

**In the Matter of
*The Securities Act, 1988***

and

**In the Matter of
SHEC Energy Corporation
James Thomas Beck
and
Terrence Michael Stott**

Agreed Statement of Facts

SHEC Energy Corporation and James Thomas Beck hereby admit the following facts

1. The Respondent, SHEC Energy Corporation (SHEC) is a business corporation incorporated pursuant to the laws of Saskatchewan since on or about December 12, 1996 with a registered office located in [REDACTED], Saskatchewan.
2. The Respondent, James Thomas Beck (Beck), is an individual resident in [REDACTED] Saskatchewan.
3. The Respondent, Terrence Michael Stott (Stott), is an individual resident in [REDACTED], Saskatchewan. During the relevant time, Stott was employed by SHEC, and held himself out at SHEC's Vice President, or Senior Vice President of Corporate Development. Stott had signing authority on SHEC's bank accounts.

Contraventions of section 58 of *The Securities Act, 1988* (the Act) and section 6.1 of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106)

4. From on or about March 9, 2009 to on or about December 31, 2009, the Respondents traded, and SHEC issued, approximately 39,433 Shares as well as approximately 137,500 Options/Shares (referred to as the 2009 Distribution). The Respondents raised approximately \$138,017.50 through trades in the Shares, plus an unknown quantum of value received for the Options/Shares, through the 2009 Distribution;
5. From on or about December 31, 2009 to on or about December 15, 2010, the Respondents traded, and SHEC issued, approximately 28,304 Shares as well as approximately 309,685 Options/Shares (referred to as the 2010 Distribution). The Respondents raised approximately \$99,059.00 through trades in the Shares, plus an unknown quantum of value received for the Options/Shares, through the 2010 Distribution;

6. From on or about January 17, 2011 to on or about November 15, 2011, the Respondents traded, and SHEC issued, approximately 113,204 Shares as well as approximately 80,000 Options/Shares (referred to as the 2011 Distribution). The Respondents raised approximately \$378,216.50 through trades in the Shares, plus an unknown quantum of value received for the Options/Shares, through the 2011 Distribution;
7. From on or about December 31, 2011 to on or about April 13, 2012, the Respondents traded, and SHEC issued, approximately 27,037 Shares as well as approximately 162,570 Options/Shares (referred to as the 2011-2012 Distribution). The Respondents raised approximately \$89,578 through trades in the Shares, plus an unknown quantum of value received for the Options/Shares, through the 2011-2012 Distribution;
8. From on or about April 13, 2012 to on or about December 31, 2012, the Respondents traded, and SHEC issued, approximately 96,203 Shares as well as approximately 51,029 Options/Shares (referred to as the 2012 Distribution). The Respondents raised approximately \$303,065.24 through trades in the Shares, plus an unknown quantum of value received for the Options/Shares, through the 2012 Distribution;
9. From on or about February 15, 2013 to on or about April 12, 2013, the Respondents traded, and SHEC issued, approximately 20,550 Shares as well as approximately 20,000 Options/Shares (referred to as the 2013 Distribution). The Respondents raised approximately \$53,120.75 through trades in the Shares, plus an unknown quantum of value received for the Options/Shares, through the 2013 Distribution; and
10. From on or about April 26, 2013 to on or about January 3, 2015 the Respondents traded, and SHEC issued, approximately 167,393 Shares as well as approximately 93,214 Options/Shares (referred to as the 2013-2015 Distribution). The Respondents raised approximately \$443,079.00 through trades in the shares, plus an unknown quantum of value received for the Options/Shares, through the 2013-2015 Distribution; (the 2009 Distribution, the 2010 Distribution, the 2011 Distribution, the 2011-2012 Distribution, the 2012 Distribution, the 2013 Distribution, and the 2013-2015 Distribution are collectively referred to as the Distributions).

