



**FANCAMP EXPLORATION LTD.**  
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## News Release

July 9, 2021

TSX-V Trading Symbol: FNC

### **Activist Peter H. Smith Fails to Provide Proper Disclosure to Fancamp Shareholders Regarding Personal Use of Corporate Funds and Corporate Assets**

- *Mr. Smith has used incomplete, faulty and misleading disclosure in his activist circular, and needs to correct this information immediately in a new circular.*
- *KPMG continues its forensic investigation of Mr. Smith's prior misuse of corporate funds and corporate assets,*
- *Shareholders are encouraged to continue voting on the **GOLD** proxy. Shareholders with questions on voting should contact Kingsdale Advisors at 1-800-749-9890 or [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).*

VANCOUVER, British Columbia – Fancamp Exploration Ltd. ("Fancamp" or the "Corporation") (TSX Venture Exchange: FNC) would like to thank shareholders for their overwhelming support on the **GOLD** proxy as it continues to investigate Mr. Peter H. Smith's conduct during his 30-year tenure at the Corporation. Mr. Smith spent 30 years using Fancamp as his personal bank account and it appears that he is planning to keep doing so in the future. Even worse, Mr. Smith has deliberately avoided disclosing how much he intends to take from the Corporation if he wins the proxy fight, all while asking shareholders to support him.

Shareholders need to know the truth about Mr. Smith. As the formal forensic investigation, with the assistance of KPMG International Ltd. ("KPMG") is advancing, Fancamp requires that Mr. Smith update and mail a revised circular that properly discloses his true intention for the use of corporate funds.

#### **Mr. Smith's Misleading Circular Disclosure Requires Remailing**

While Mr. Smith claims he is on shareholders' side, both his [past](#) and current actions tell a different story. Mr. Smith has tried to trick shareholders into obtaining their votes by omitting:

- How much he plans to take from the Corporation to fund his self-serving proxy fight, and
- The number of shares (common or special) he owns in Fancamp's subsidiary, The Magpie Mines Inc. ("Magpie"), a valuable corporate asset which he personally controls.

The Corporation believes Mr. Smith has withheld this and other information intentionally to ensure it does not negatively impact what should be the balanced view of shareholders.

Mr. Smith started this proxy fight to regain control of the Corporation and has indicated he will use Fancamp's money to personally repay himself for certain expenses; however, he has been purposely vague on the actual amount. Mr. Smith acknowledges in his circular that he will seek to be reimbursed **\$170,000** for proxy solicitation, but does not specify the extensive fees of his legal counsel and other advisors, nor the **\$527,000** he is seeking through the courts in retaliation for the for-cause termination of his consulting agreement with the Corporation. Taken together, the Corporation believes Mr. Smith will seek over **\$1 million** to repay himself for the proxy contest he started.

Even if Mr. Smith and his legal counsel do not agree on the clear need for this transparency, they should take the advice of Mr. Smith's proxy solicitor, who had previously and correctly argued for the importance of such disclosure. To paraphrase Gryphon Advisors in Australis Capital Inc.'s proxy fight (October 22, 2020) against Terry Booth:

*"...this means that [Mr. Smith] and his Dissidents, if able to gain control of your Board and Company, will then seek to cover their fees with shareholders' cash. Historically, the shareholder value destruction associated with [Mr. Smith] and his Dissident Nominees has taken some time. At [Fancamp], it would be immediate, material and come directly out of your pocket."<sup>1</sup>*

Fancamp agrees with the statement above.

Mr. Smith also failed to disclose his interest in Magpie, a valuable corporate asset that he paralyzed for his own personal benefit. Mr. Smith is required to disclose *"the number of securities of each class of the venture issuer and any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly."* However, Mr. Smith's circular makes no reference to his Magpie common or special shares.

Additionally, Mr. Smith was required to pay for his Magpie special shares. However, early findings from KPMG's forensic investigation found that Mr. Smith did not pay cash for his Magpie special shares, and despite his recent claims that he provided services for Magpie in exchange for the shares, there was no evidence of any such services being provided.

Unlike Mr. Smith, Fancamp believes it is critically important for shareholders to have a complete and transparent view of their investment and Corporation. While Mr. Smith has noted he "will seek reimbursement from Fancamp," he has failed to properly disclose how much he plans to take from Fancamp. Specifically, the circular indicates that Mr. Smith will ask Fancamp to pay for his legal fees but does not disclose the quantum of these fees. Fancamp believes that Mr. Smith should disclose this information, so that shareholders are fully informed when they vote.

### **Independent Forensic Investigation Continuing Despite Mr. Smith's Non-Cooperation**

The Corporation is pleased to share that the formal forensic investigation, with the assistance of KPMG, is advancing. However, given the extensive nature of the investigation, Mr. Smith's failure to provide related documentation, and generally poor history of corporate record keeping in his time as CEO, more time is required to complete the investigation. The Corporation looks forward to providing full updates to shareholders as soon as possible.

### **Advisors**

Lavery, de Billy, L.L.P. and Goodmans LLP are serving as legal advisor to Fancamp. Harris & Company LLP is serving as litigation counsel to Fancamp. Kingsdale Advisors is acting as strategic shareholder and communications advisor to Fancamp. Koffman Kalef LLP is serving as legal advisor to the Special Committee.

### **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.

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<sup>1</sup> <https://www.prnewswire.com/news-releases/australis-capital-issues-letter-to-shareholders-301158371.html>

## **Forward-looking Statements**

This news release includes certain statements which are not comprised of historical facts and that constitute "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and U.S. securities laws. Forward-looking statements include estimates and statements that describe Fancamp's future plans, objectives or goals, including words to the effect that Fancamp or its 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", "foresees" or "plan". Since forward-looking statements are based on multiple factors, 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 or simply fail to materialize from those expressed or implied by such forward-looking information. 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, uncertainties relating to the development of the relevant mining properties and risks relating to the terms and duration of any government orders suspending or limiting operations that are applicable to Fancamp or the relevant mining properties; the responses of relevant governments to the COVID-19 outbreak and the effectiveness of such responses, political, economic, environmental and permitting risks, mining operational and development risks, litigation risks, regulatory restrictions, environmental and permitting restrictions and liabilities, the inability of Fancamp to raise capital or secure necessary financing in the future, 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 January 31, 2021. 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. Fancamp considers its assumptions to be reasonable based on information currently available, but 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.

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