ALBERTA SECURITIES COMMISSION

File No.: ENF-013608
Citation: Re Smith, 2026 ABASC 107 **Date: 20260731**

SETTLEMENT AGREEMENT AND UNDERTAKING

Colton Kenneth Smith

Regulatory Message

A cornerstone of securities regulation is ensuring that all investors have equal access to material information needed to make informed investment decisions. Alberta securities laws prohibit insider trading because investors who trade while in possession of material, non-public information have an unfair advantage over other market participants, undermining market integrity and investor confidence.

Illegal insider trading occurs when a person in a special relationship with an issuer purchases or sells securities of that issuer while in possession of material, non-public information that has not been generally disclosed. A person may be in a special relationship with an issuer not only because of their own connection to the issuer, but also because they receive material, non-public information from someone they know, or reasonably ought to know, is in a special relationship with the issuer, including an employee of the issuer. This can happen in everyday situations, including conversations with friends, family members or acquaintances. Individuals who receive such information, whether intentionally or not, must not trade in the issuer's securities until the information has been generally disclosed.

The obligation not to trade on material, non-public information extends beyond corporate insiders. Those who receive confidential information through a special relationship with an issuer are subject to the same prohibition against trading on that information before it becomes public. It does not matter that the information came from a friend or through a casual conversation rather than a formal business setting.

Insider trading is a strict liability offence; a person cannot avoid liability by claiming that they did not intend to break the law. Alberta securities laws prohibit trading while in possession of material, non-public information obtained through a special relationship with an issuer, regardless of the trader's motivation or intent.

Agreed Facts

Introduction

1. Staff of the Alberta Securities Commission (**Staff** and **Commission**, respectively) conducted an investigation into Colton Kenneth Smith (**Smith**) to determine if Alberta securities laws had been breached.

2. The investigation confirmed, and Smith admits, that he breached the section of the *Securities Act*, RSA 2000, c S-4, as amended (***Act***), referred to in this Settlement Agreement and Undertaking (**Agreement**).

3. Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertakings referred to in paragraph 29 and for no other use or purpose, Smith agrees to the facts and consequences set out in this 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. Smith resides in Calgary, Alberta.

6. From September 2020 until November 2023, Smith worked at i3 Energy Canada Ltd. (**i3 Canada**) as an engineer-in-training.

7. i3 Canada was a subsidiary of i3 Energy plc (**i3**), a reporting issuer in Alberta listed on the Toronto Stock Exchange (**TSX**) and the AIM market of the London Stock Exchange.

8. While at i3 Canada, Smith worked on a small team of engineers that included Russell Ingram (**Ingram**). Ingram worked at i3 Canada from September 2020 to October 2024.

9. Smith and Ingram were friends. They remained in contact with each other after Smith departed i3 Canada and continued to meet socially on occasion during the work week.

Transaction

10. In late 2023, i3's board resolved to allow management to explore strategic alternatives for the company. i3 engaged a financial advisory firm.

11. In January 2024, i3 received an unsolicited offer from Gran Tierra Energy Inc. (**Gran Tierra**) to acquire i3. This offer was followed by indications of interest from three Alberta companies.

12. In April 2024, i3's board resolved to engage in a formal process involving all four companies. On May 1, 2024, i3's financial advisory firm reached out to each potential counterparty to discuss a possible business combination with i3.

13. By the end of May, all four companies had signed confidentiality agreements. On June 5, 2024, they were given access to a virtual data room and due diligence began.

14. Management presentations began in late June and i3 received multiple bids in late July. The negotiations continued into August.

15. Ultimately, i3's board resolved to proceed with Gran Tierra's final offer on August 19, 2024. The agreement was announced to the public later that day after markets closed (the **Announcement**).

16. The Announcement stated that Gran Tierra and i3 had agreed to the terms of a recommended and final cash and share offer by Gran Tierra for the entire issued and to be issued share capital of i3. Under the terms of the acquisition, i3 shareholders would receive a combination of cash and Gran Tierra shares and a cash dividend. The acquisition implied a value of 13.92 pence per i3 share, an approximately 49 per cent premium on the recent volume-weighted average price of i3 shares.

17. On August 20, 2024, i3 shares closed at $0.21 on the TSX, up 24 per cent from their closing price the day before.

Insider Trading

18. Staff's investigation showed that on May 30, 2024, Ingram was informed of i3's sale process. He was tasked with compiling information on i3's assets for use during due diligence. Ingram learned details about the process during his work.