Failure to File

11. One Form 45-106F - *Report of Exempt Distribution* (SHEC's Filing) was filed with the Financial and Consumer Affairs Authority of Saskatchewan (the Authority) by SHEC, certified by Beck, with respect to all of the Distributions. SHEC's Filing was filed with the Authority in or around February 2015, updated in or around April 2015, and the fees necessary to complete SHEC's Filing were paid in or around April 2015.
12. In completing SHEC's Filing in or around April 2015, SHEC and Beck failed to file SHEC's report of exempt distribution within 10 days after each of the seven Distributions, as required by section 6.1 of NI 45-106.

Misuse of Exemptions

13. In SHEC's Filing, SHEC stated and Beck certified that the distributions of the Shares and the Options/Shares were exempt from the prospectus requirement under the Act for the following reasons:
 - (a) Pursuant to the "accredited investor" exemption contained in section 2.3 of NI 45-106. SHEC's Filing claimed this exemption for 23 distributions to 16 investors (the AI Investors). Collectively, the AI Investors were issued a total of approximately 215,548 Shares in exchange for a total of approximately \$668,919.50;
 - (b) Pursuant to the "employee, executive officer, director or consultant" exemption contained in section 2.24 of NI 45-106. SHEC's Filing claimed this exemption for 44 distributions made to 13 investors (the Employee Investors). Collectively, three of the Employee Investors were issued a total of approximately 62,320 Shares in exchange for a total of approximately \$208,048.44, and 11 of the Employee Investors were issued a total of approximately 853,998 Options/Shares in exchange for some unknown quantum of value received;
 - (c) Pursuant to the "rights offering" provisions of section 2.1 of NI 45-106. SHEC's Filing claimed this exemption for four distributions to four investors (the RO Investors). Collectively the RO Investors were issued a total of approximately 30,500 Shares in exchange for a total of approximately \$61,000;
 - (d) Pursuant to the "securities for debt" provision of section 2.14 of NI 45-106. SHEC's Filing claimed this exemption for one distribution to one investor (the SFD Investor). The SFD Investor was issued approximately 20,000 Shares in exchange for approximately \$16,853.05; and
 - (e) Pursuant to a purported "Private Issuer – Security Holder" exemption. SHEC's Filing claimed this purported exemption for 63 distributions to 34 investors (the PI Investors). The PI Investors were issued a total of approximately 178,938 Shares in exchange for approximately \$549,315.00.
14. Not all of the exemptions as claimed by SHEC in SHEC's Filing were available for or applicable to the distributions made by SHEC to the AI Investors, the Employee Investors, the RO Investors, the SFD Investor and/or the PI Investors.
15. No other exemptions from the prospectus requirements were claimed for the distributions to the AI Investors, the Employee Investors, the RO Investors, the SFD Investor or the PI Investors, other than those listed in SHEC's Filing, and outlined above.
16. No other report of exempt distribution was filed by SHEC or Beck claiming any other exemptions for the distributions to any of the AI Investors, the Employee Investors, the RO Investors, the SFD Investor or the PI Investors.

Illegal Distributions


- 17. None of the Respondents filed a preliminary prospectus or a prospectus with the Authority in relation to any of the Distributions and no receipts have been issued by the Director, Securities Division, the Authority (the Director).
- 18. Insofar as SHEC and Beck are unable to demonstrate the availability of any exemptions from the prospectus requirement in relation to the distributions to the AI Investors, the Employee Investors, the RO Investors, the SFD Investor and/or the PI Investors, in making the distributions to said investors, SHEC and Beck have contravened subsection 58(1) of the Act.

SHEC Energy Corporation has executed this Agreed Statement of Facts at Regina, Saskatchewan on this 6th day of December, 2016.

SIGNED in the presence of:


 _____)
)
)
)

Paul A. Robson


 _____)
)
)
)


James Thomas Beck

James Thomas Beck has executed this Agreed Statement of Facts at Regina, Saskatchewan, this 6th day of December, 2016.

SIGNED in the presence of:


 _____)
)
)
)

Paul A. Robson


 _____)
)
)
)

James Thomas Beck