



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

**News Release**

**March 29, 2021**

**TSX-V Trading Symbol: FNC**

**Fancamp Provides Answers to Frequently Asked Questions on Business Combination with ScoZinc**

VANCOUVER, British Columbia – In response to feedback from shareholders, Fancamp Exploration Ltd. ("Fancamp" or the "Corporation") (TSX Venture Exchange: FNC) is pleased to provide answers to some of the most frequently asked questions about the proposed business combination with ScoZinc Mining Ltd. ("ScoZinc") (the "Transaction").

**Q1: How does Fancamp benefit from the business combination with ScoZinc?**

**A:** The combination of Fancamp and ScoZinc takes two significantly undervalued companies and creates a larger, stronger entity that will be in a better position to attract new investments for growth and funding for strategic initiatives. The combined entity will also be well-positioned to capitalize on the global demand for zinc, which is expected to double by 2050.

As discussed on the January 19, 2021 and March 4, 2021 investor calls, the new management team of the Corporation developed a three-pronged strategy focused on:

- 1. Exploration Properties:** Selecting quality exploration targets to enhance value, combined with a disciplined rigor when allocating funds.
- 2. Titanium Technology:** Establishing new processes and obtaining patents to become an active participant in a \$16-billion industry.
- 3. Strategic Alternatives:** Acquiring projects that have the potential for near-term cash flow.

The Transaction fully supports the Corporation's Strategic Alternatives pillar. 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 financing of the Scotia Mine to bring it to commercial production. The expected cash flows from the Scotia Mine restart should provide the combined company with future funding for exploration and other activities.

**Q2: Will the ScoZinc Scotia Mine be profitable?**

**A:** The Corporation expects that it will be profitable. The ScoZinc Scotia Mine, a past-producing facility with a fully built infrastructure in a stable, premier jurisdiction near Halifax, Nova Scotia, has the potential to produce high quality zinc and lead concentrates for at least 14 years at low operating costs through conventional open pit mining methods, based on a steady ore processing rate of 2,700 tonnes per day. The Scotia Mine 2020 Pre-Feasibility Study, dated July 6, 2020 and commissioned by ScoZinc, showed that commercial zinc and lead concentrate production can be achieved within 9 to 12 months, with an average annual cash flow of C\$14 million, based on a zinc price of US\$1.19/lb. The extensive facilities already in place, combined with the short pre-stripping period, should enable the Scotia Mine to demonstrate a free cash flow of approximately C\$8.4 million in the first year of commercial production alone.

**Q3: Are Fancamp shareholders being diluted?**

**A:** Fancamp shareholders will emerge from this Transaction with a greatly enhanced opportunity to create value. The combined entity will have a strong cash position, a significant portfolio of projects that can

provide long-term value creation, greater opportunities for profitable growth, and be better positioned to attract new investments that would not be otherwise available at the current size.

Fancamp shareholders will continue to own the majority of the shares of the Corporation, and their slice will now come from a much larger pie. Once the ScoZinc Scotia Mine returns to successful commercial production, shareholders will benefit from a realizable, strong cash flow that would allow Fancamp to emerge as an important player in the exploration and mineral development industry. The status quo – the absence of the ScoZinc Transaction and a new cash-generating asset – leaves the Corporation on the same uncertain trajectory as before. Simply put, the many shareholders we have talked to understand that the combined company has a much greater potential to create sustained value than the status quo.

**Q4: What was the process to determine that the Transaction was beneficial to Fancamp shareholders?**

**A:** The Transaction was the result of a transparent, credible and thorough process with input from Fancamp's independent financial and legal advisors.