19. Between May 30, 2024 and August 14, 2024, Smith met with Ingram in person on four occasions. During their meetings, Ingram discussed with Smith material facts with respect to i3's sale process that had not been generally disclosed (material, non-public information, or **MNPI**).

20. Between June 20, 2024 and August 19, 2024 (the **Relevant Period**), Smith purchased i3 shares on 12 occasions, buying a total of 590,500 i3 shares at a total cost of $97,915.

21. Smith had been a shareholder of i3 for several years prior to the Relevant Period. Smith's purchases during the Relevant Period (the **Relevant Purchases**) added to a substantial pre-existing position in i3.

22. At the time of the Relevant Purchases, Smith knew MNPI with respect to i3's sale process disclosed to him by Ingram.

23. At the time of the Relevant Purchases, Smith was in a special relationship with i3 because he had learned MNPI with respect to i3 from Ingram, a person he knew was employed by i3 Canada, a subsidiary of i3.

24. Smith did not sell his i3 shares after the Announcement. The potential profit on the Relevant Purchases, had Smith sold those shares shortly after the Announcement, was approximately $29,633 (a 30 per cent average gain on the Relevant Purchases). This gain went unrealized because Smith retained his i3 shares.

25. Smith received cash and Gran Tierra shares in exchange for his i3 shares in November 2024 when the acquisition closed.

Admitted Breaches of Alberta Securities Laws (**Admitted Breaches**)

26. Based on the Agreed Facts, Smith admits he breached section 147(3) of the *Act* by purchasing i3 shares while in a special relationship with i3 and with knowledge of a material fact or material change with respect to i3 that had not been generally disclosed.

Circumstances Relevant to Settlement

27. Smith has not been previously sanctioned by the Commission and cooperated with Staff's investigation.

28. This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

Settlement and Undertakings

29. Based on the Agreed Facts and Admitted Breaches, Smith agrees and undertakes to the Executive Director of the Commission to:

    29.1 Pay to the Commission a monetary settlement amount of $65,000, inclusive of costs; and

    29.2 Not purchase or trade in securities or derivatives for a period of 5 years, except that this Agreement does not preclude Smith from trading in or purchasing securities or derivatives where those trades or purchases are made:

        29.2.1 In a full-service brokerage account with a registered dealer in Canada, in respect of which Smith has legal and beneficial ownership, pursuant to trade or purchase orders solicited by the broker after Smith has given a copy of this Agreement to the broker; or

        29.2.2 In securities or derivatives of an issuer that is Smith's employer, including any trades or purchases in public or private markets, provided that Smith has given a copy of this Agreement to his employer, and provided that such trades or purchases are made through a registrant with a copy of this Agreement and with written pre-approval from Smith's employer for each trade or purchase which is first provided to the registrant; and

        29.2.3 For greater certainty, trades in securities or derivatives of an issuer acquired pursuant to paragraph 29.2.2 are subject to the exception in paragraph 29.2.1 once Smith ceases to be employed by the issuer.

Administration

30. Smith acknowledges that he received independent legal advice and has voluntarily made the admissions and undertakings in this Agreement.

31. Smith waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.

32. Smith acknowledges and agrees that the Commission may enforce this Agreement in the Court of King's Bench or in any other court of competent jurisdiction.

33. Smith understands and acknowledges 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 him. Smith understands and acknowledges that he should contact the securities regulator of any other jurisdiction in which he may intend to engage in any securities-related activities.

34. Execution and fulfillment of the terms of this Agreement by Smith resolves all issues involving Smith relating to the conduct described above, and Staff will take no further steps against him arising from these facts.

35. Notwithstanding paragraph 34, Smith understands and acknowledges that the Commission has entered into this Agreement in reliance on statements made by Smith. The Commission reserves its right to take action against Smith if Staff later learn that any of these statements are false or materially misleading and constitute a further breach of Alberta securities laws.

36. This Agreement may be executed in counterpart.

Signed by Colton Kenneth Smith at Calgary, Alberta this 31 day of July, 2026, in the presence of:	)	
WITNESS NAME WITNESS NAME	)	
"Original signed by" SIGNATURE	)	Per: *"Original signed by"* Colton Kenneth Smith
	)	ALBERTA SECURITIES COMMISSION
Calgary, Alberta, 31 July, 2026	)	
	)	*"Original signed by"*
	)	Samir Sabharwal Executive Director