



**FANCAMP EXPLORATION LTD.**

7290 Gray Avenue, Burnaby, British Columbia, V5J 3Z2

Telephone: 604-434-8829 | Website: [www.fancamp.ca](http://www.fancamp.ca)

News Release

August 11, 2023

TSX-V Trading Symbol: FNC

## **Fancamp Exploration Provides Position on Canadian Chrome's Magpie Mines Special Shares Acquisition Announcement**

**VANCOUVER, British Columbia – August 11, 2023** - Fancamp Exploration Ltd. (“**Fancamp**” or the “**Corporation**”) (TSX Venture Exchange: **FNC**) would like to provide comment on a recent announcement made by The Canadian Chrome Co. (“**Chrome Co.**”), a registered business style of KWG Resources Inc., with respect to Chrome Co.’s acquisition of two thirds of the issued and outstanding special shares in the capital of The Magpie Mines Inc. from Peter Smith and Fouad Kamaledine (the “**Transaction**”).

Fancamp is a major shareholder of The Magpie Mines Inc., with ninety-six percent (96%) of the issued and outstanding common shares in the capital of Magpie Mines. In addition, Fancamp has a two-percent (2%) net smelter return royalty on the Magpie deposit and is the largest creditor of Magpie Mines.

Each common share of Magpie Mines carries one (1) vote for the election of forty-nine percent (49%) of the total number of Directors of Magpie Mines, while each special share of Magpie Mines carries one (1) vote for the election of fifty-one percent (51%) of the total number of Directors of Magpie Mines. As a result of the issuance of special shares, which were allocated to previous Directors of Fancamp and of Magpie Mines, holders of these special shares control decisions relating to the election of Magpie Mines Directors and, as a result, decisions taken by its Board of Directors.

The announcement of the Transaction came as a surprise to Fancamp. Smith’s and Kamaledine’s ownership of the Magpie special shares is disputed and the subject of pending litigation, as described in Fancamp’s news release dated May 14, 2021:

*One of the self-dealing transactions that Fancamp is aware of involves The Magpie Mines Inc. (“Magpie”), a subsidiary of Fancamp. . . . . Mr. Smith caused Magpie to be incorporated with a capital structure that included a class of special shares (the “Special Shares”). The Special Shares carried the right to appoint 51% of Magpie’s directors and, as a result, the holder(s) of the Special Shares could effectively control Magpie. The Special Shares should have been issued to Fancamp, but Mr. Smith issued them to himself and two*

*individuals. This meant that Mr. Smith and the two individuals personally controlled Magpie's Board of Directors.*

*Mr. Smith ultimately caused Fancamp to acquire 96% of Magpie's common shares, but none of the Special Shares. This scheme conferred on Mr. Smith and the two individuals' personal control of Fancamp's almost wholly-owned subsidiary. To make matters worse, Mr. Smith then had a falling out with the two individuals. This falling out has effectively paralyzed Magpie as well as the Corporation's ability to unlock value from the deposit, and destroyed value for Fancamp's shareholders.*

On May 27, 2021, the Company discontinued the lawsuit against the third individual after the special shares issued to that individual were returned to treasury for cancellation.

By way of the Transaction, it appears that Smith and Kamaleddine seek to sell their Special Shares for millions of dollars of personal benefit to the further prejudice of Fancamp. This is an egregious further breach of their fiduciary duties as well as a breach of trust. If completed, the Transaction is liable to be set aside by the Court.

On August 8, 2023, Fancamp wrote to Chrome Co. to advise that:

1. There is pending litigation with respect to the validity and ownership of the special shares;
2. In light of that information Fancamp expects that Chrome Co. will not proceed with its acquisition of the special shares, and that it will issue a news release to that effect by no later than Friday, August 11, 2023; and
3. Chrome Co. now has full knowledge of Smith's and Kamaleddine's breaches of fiduciary duty and of trust, and would be proceeding as a knowing participant in those breaches. If Chrome Co. proceeds with the Transaction despite that knowledge Fancamp anticipates it would be entitled to seek relief directly against Chrome Co., including injunctive relief and compensation for its damages (including legal fees).

On August 10, 2023, Fancamp received a response from Chrome Co. in which it indicated that Fancamp's letter "does provide some clarifications as part of our ongoing due diligence efforts in this matter." It is unclear to Fancamp whether Chrome Co. intends to proceed with the Transaction.

Fancamp will continue to take appropriate steps to protect its interests including but not limited to the recovery of the special shares.

Fancamp's continues to maintain its shareholdings and position with respect to holding the previously announced secured convertible promissory note in the principal amount of C\$34.5 million in Chrome Co., as it relates to the sale of Fancamp's beneficial interests in Koper Lake-McFaulds mining claims previously announced on July 21, 2022, August 10, 2022, September 1, 2022, and September 2, 2022.

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

Fancamp is a growing Canadian mineral exploration corporation dedicated to its value-added strategy of progressing priority mineral properties through exploration and innovative development. The Corporation is focused on an advanced asset play poised for growth and selective monetization with a portfolio of mineral claims encompassing over 147,000 hectares across Ontario, Quebec and New Brunswick, Canada; including copper, gold, zinc, titanium, chromium, strategic rare-earth metals and others. The Corporation continues to identify near term cash-flow generating opportunities and in parallel aims to advance its investments in strategic mineral properties. Fancamp has investments in an existing iron ore operation in the Quebec-Labrador Trough, a rare earth elements company, NeoTerrex Corporation, in addition to an investment in a zinc mine planned to be restarted in Nova Scotia. The Corporation has future monetization opportunities from its Koper Lake transaction in the highly sought-after Ring of Fire in Northern Ontario. Fancamp is developing an energy reduction and titanium waste recycling technology with its advanced titanium extraction strategy. The Corporation is managed by a focused leadership team with decades of mining, exploration and complementary technology experience.

Further information of the Corporation can be found at: [www.fancamp.ca](http://www.fancamp.ca)

## **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 annual general meeting, 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, 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. In addition, the Corporation provides no assurance regarding the outcome of the BCSC’s decision. 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, President & Chief Executive Officer**

+1 (604) 434 8829

[info@fancamp.ca](mailto:info@fancamp.ca)

**Debra Chapman, Chief Financial Officer**

+1 (604) 434 8829

[info@fancamp.ca](mailto:info@fancamp.ca)

**Tara Asfour, Director of Investor Relations**

+1 (604) 434 8829

[tasfour@fancamp.ca](mailto:tasfour@fancamp.ca)

***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.***