

Zenyatta Ventures – Have the dissidents inherited a poisoned chalice?



Zenyatta Ventures {TSX.V: ZEN}

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It is hard to imagine ZEN without former CEO Aubrey Eveleigh in charge, he founded the company and was a fixture, a frequent visitor to the PDAC and held presentations with us several times in London over the years. I remember the stock at \$5 per share, a far cry from the current 57c.

Nice guy as he is, sadly the company stopped moving forward three years ago, and has trodden water ever since. This is OK if you're a director on good remuneration, but not if you're a shareholder watching the share price falling and little to no progress being made where it counts, in the ground!

The simple fact is ZEN needed two feasibility studies, costing around \$10 – 12 million, and then a production decision had to be made, and then \$140 million capex had to be raised, then two years of construction. And with no financing in site to even start the first of the two feasibility studies, it's not exactly a compelling investment proposition.

So, the inevitable happened and a dissident group was formed, with the purpose of ousting the current management and putting in a new more focused group, who would try and move forwards in a timely fashion.

The big question now is, have the dissidents inherited a poisoned chalice? During the proxy battle management tried to entrench by taking actions they would not have taken but for fear of losing to the dissidents, in my opinion.

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CEO Eveleigh stood down, and that action activated a \$900,000 termination bonus in his contract of employment, which he agreed to take in \$75,000 payments every 6 months until paid in full. In addition, Eveleigh was elected as a director, with the same payment as he received previously as CEO, CAD \$225,000 per annum!

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So, the dissidents might now be in charge, but the bank account is nearly zero, and they have payments of \$75,000 to make every 6 months to the former CEO, and possibly more, depending whatever else might have been put in his contract when he became a director.

I would suggest the dissidents will really struggle to raise any money with so much owed to the former CEO, and might yet have to hand back the company they now run to rid themselves of the onerous burden of paying the former CEO as well as having to pay themselves and other staff members.

I have a feeling this story is going to have a few twists and

turns along the way.

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