audited financial statements, annual management's discussion and analysis and the related certification for its financial year ended December 31, 2011, and its interim unaudited financial statements, interim management's discussion and analysis and the related certification for its interim period ended March 31, 2012. The foregoing filings (the **Unfiled Documents**) are required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**).

- (g) The Unfiled Documents were not filed in a timely manner as a result of financial difficulties. Subsequent to the failure to file the Unfiled Documents, the Filer also failed to file the following documents:
- (i) annual audited financial statements for the years ended December 31, 2012, December 31, 2013, December 31, 2014, December 31, 2015, December 31, 2016, December 31, 2017, December 31, 2018 and December 31, 2019;
 - (ii) interim unaudited financial statements for the interim periods ended June 30, 2012, September 30, 2012, March 31, 2013, June 30, 2013, September 30, 2013, March 31, 2014, June 30, 2014, September 30, 2014, March 31, 2015, June 30, 2015, September 30, 2015, March 31, 2016, June 30, 2016, September 30, 2016, March 31, 2017, June 30, 2017, September 30, 2017, March 31, 2018, June 30, 2018, September 30, 2018, March 31, 2019, June 30, 2019, September 30, 2019, March 31, 2020, June 30, 2020 and September 30, 2020;
 - (iii) MD&A relating to the financial statements referred to in paragraphs (a) and (b) above; and
 - (iv) certificates required to be filed in respect of the financial statements referred to in paragraphs (a) and (b) above under NI 52-109.

(together with the Unfiled Documents, the **Unfiled Continuous Disclosure**).

- (h) Other than the failure to file the Unfiled Continuous Disclosure, the Filer is not in default of any of the requirements of the Act or the rules and regulations made pursuant thereto.
- (i) The Filer is also subject to cease trade order of the British Columbia Securities Commission (**BCSC**) dated May 9, 2012 (**BC CTO**).
- (j) Other than the Cease Trade Order and the BC CTO, the Filer is not subject to any other cease trade order.
- (k) The Filer seeks to complete a private placement of an amount of up to a maximum of \$85,000 by way of the issuance of 1,700,000 convertible debentures at a price of \$0.05 (the **Private Placement**), solely in order to enable it to bring itself into compliance with its continuous disclosure obligations.
- (l) The Private Placement will take place in the provinces of Alberta and British Columbia and possibly other jurisdictions in Canada. The Filer will comply with one or more of the “accredited investor” prospectus exemption set forth under section 2.3 of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) and the family, friends, and business associated prospectus exemption set forth under section 2.5 of NI 45-106.

- (m) To the Filer's knowledge, none of the potential subscribers under the Private Placement (each a **Potential Investor**) are insiders or related parties of the Filer.
- (n) The Filer intends to allocate the proceeds from the Private Placement (the **Proceeds**) as follows:

Legal Fees	\$10,000 - \$15,000
Audit Fees	\$20,000 - \$30,000
Late Filing and Participation Fees	\$12,000 - \$20,000
Accounting Fees	\$5,000 - \$10,000
Registrar and Transfer Agent Fees	\$5,000 - \$10,000
Total	\$52,000 - \$85,000

- (o) After the completion of the Private Placement, the Filer intends to apply to the Commission and the BCSC to have the Cease Trade Order and BC CTO fully revoked, which process will include bringing its continuous disclosure record up to date and paying all outstanding fees. The Filer reasonably believes that the Proceeds will be sufficient to enable the Filer to make such applications.
- (p) The Filer will use the Proceeds first to pay for the costs associated with bringing its continuous disclosure record up to date.
- (q) As the Private Placement would involve a trade of securities and acts in furtherance of trades, it cannot be completed without a partial revocation of the Cease Trade Order.
- (r) The Filer is not considering, nor is it involved in any discussion relating to, a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.
- (s) Each Potential Investor will, in advance of subscribing for Common Shares under the Private Placement:
 - (i) receive copies of the Cease Trade Order and BC CTO;
 - (ii) receive copies of this order and the other order partially revoking the BC CTO (the **Other Order**);
 - (iii) receive a written notice from the Filer, and will provide a written acknowledgment to the Filer, that the granting of this order and the Other Order does not guarantee the issuance of any full revocation orders in the future and that all of the Filer's securities will remain subject to the Cease Trade Order and the BC CTO until such are revoked.
- (t) Upon issuance of this order, the Filer will issue a press release announcing this order and the intention to complete the Private Placement and file a material change

report. Upon completion of the Private Placement, the Filer will issue a press release. As other material events transpire, the Filer will issue appropriate press releases and file material change reports as applicable.

Decision

4. The undersigned, considering that it would not be prejudicial to the public interest to do so, orders under subsection 214(1.1) of the Act that the CTO is varied to permit trades and acts in furtherance of trades that are necessary for and are in connection with the Private Placement and all other acts in furtherance of the Private Placement that may be considered to fall within the definition of “trade” within the meaning of the Act, provided that prior to completion of the Private Placement, each subscriber will receive:

- (a) a copy of the Cease Trade Order and BC CTO;
- (b) a copy of this order and the Other Order; and
- (c) a written notice from the Filer,

and will provide a written acknowledgment to the Filer that the granting of this order and the Other Order does not guarantee the issuance of any full revocation orders in the future and that all of the Filer’s securities will remain subject to the Cease Trade Order and the BC CTO until such are revoked.

07 July 2021

“original signed by”

Timothy Robson
Manager, Legal
Corporate Finance
Alberta Securities Commission