

File No. _____

BETWEEN:

SLC HOLDINGS INC.

(Applicant)

- and -

STRACON GROUP HOLDING INC. and ONTARIO SECURITIES

COMMISSION

(Respondents)

APPLICATION UNDER S. 127(1) OF THE *SECURITIES ACT*

A. ORDER SOUGHT

1. The Applicant, SLC Holdings Inc. (“**SLCH**”), requests that the Tribunal make the following orders:

- (a) an order granting SLCH standing to bring this application under section 127 of the *Securities Act*, R.S.O. 1990, c. s.5. (the “**Act**”);
- (b) an order pursuant to section 127(1)2 of the *Act* that all trading in securities of the Respondent, Stracon Group Holding Inc. (“**Stracon Canada**”), shall not commence, or, if trading has commenced, shall immediately cease, unless and until the amalgamation between Stracon Canada and Stracon Holdings S.A. (“**Stracon Original**”) (the “**Amalgamation**”) has been completed and is effective under the laws of Peru;

- (c) an order pursuant to section 127(1)5 of the *Act* prohibiting the Respondent from providing to any person or company: (i) the Respondent's prospectus dated December 16, 2025 (the "**Prospectus**"); and (ii) any other disclosure document that contains a material misrepresentation or materially misleading omission concerning the Amalgamation;
- (d) in the alternative to paragraph 1(b), an order pursuant to section 127(1)2 of the *Act* directing that trading in any securities of the Respondent shall not commence, or, if trading has commenced, shall cease, unless and until the Ontario Securities Commission is satisfied that the Respondent has: (i) corrected the material misrepresentations and materially misleading omissions in the Prospectus concerning the Amalgamation; and (ii) made the necessary corrective disclosure, including by way of press release, concerning the past misrepresentations and omissions;
- (e) an order for an expedited hearing;
- (f) the costs of this proceeding, plus all applicable taxes; and
- (g) such further and other relief the Tribunal may deem just.

B. GROUNDS

Overview

2. SLCH seeks a cease trading order pursuant to section 127 of the *Act* in respect of the securities of Stracon Canada.

3. Stracon Canada's Prospectus contains a fundamental misrepresentation: that it owns all of the assets of Stracon Original, as a result of the cross-boarder Amalgamation purportedly completed on November 1, 2025.

4. Contrary to the Prospectus, the Amalgamation has not been completed as a matter of Peruvian law, and the assets of Stracon Original (worth hundreds of millions of dollars) have not transferred to Stracon Canada.

5. A cease trade order is necessary to protect the investing public from the harm that will undoubtedly occur if Stracon Canada's securities begin trading on the TSX based on this fundamental misrepresentation in the Prospectus.

The Parties

6. The applicant, SLCH, is an investment holding company incorporated under the laws of Barbados. It is the plaintiff in an ongoing Peruvian civil action against Stracon Original seeking US\$26 million for breach of contract.

7. The non-party, Stracon Original, is a corporation incorporated under the laws of Peru. Stracon Original holds, directly or indirectly, a majority interest in five operating companies that provide mining services in Peru, Canada, Mexico, and Chile. Stracon Original's assets are worth hundreds of millions of dollars.

8. The respondent, Stracon Canada, is a reporting issuer in Ontario. Following a continuation from the Yukon to Ontario in November 2025, it is a corporation existing under the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16.

9. Stracon Canada's shares have been conditionally approved for listing on the Toronto Stock Exchange under the symbol "STG".

The Option Action

10. On August 25, 2025, SLCH commenced a civil action against Stracon Original in Lima, Peru for US\$26 million. SLCH alleges that Stracon Original breached the terms of an option agreement under which SLCH was entitled to purchase shares of a third-party company acquired by Stracon Original.

The Amalgamation

11. Steps related to the Amalgamation began in late 2024.
12. On December 17, 2024, 843636 Yukon Inc. (subsequently named Stracon Canada) was incorporated under the laws of the Yukon.
13. On March 11, 2025, Stracon Canada registered a "branch" in Peru, Stracon Group Holdings, Inc. Sucursal del Peru (the "**Peruvian Branch**").
14. On October 17, 2025, Stracon Original and Stracon Canada entered an amalgamation agreement (the "**Amalgamation Agreement**") that states:

[the parties] wish to proceed with a long-form amalgamation in accordance with section 183 of the YBCA; and that this transaction shall be considered, for all Peruvian and accounting purposes, as an amalgamation by virtue of which the assets and liabilities of [Stracon Original] shall be assigned to and absorbed into [Stracon Canada's] existing Peruvian Branch...