- On November 9, 2020, ScoZinc made a proposal for a potential acquisition of all the issued and outstanding shares of ScoZinc by Fancamp by way of a plan of arrangement. The current management team of Fancamp began evaluating and negotiating at that time, and on November 16, 2020, retained Ernst & Young LLP to advise on the arrangement.
- During a Fancamp Board of Directors (the "Board") meeting on December 4, 2020, the Board was provided with details regarding the non-binding proposition by ScoZinc, which included a detailed presentation of ScoZinc, its management and the proposed preliminary terms of the arrangement.
- During the Board meeting on December 4, 2020, the Board approved the non-binding term sheet and asked to obtain a fairness opinion from Ernst & Young LLP, conduct legal and technical due diligence, and negotiate a binding agreement with ScoZinc, which would be subject to subsequent approval by the Board.
- As a follow up to the December 4, 2020 Board meeting, Fancamp management provided the Board – including Mr. Peter H. Smith – with a draft fairness opinion from Ernst & Young LLP. The draft fairness opinion, along with other questions and concerns the Board had, were fully discussed at the December 18, 2020 Board meeting.
- During the Board meeting on December 30, 2020, management tabled and reviewed a legal due diligence report, a pre-feasibility study review report, the final fairness opinion prepared by Ernst & Young LLP, and financial evaluation documents sent by Ernst & Young LLP.
- Based on all inputs and evaluations, definitive agreements were then negotiated and approved by the Fancamp Board at the Board meeting on February 5, 2021, and the agreement was signed on February 13, 2021.

Shareholders should also be aware that while Fancamp was not required to obtain a fairness opinion, 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, based on all information available, also believes that the Transaction has the potential to create value and sustainable growth for the Corporation over the medium to long-term. Among other benefits, the Transaction should enable Fancamp to plan the restart of the commercial production at the Scotia Mine in Nova Scotia, which is expected to create significant non-dilutive cashflow for the Corporation.

**Q5: Has the ScoZinc management tried to finance the mine without Fancamp?**

**A:** ScoZinc entered discussions with a number of firms and investors, but chose to combine with Fancamp due to the Corporation's strong balance sheet, and highly liquid and marketable securities which could help finance the Scotia Mine. The combination of Fancamp and ScoZinc also presented an excellent opportunity for two significantly undervalued companies with complementary strengths to combine talents and projects to create a world class explorer, developer and producer.

**Q6: If the Transaction is so accretive, why have no other larger players partnered with ScoZinc?**

**A:** The transformational Transaction with Fancamp and ScoZinc combines two significantly undervalued companies with complementary strengths and creates a larger, stronger entity that will be in a better position to attract new investments for growth and funding for strategic initiatives.

**Q7: Why are Fancamp shareholders not able to vote on the Transaction?**

**A:** A vote is not required under applicable laws. While a certain disgruntled director and activist has demanded that the Corporation incur significant additional expenses by conducting an unnecessary shareholder vote on the Transaction, under applicable securities regulations, the Transaction is an arm's-length transaction, which means no approval is required from the shareholders of the Corporation.

Also, 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.

**Q8: According to Mr. Peter H. Smith, one of the directors of Fancamp, certain directors were conflicted with regards to the Transaction; is this true?**

**A:** No, all the claims by Mr. Smith are false. When the Transaction was presented to the Fancamp Board, Mr. Ashwath Mehra was the only Fancamp director who had a disclosable interest. As stated in the March 18, 2021 press release, Mr. Mehra disclosed his interest in a timely manner and recused himself from voting on the Transaction.

Mr. Smith also wrongly stated that Mr. Mark Billings was conflicted. Mr. Billings resigned from the ScoZinc Board of Directors and was not involved in the negotiations around the Transaction while he was a director of ScoZinc. As Mr. Billings did not have any disclosable interest in the Transaction, he was entitled to vote on the Transaction.

**Q9: Will the Fancamp Board of Directors change after the Transaction?**

**A:** Yes, and the composition will be up to Fancamp shareholders. As stated in the February 18, 2021 and March 18, 2021 press releases, as well as in the Transaction agreement (a copy of which is available on SEDAR), after the Transaction closes, Messrs. Mark Haywood (President and Chief Executive Officer of ScoZinc) and Christopher Hopkins (Director of ScoZinc) will be **nominated** to join the Fancamp Board of Directors of Fancamp at the Corporation's next AGM. Shareholders will be able to vote on these nominees in due course.

**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 expected 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.ca](mailto:info@fancamp.ca)

**Debra Chapman, Chief Financial Officer**

+1 (604) 434 8829

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

### **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.**