



**FANCAMP EXPLORATION LTD.**  
7290 Gray Avenue, Burnaby, British Columbia, V5J 3Z2  
Telephone: 604-434-8829 Facsimile: 604-434-8823 Website: [www.fancampexplorationltd.ca](http://www.fancampexplorationltd.ca)

**News Release**

**March 18, 2021**

**TSX-V Trading Symbol: FNC**

**Fancamp Sets the Record Straight and Corrects the Misleading and Baseless Statements by Activist Peter H. Smith and His Associates**

Fancamp Exploration Ltd. ("Fancamp" or the "Corporation") (TSX Venture Exchange: FNC) today sets the record straight and corrects the misleading and baseless statements made by Mr. Peter H. Smith, a disgruntled director of Fancamp, and his associates (together, the "Activists").

The proxy fight that Mr. Smith, former President and Chief Executive Officer, has initiated has nothing to do with the proposed business combination with ScoZinc Mining Ltd. (the "Transaction") or the governance practices of the Fancamp Board of Directors (the "Board").

Mr. Smith has a self-serving agenda to take over the Corporation and destroy shareholder value. The unnecessary and expensive proxy fight he is forcing on the Corporation is simply about advancing his own agenda that would enable him to install a Board of handpicked friends and associates, and to continue treating Fancamp's finances as his own.

It is important that shareholders have the right facts:

**FANCAMP IS ON THE RIGHT TRACK TO SIGNIFICANT VALUE CREATION**

**1. *The Transaction will Unlock Value for Fancamp Shareholders***

As discussed on the March 4, 2021 investor call, the new management of the Corporation has a focused, three-pronged strategy to grow the Corporation:

- Focus on select quality exploration targets to enhance value (a stark contrast to the ill-defined approach of Mr. Smith);
- Support titanium technology strategy; and
- Seek strategic alternatives that have the potential for near-term cash flow.

ScoZinc's Scotia Mine is a high-quality asset that has the potential to provide near-term cash flow, while Fancamp's strong balance sheet should enable the Corporation to secure attractive financing of the Scotia Mine to bring it to production. The cash flows expected after the Scotia Mine restart should provide the combined company with future funding for exploration and other activities.

The Scotia Mine asset has a potential for a combined value creation of over C\$100 million, and is located in a premier, mining-friendly jurisdiction, as demonstrated by the contribution of C\$150,000 made by the Government of Nova Scotia to the Scotia Mine pre-feasibility study.

## **2. Significant Potential for Value Accretion for Fancamp**

The Board is focused on obtaining the best value for shareholders, which is achieved through this Transaction. The combination of Fancamp and ScoZinc is expected to combine two significantly undervalued companies with complementary strengths and create a larger entity that will be in a better position to attract new investments for growth and funding for strategic initiatives.

## **3. Fancamp's Experienced Board of Directors is Governance-Focused**

The Activists falsely assert that Messrs. Mark Haywood (President and CEO of ScoZinc) and Chris Hopkins (director at ScoZinc) will control the Board once the Transaction closes.

As stated in the Transaction agreement available on SEDAR, Messrs. Haywood and Hopkins "*shall be duly recommended for election by the Fancamp Board of Directors at Fancamp's next Annual General Meeting.*"

As such, shareholders will be able to vote on these nominees in due course.

## **4. Fancamp's New Management Team has a New Plan for Growth and a Disciplined Rigor to Allocating Funds**

Under the leadership of the current management and Board, Fancamp has completed a comprehensive strategic review of its mineral properties and finalized a focused exploration plan with clear objectives, milestones and targets. The focus on select, high-priority targets will be value accretive to Fancamp.

This is a clear departure from Mr. Smith's past approach where no coherent strategy was presented and involved jumping from one property to another, resulting in endless staking exercises that failed to produce any discoveries and the accumulation of over 90 property groups. One recent example of Mr. Smith's typical approach was an expenditure of approximately C\$600,000 in Virginia, United States on geological activities which had no underlying mineral property. Since there was no underlying property associated with these expenses in Virginia, the Corporation was forced to write off all of it. This expenditure was committed without the knowledge and approval of the Board.