15. The Amalgamation Agreement provides that Stracon Original “shall transfer, universally and in bulk, its rights, obligations, legal relationships, and in general, all its assets...” to the Peruvian Branch, and that Stracon Original and Stracon Canada shall continue as Stracon Canada, ceasing to exist as separate entities.

SLCH’s Objection to the Amalgamation in Peru

16. Under Peruvian law, a creditor (including a contingent creditor) of an entity participating in an amalgamation has a statutory right to object to the amalgamation on the basis that the transaction would prejudice the creditor’s interests. Where a timely objection is made, the amalgamation does not take legal effect unless and until the objection is withdrawn or determined by the court.

17. The Peruvian statutory scheme requires the amalgamating entity to publish notice of the proposed amalgamation in an official gazette on three separate occasions. A creditor has 30 days from the date of the final publication to deliver an objection.

18. In Peru, an amalgamation does not take effect unless and until the transaction is formalized by public deed registered in the Peruvian corporate registry. To be validly registered, the deed must include a “certificate of no opposition” sworn by an officer of each amalgamating entity, confirming that they have not been served with an objection within the thirty-day objection period.

19. In this case, the final gazette publication occurred on November 25, 2025, and the objection period expired on December 29, 2025 (on account of the weekend and public holidays for Christmas and Boxing Day).

20. On December 5, 2025, SLCH commenced a proceeding in the Superior Court of Lima (Commercial Court) objecting to the Amalgamation. Stracon Original was served with notice of this proceeding on December 30, 2025.

21. Notwithstanding the foregoing, on January 2, 2026, Stracon Original and Stracon Canada attempted to register the amalgamation deed, relying on a “certificate of no opposition” sworn by Stephen Dixon (as CEO of Stracon Original) on December 26, 2025 and issued before the objection period had expired.

22. On January 19, 2026, the Registrar of the Peruvian Corporate Registry suspended the registration of the deed of amalgamation on the grounds that a judicial proceeding opposing the amalgamation is pending before the Court. The Registrar has suspended the registration until a final decision is issued by the Court in SLCH’s proceeding opposing the Amalgamation. The Registrar’s decision is subject to confirmation by the Registry Tribunal.

23. As a result, the Amalgamation has not been completed. The assets of Stracon Original have not transferred to Stracon Canada under Peruvian law.

The Fundamental Misrepresentations Contained in the Prospectus

24. The Prospectus ignores this reality.

25. It does not provide full, true and plain disclosure of all material facts relating to the securities of Stracon Canada, as required by section 56(1) of the *Act*.

26. The core misrepresentation in the Prospectus is the following (underlined for emphasis):

Amalgamation between STRACON Group Holding Inc. (formerly 843636 Yukon Inc.) and STRACON Holdings S.A.: On November 1, 2025, STRACON Group

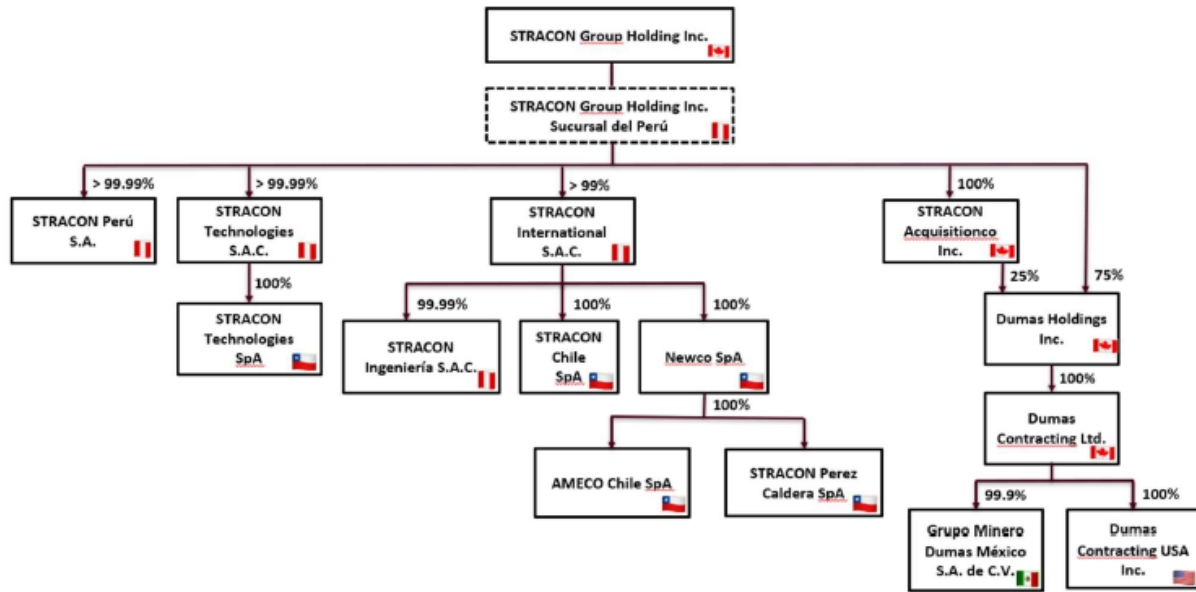
Holding Inc. (formerly 843636 Yukon Inc.) and STRACON Holdings S.A. completed a long-form amalgamation in accordance with Section 183 of the YBCA, and such transaction was deemed to be, for all Peruvian legal and accounting purposes, an amalgamation by virtue of which the assets and liabilities of STRACON Holdings S.A. were assigned to the Peruvian Branch in such a way that such Peruvian Branch absorbed in a single act and universally the assets and liabilities of STRACON Holdings S.A.

