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Notice of Hearing

Brookmount Explorations Inc., Peter John Flueck and Zafer Erick Sungur

Section 161 of the *Securities Act*, RSBC 1996, c. 418

¶ 1 The Commission will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders against Brookmount Explorations Inc. (Brookmount), Peter John Flueck (Flueck) and Zafer Erick Sungur (Sungur) (collectively, the Respondents) under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Background

1. On December 9, 1999, Brookmount was incorporated under the laws of the state of Nevada.
2. At all material times:
 - (a) Brookmount operated from offices in Vancouver, British Columbia
 - (b) Flueck was the president and a director of Brookmount
 - (c) Sungur was a director and officer of Brookmount
 - (d) Brookmount's securities were quoted on the OTC Bulletin Board.
3. Flueck is a resident of Alberta.
4. Sungur is a resident of British Columbia.
5. In or about February 2005, Brookmount acquired from Flueck a mineral property in Peru known as the Mercedes 100 Project (the Mercedes Property).
6. The Mercedes Property was a key property for Brookmount.
7. Effective July 15, 2007, Brookmount moved its offices from Vancouver, British Columbia to Bellingham, Washington.

Reports on the Mercedes Property

8. Brookmount possessed written reports that were prepared between 1997 and 2005 and that contained mineral deposit information and economic assessments for the Mercedes Property. Some of these reports included

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information from older reports on the Mercedes Property that Brookmount did not possess (collectively, the Reports).

9. The Reports were inconsistent and discredited each others' conclusions about the mineral deposits on the Mercedes Property and its economic viability. One Report concluded that no resource calculations could be made without resolving survey data problems on the Mercedes Property.

SEC Filings

10. In 2005 and 2006, Brookmount filed documents with the United States Securities and Exchange Commission (the SEC) which stated that the Mercedes Property had no reserves.

Publication of News Releases

11. From February 2005 to June 2007, Brookmount issued nine news releases about the Mercedes Property that included mineral estimates and economic forecasts taken from the Reports.

Misconduct

Misrepresentations

12. In the news releases, Brookmount disclosed selected mineral and economic information from the Reports, but omitted these material facts:
 - (a) that mineral estimates in the news releases were discredited and unreliable
 - (b) that economic forecasts in the news releases were based on discredited and unreliable mineral estimates
 - (c) that the news releases contained favourable information from some Reports, while omitting less favourable and contradictory information from other Reports
 - (d) that mineral estimates for the Mercedes Property did not comply with the standards for reserve estimates in National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101) or the Canadian Institute of Mining (CIM)
 - (e) that Brookmount had filed documents with the SEC stating that the Mercedes Property had no reserves.
13. By issuing the news releases without stating these material facts, Brookmount made misrepresentations contrary to section 50(1)(d) of the Act.

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Breach of National Instrument 43-101

14. By issuing news releases in 2005, 2006 and 2007, Brookmount breached NI 43-101 because

- (a) Brookmount failed to ensure that disclosure of a scientific or technical nature was based on information prepared by or under the supervision of a qualified person, contrary to section 2.1 of NI 43-101
- (b) Brookmount disclosed quantities and grades of a deposit which had not been categorized as required by sections 2.2 and 2.3 of NI 43-101
- (c) Brookmount failed to include the name and relationship to Brookmount of a qualified person, contrary to section 3.1 of NI 43-101
- (d) Brookmount failed to include data verification, contrary to section 3.2 of NI 43-101
- (e) Brookmount failed to include exploration information required by section 3.3 of NI 43-101
- (f) Brookmount failed to include mineral resource and mineral reserve information required by section 3.4 of NI 43-101
- (g) Brookmount failed to file a technical report as required, contrary to sections 4.2 and 4.3 and Parts 5 and 6 of NI 43-101.

Participation of Flueck and Sungur in Brookmount's Misconduct

15. Flueck and Sungur authorized, permitted or acquiesced in Brookmount's misconduct.

16. Pursuant to section 168.2 of the Act, Flueck and Sungur contravened the same provisions of the Act and of NI 43-101 as did Brookmount.

Shares Traded During Period of Misrepresentations

17. In the period from February 2005 to June 2007 when Brookmount was issuing the misleading news releases, investors traded a total of 25,400,954 shares of Brookmount with a market value of USD\$9,929,185.08.

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Breach of Cease Trade Order

18. On June 20, 2007, the Executive Director ordered under section 164(1) of the Act that all trading in the securities of Brookmount cease (the CTO).

19. Flueck and Sungur breached the CTO by selling shares of Brookmount in July and August of 2007.

Hearing Process

¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Monday, March 28, 2011 at 9:00 am** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondents upon request to the Executive Director.

¶ 3 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.

¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director may apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.

¶ 5 February 4, 2011

Paul Bourque

¶ 6 Paul C. Bourque, Q.C.
Executive Director