Zenyatta Ventures dissident victory a rare win for shareholders over management entrenchment

Zenyatta Ventures {TSX.V: ZEN}

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This victory is more significant in that it occurred despite management attempts at entrenchment, as detailed **HERE** in the last few weeks. In taking these actions management not only attempted to entrench themselves, but also meant that by winning the shareholder dissident group were inheriting a poisoned chalice, with the financial commitment to former CEO Eveleigh requiring significant funds, taking away shareholder money that would be sued to create shareholder value.

I wonder if the dissidents will make a legal challenge here? I wouldn't rule it out, as the recent actions of management could possibly be deemed against acting in the best interests of shareholders, in my honest opinion.

When CEO and founder Aubrey Eveleigh stood down, it triggered a CAD $ 900,000 payment to him, payable in 12 CAD $75,000 instalments. Eveleigh was then appointed a director, on the same salary (CAD $225,000) as his previous position as CEO. In the event of dismissal, this CAD $900,000 becomes effective in one payment, which clearly the company cannot afford.

Zenyatta have been stuck in the same position for the last three years, not being able to raise finance to move the

project to the next stage, and funds currently are very limited, so how they will cope with a CAD $900,000 claim is to be seen.

Given the current obligations and commitments to pay former management, it is difficult to see who will invest in this company at this stage, and they need investment, of that I'm sure.

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The reality is Zenyatta have been stuck for three years where they are now, and were unable to fund the significant amount of money required to move the project to the next stage. With the new financial commitments, as a result of the recent former management actions, it looks like a walk up Everest has become a run up the north face of the Eiger.

It looks like a major task to fund Zenyatta now, unless recent decisions can be overturned some how.

I wish the new directors the best of British, I feel they may need it!

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