As a result of the amalgamation, on November 1, 2025:

- (i) In accordance with Section 188 of the YBCA, STRACON Group Holding Inc. (formerly 843636 Yukon Inc.) continued its existence as the Company, organized under the YBCA with the same name and Canadian federal tax identification (i.e., the same Canada Revenue Agency business number). The Peruvian Branch remained the Peruvian Branch of the Company; and
- (ii) STRACON Holdings S.A. ceased to exist separately from the Company for Canadian and Peruvian legal and tax purposes.

27. Contrary to the Prospectus, the Peruvian Branch has not “absorbed” the assets and liabilities of Stracon Original, and Stracon Original continues to exist separately from Stracon Canada under Peruvian law.

28. This misrepresentation is repeated throughout the Prospectus, including in the corporate organizational chart contained therein, which purports to identify the “material wholly-owned subsidiaries [of Stracon Canada] ... as of the date of this prospectus.” The chart depicts Stracon Canada (through its Peruvian Branch, identified in the chart by the hashed outline) as the owner of several subsidiaries, that, in fact, continue to be held by Stracon Original (which is absent from the chart):



29. The Prospectus also fails to disclose SLCH’s objection to the Amalgamation, which is pending before the Superior Court of Peru.

30. By virtue of the misrepresentation, the Prospectus also violates National Instrument 41-101 (“NI 401-101”).

31. Section 3.1(1) of NI 401-101 requires a prospectus to be in the form of Form 41-101F1. Under Form 41-101F1, a prospectus must “[g]ive particulars of any material facts about the securities being distributed that are not disclosed under any other Items and are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed” (s. 29.1).

32. The Prospectus’ failure to disclose SLCH’s objection to the Amalgamation, as well as its misstatements that the Amalgamation is complete, are contrary to the disclosure requirement in Form 41-101F1, section 29.1. The Prospectus does not satisfy the requirements of Form 41-101F1 and accordingly violates NI 401-101, section 3.1(1).

The Order Requested is Necessary to Protect the Public and the Applicant Should be Granted Standing

33. An Order pursuant to section 127 of the *Act* cease-trading the securities of Stracon Canada unless and until the Amalgamation takes effect under Peruvian law is necessary to protect the investing public and maintain the integrity of Ontario's capital markets.

34. In the absence of such an order, Stracon Canada's securities will trade on the basis of a fundamental misrepresentation in the Prospectus: that Stracon Canada owns hundreds of millions of dollars in assets that, in fact, remain assets of Stacon Original under Peruvian law.

35. The Tribunal should exercise its discretion to permit SLCH to bring this application under section 127 of the *Act* because:

- (a) the application relates to both past and contemplated future conduct regulated by Ontario securities law;
- (b) the relief sought is future-looking and not purely enforcement in nature;
- (c) the Tribunal has the authority to impose an appropriate remedy in the circumstances;
- (d) SLCH is directly affected by Stracon Canada's conduct. SLCH has a USD \$26 million claim against Stracon Original and Stracon Canada. SLCH therefore has a direct interest in Stracon Canada's ability to satisfy its liabilities. A class proceeding commenced by investors who purchase Stracon Canada's securities in reliance on materially misleading public disclosure would expose Stracon Canada to

substantial liability and could materially impair SLCH's ability to enforce any judgment it may obtain against Stracon Canada; and

- (e) it is in the public interest for the Tribunal to hear the application. This application engages the fundamental purposes of the *Act*, namely, protecting investors and fostering confidence in capital markets.

C. EVIDENCE

36. The Applicant intends to rely on the following evidence at the hearing:

- (a) Affidavit(s) of the Applicant to be sworn; and
- (b) Such further and other evidence as the lawyers may advise and the Tribunal may permit.

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ONTARIO CAPITAL MARKETS TRIBUNAL

NOTICE OF APPLICATION

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