

Fancamp Exploration Ltd. Files Civil Claim Against Mr. Peter H. Smith

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Seeks over \$3,000,000 in damages from Mr. Smith on behalf of shareholders

[Fancamp Exploration Ltd.](#) ("Fancamp" or the "Corporation") (TSX Venture Exchange: FNC) today announced that it has filed a civil claim in British Columbia Supreme Court (the "Claim") against Mr. Peter H. Smith, a director of Fancamp and its former President and CEO. Fancamp commenced the Claim to remedy Mr. Smith's wrongdoing, including his:

- Unauthorized sale of Fancamp's assets, which caused a loss currently estimated at over \$3.1 million;
- Undisclosed transfer of Fancamp's assets to himself and to other individuals for little or no consideration; and,
- Refusal to disclose Fancamp's technical and financial information to its Board of Directors (the "Board").

Fancamp may not yet know everything that Mr. Smith did to hurt the Corporation and help himself. Fancamp recently announced that a formal forensic investigation has been launched, and has strong reason to believe more misconduct and self-dealing by Mr. Smith will be uncovered. The Special Committee will report its findings as they become available and Fancamp may amend the Claim to address any further wrongdoing that the Special Committee identifies.

Mr. Smith Treated Fancamp as His Personal Property

Despite being a widely-held public company, Mr. Smith viewed Fancamp as 'his company' to do with as he pleased. Between 1986 and 2020, while Mr. Smith held the positions of Chairman, Director, President and CEO of Fancamp, he entered into numerous self-dealing transactions where he enriched himself, his friends and his business associates by transferring assets of Fancamp to himself or to his associates for little or no consideration. Mr. Smith hid these self-dealing transactions from the Board.

Mr. Smith Paralyzed Fancamp's Subsidiary, Magpie Mines, For His Own Benefit

One of the self-dealing transactions that Fancamp is aware of involves The Magpie Mines Inc. ("Magpie"), a subsidiary of Fancamp. As discussed on the January 19, 2021 and March 4, 2021 investor calls, a key component of the new management team's three-pronged strategy is supporting titanium technology. The global titanium dioxide market is over \$16 billion and expected to grow at 8-10% rate. Titanium (TiO₂) is used in numerous products, such as paint, cosmetics, paper and pulp, and the use of titanium in 3D printing is expected to double to \$1 billion by 2026. Magpie is a titanium-rich deposit and the Corporation is creating a new and simplified process to extract the TiO₂, which would unlock significant value for Fancamp and its shareholders.

However, 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.

Mr. Smith Squandered Shares of Champion Iron Limited

Fancamp acquired [Champion Iron Ltd.](#) ("Champion") shares in a series of transactions between 2008 and 2012. The shares of Champion have consistently increased in value since 2016. Fancamp's Champion shares are a valuable corporate asset that it can deploy to progress its business and create shareholder value.

In 2019, independent director Mark Billings conducted a detailed review of Fancamp's business and discovered that Mr. Smith had sold large numbers of Champion shares to fund indiscriminate spending, without proper budgets or controls. In response, the Board specifically prohibited any further sale of Champion shares without Board approval.

Mr. Smith defied the Board and never provided proper budgets, continued to sell shares of Champion without Board approval, and authorized exploration expenditures without budget or approval from the Board. These unauthorized sales caused losses estimated to be in excess of \$3.1 million.

Mr. Smith Withheld Critical Information from the Board

Mr. Smith resigned as President and CEO of Fancamp after the Board discovered his unauthorized sale of corporate assets. When he stepped down, Mr. Smith had critical technical and financial information that Fancamp needed to properly operate its business. He has refused to provide that information to Fancamp, despite multiple demands.

Mr. Smith's refusal is illegal. It also shows a complete disregard for the interests of Fancamp and its shareholders. Fancamp will, if necessary, seek a court order requiring that Mr. Smith provide it with all of the documents and information that he has refused to provide.

Advisors

Lavery, de Billy, L.L.P. and Goodmans LLP are serving as legal advisor 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.

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", "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. 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 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. 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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Contact

For Further Information
Rajesh Sharma, Chief Executive Officer
+1 (604) 434 8829
info@fancamp.ca

Debra Chapman, Chief Financial Officer
+1 (604) 434 8829
info@fancamp.ca

Media

Hyunjoo Kim
Director, Communication, Marketing & Digital Strategy
Kingsdale Advisors
Phone: 416-867-2357
Cell: 416-899-6463
Email: hkim@kingsdaleadvisors.com

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