## **IN RESPONSE TO THE CLAIMS BY MR. SMITH AND THE ACTIVISTS WHICH ARE FALSE:**

### **1. All Measures were Taken to Ensure No Conflicts of Interest**

Contrary to the Activists' claims:

- The Transaction was the result of a transparent, credible and thorough process with input from Fancamp's independent financial and legal advisors.
- When the Transaction was presented to the Board, Mr. Ashwath Mehra was the only Fancamp director who had a disclosable interest. Mr. Mehra disclosed his interest in a timely manner and recused himself from all discussions and voting on the Transaction.
- Mr. Mehra has a proven track record of delivering value to shareholders, as recently proven by his work with GT Gold Corp. (TSX-V: GTT), where shareholders are set to receive a 62% premium<sup>1</sup> as a result of a proposed acquisition by Newmont Corporation (NYSE: NEM, TSX: NGT), valued at C\$456 million on a fully diluted basis. In just four years, under Mr. Mehra's leadership, GT Gold Corp. has increased in value by 4,397%.<sup>2</sup>

The Activists also wrongly state that Mr. Mark Billings is conflicted.

- Mr. Billings did not have any disclosable interest in the Transaction (within the meaning of the *Business Corporations Act* (British Columbia)), and as such, was entitled to vote on the Transaction.

---

<sup>1</sup> To the closing price on March 9, 2021, the day prior to the transaction was announced.

<sup>2</sup> Value increase is reflective of the enterprise value as of December 1, 2016 relative to the proposed acquisition by Newmont Corporation valued at C\$456 million on a fully diluted basis; Mr. Mehra joined the board on November 22, 2016 in conjunction with GT Gold Corp.'s initial public listing.

- Mr. Billings resigned from ScoZinc's Board of Directors and was not involved in the negotiations around the Transaction while he was a director of ScoZinc.

## **2. Fancamp is Eager to Hold its AGM; ScoZinc Shareholders to Vote on Transaction April 12, 2021**

As indicated in a press release on March 10, 2021, despite the ongoing impacts of the COVID-19 pandemic and certain associated limitations, the Corporation is eager to move forward with its annual general meeting ("AGM") in a timely fashion. Consistent with the extension provided by the B.C. Registries and Online Services, the Corporation intends to hold its AGM by June 30, 2021 and looks forward to starting a new, value-creating chapter in the Corporation's history.

While the Activists have demanded that the Corporation incur additional expenses by conducting an unnecessary shareholder vote on the Transaction or hold its AGM prior to completing the Transaction, under applicable securities regulations, the Transaction is an arm's length transaction. Accordingly, no approval is required from the shareholders of the Corporation.

If the Activists are so keen to accelerate a shareholder meeting, why haven't they requisitioned one? They could have under the *Business Corporations Act* (British Columbia). It is clear they want Fancamp to spend shareholders' money on their disruptive goose-chase rather than spend any of their own. Even though he is no longer President and CEO, Mr. Smith continues to find ways for Fancamp to spend money unnecessarily and with no results.

## **3. Favourable Fairness Opinion Received**

Shareholders should be aware Fancamp was not required to obtain a fairness opinion – but in an abundance of caution, out of a commitment to good governance and a focus on shareholder value – the Corporation chose to do so with Ernst & Young LLP, a leading and independent financial advisor. The financial advisor opined that the consideration to be paid in connection with the Transaction is fair.

Not only is the consideration to be paid fair, but Fancamp also believes that the Transaction will create tremendous value and sustainable growth for the Corporation over the medium to long-term. Among other benefits, the Transaction will enable Fancamp to plan the restart of the commercial production at the Scotia Mine in Nova Scotia, which is expected to create significant cashflow for the Corporation.

## **Mr. Smith's Business Judgment Cannot Be Trusted; His Interests are Not Shareholder Interests**

Mr. Smith was asked to step down as President and CEO in response to several actions he undertook, which were not in the best interest of Fancamp or its shareholders; rather, they were self-serving. He repeatedly disregarded the Board's guidance on several issues of importance, including, among others:

- To be transparent with the Board about ongoing negotiations with third parties.
- To stop defying common governance and accountability practices, such as obtaining Board approval prior to spending shareholders' money, initiating projects, and providing formal budgets.
- To follow due process and exercise caution while selling shares of Champion Iron Limited (TSX: CIA) ("Champion"). Instead, Mr. Smith incurred excessive, value-destroying expenses. Between May 2018 and July 2020, Mr. Smith sold off over 4.8 million shares of Champion for C\$6.8 million at low prices. Such sales were at times in direct contravention with the instructions of the Board.
- Due to his ill-defined approach and poor judgment in allocating funds, the proceeds of the shares were quickly squandered by Mr. Smith, bringing no returns or value to the Corporation, and leaving the Corporation with net current liabilities of \$564,597 when he departed as President and CEO.

In contrast, since Mr. Smith's departure, the Corporation has approached its ownership of Champion shares in a strategic, value-creating way to take advantage of the buoyant iron ore markets. The current management team has used this market opportunity and created a cash balance of over C\$10 million which is reserved for strategic purposes, in line with Fancamp's recently announced strategy.

Even after stepping down as President and CEO, Mr. Smith has continued to take a series of actions detrimental to the Corporation and its shareholders, such as violating his duty to act in the best interest of the Corporation, disclosing confidential information privy to him as a Board member, and engaging in selective and self-serving disclosure with respect to the Transaction. This is all despite the fact that he is still a director of Fancamp.

Mr. Smith still has no strategy, a complete disregard for proper governance practices and accountability, and a pattern of using shareholder money as his own. The Corporation belongs to its shareholders, not Mr. Smith. Fancamp shareholders cannot risk undoing the progress achieved since Mr. Smith departed.

Fancamp is disappointed that Mr. Smith has chosen to spread misinformation about the Corporation and the Transaction, and initiate an unnecessary and time-consuming proxy contest against the Corporation at a time when Fancamp's future is bright and the Corporation is finally set to deliver significant value to shareholders. The Board remains focused on value creation and has reached out several times to Mr. Smith to address his grievances within the forum of a Board meeting. Each time, Mr. Smith has declined to engage in any meaningful dialogue and has continued his disruptive behaviour.

### **Advisors**

Lavery, de Billy, L.L.P. is serving as legal advisor to Fancamp. Kingsdale Advisors is acting as strategic shareholder and communications advisor to Fancamp.

### **About Fancamp Exploration Ltd. (TSX-V: FNC)**

Fancamp is a growing Canadian mineral exploration corporation dedicated to its value-added strategy of advancing mineral properties through exploration and development. The Corporation owns numerous mineral resource properties in Quebec, Ontario and New Brunswick, including gold, rare earth metals, strategic and base metals, zinc, chromium, titanium and more. Fancamp is also building on the industrial possibilities inherent in dealing with some of these materials, notable being the development of its Titanium technology strategy. It has recently announced the acquisition of ScoZinc, a Canadian exploration and mining corporation that has full ownership of the Scotia Mine and related facilities near Halifax, Nova Scotia, as well as several prospective exploration licenses in surrounding regions. The Corporation is managed by a new and focused leadership team with decades of mining, exploration and complementary technology experience.

### **Forward-looking Statements**

*This news release includes certain forward-looking statements which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe both companies' future plans, objectives or goals, including words to the effect that both companies or their respective management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to Fancamp, Fancamp provides no assurance that actual results will meet the management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes, but is not limited to, the Corporation's AGM, objectives, goals or future plans, statements, potential mineralization, exploration and development results, the estimation of mineral resources, exploration and mine development plans, timing of the commencement of operations, estimates of market conditions, future financial results or financing opportunities. There can be no assurance that forward-looking statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Fancamp's expectations include, among others, political, economic, environmental and permitting risks, mining operational and development risks, litigation risks, regulatory restrictions, environmental and permitting restrictions and liabilities, the inability of both companies to satisfy the conditions precedent to complete the Transaction, the inability to obtain the necessary regulatory and third-party approvals for the Transaction, the inability to start production at the Scotia Mine, the inability of Fancamp to realize the anticipated financial gains from the Transaction, including generating, in the near-*

*term, cash-flows from the Scotia Mine, the inability of Fancamp to raise capital or secure necessary financing in the future, the inability of both companies to achieve the synergies excepted from the Arrangement, as well as factors discussed in the section entitled "Risks and Uncertainties" in Fancamp's management's discussion and analysis of Fancamp's financial statements for the period ended October 31, 2020. Although Fancamp has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

**For Further Information**

**Rajesh Sharma, Interim CEO**

+1 (604) 434 8829

[info@fancamp.onmicrosoft.com](mailto:info@fancamp.onmicrosoft.com)

**Debra Chapman, Chief Financial Officer**

+1 (604) 434 8829

[info@fancamp.onmicrosoft.com](mailto:info@fancamp.onmicrosoft.com)

**Media Contact**

Hyunjoo Kim

Director, Communication, Marketing & Digital Strategy

Kingsdale Advisors

Phone: 416-867-2357

Cell: 416-899-6463

Email: [hkim@kingsdaleadvisors.com](mailto:hkim@kingsdaleadvisors.com)

***Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.***