



Citation: 2020 BCSECCOM 426

## Notice of Hearing

**QcX Gold Corp. (formerly First Mexican Gold Corp.),  
James Arthur Robert Voisin, and John Charles Archibald**

**(collectively, the Respondents)**

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

- ¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing (Hearing) at which the Executive Director will tender evidence, make submissions and apply for orders against the Respondents under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

#### **Summary**

1. First Mexican Gold Corp. (First Mexican) obtained a mineral resource estimate by asking an experienced mining engineer (the Consultant) for a non-compliant overview of its exploration property, that would not be used publicly. A month later, it disclosed the Consultant's non-compliant estimate, without her knowledge, in a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) technical report (the Report).
2. John Charles Archibald (Archibald) authored the Report for First Mexican, using the Consultant's non-compliant estimate. In the Report, Archibald made false or misleading statements about how it was prepared and his qualifications as a qualified person (QP) as defined in NI 43-101. By doing so, he contravened section 168.1(1)(b) of the Act.
3. First Mexican provided information that was materially misleading in a record that it was required to file, when it filed the Report with the Consultant's non-compliant estimate in it. By doing so, First Mexican contravened section 168.1(1)(b) of the Act.
4. First Mexican also contravened section 5.1 of NI 43-101 by filing the Report without ensuring that Archibald met the criteria of a QP; and contravened section 8.3(1)(a) of NI 43-101 by filing the Report without including a consenting statement from the Consultant, when it used her work in the Report.
5. Less than three months after First Mexican filed the Report, the Consultant revised her estimate to have 72% less gold and 83% less silver. Approximately two years later she gave First Mexican another estimate that confirmed that lower resource. First Mexican did not disclose either of these material changes. By failing to do so it contravened section 85(b) of the Act.



6. James Arthur Robert Voisin (Voisin) sold shares of First Mexican, on 121 different days, with knowledge of the Consultant's revised lower estimates, but before those material changes were publicly disclosed. By doing so, he engaged in insider trading and contravened section 57.2(2) of the Act.
7. Voisin was First Mexican's directing mind and also contravened the same provisions that it did, pursuant to section 168.2 of the Act.

### **Background**

8. During the relevant period, First Mexican was a mineral exploration company whose principal asset was the Hilda 30 concession in Sonora State, Mexico (the Property). It announced a management change on October 23, 2019 and changed its name to QcX Gold Corp. on July 8, 2020. Its shares trade on the TSX-Venture Exchange and the Frankfurt Stock Exchange.
9. Voisin was the President and CEO of First Mexican during the relevant period. He resigned from all positions at First Mexican on October 23, 2019. He resides in Ontario.
10. Archibald was a professional geoscientist during the relevant period, but he had no experience calculating or estimating mineral resources. He resides in Victoria, British Columbia.
11. The Consultant was, during the relevant period, a geologic and mining engineer with expertise as a QP in mineral resource estimates for NI 43-101 technical reports. She provided consulting services to mining and exploration clients.
12. On October 28, 2014, First Mexican issued a news release that disclosed a resource estimate on the Property for the first time. In the same news release, First Mexican announced it had completed the Report which outlined the resource. The Report was also dated October 28, 2014, but was not filed on SEDAR until December 8, 2014.

### **Misconduct**

#### ***False or misleading statements (First Mexican and Archibald)***

13. Voisin retained the Consultant in September 2014, to give him a quick, non-compliant overview of the resource on the Property. He told the Consultant that the estimate was for his own reference and would "not be anywhere near to a public document."
14. The Consultant emailed Voisin a written estimate on September 26, 2014 (the Non-Compliant Estimate).
15. Voisin emailed Archibald the Non-Compliant Estimate sometime in October 2014, and asked him to prepare an NI 43-101 technical report. Voisin did not tell Archibald



that the Non-Compliant Estimate was non-compliant or that it was not meant to be used publicly.

16. Archibald used the Non-Compliant Estimate in the Report without notifying the Consultant and without ensuring that she consented to it being publicly disclosed and included in the Report.
17. By filing the Report with the Non-Compliant Estimate in it, First Mexican represented that the information in the Report complied with NI 43-101. In light of all the circumstances, that was materially misleading.
18. Archibald made false or misleading statements in the Report or omitted facts that were necessary to make statements in the Report not false or misleading. Specifically, he:
  - (a) certified that he fulfilled the requirements to be a QP for the purpose of NI 43-101 and had the relevant experience and qualifications to determine the geological significance of the Property, when he knew both statements were false;
  - (b) certified that he was responsible for the preparation and content in the Report when he knew that the Consultant prepared the Non-Compliant Estimate that was in the Report, and that he failed to name her as a source of information and data as required by Form 43-101F1; and
  - (c) certified that he was not aware of the omission of any material fact which would make the Report misleading when he knew that he omitted the fact that he used the Non-Compliant Estimate in the Report without the Consultant's knowledge and without reviewing it with her.

***Failure to retain a qualified QP and file consent of all QPs (First Mexican)***

19. First Mexican filed the Report:

- (a) without ensuring that Archibald met the criteria listed under the QP definition in NI 43-101, including having the relevant experience and competence for the subject matter of the Report, estimating mineral resources; and
- (b) without the Consultant's knowledge and without filing a statement from her consenting to the public filing of the Report, when it knew she was responsible for preparing the Non-Compliant Estimate used in the Report.

***Failure to disclose a material change (First Mexican)***

20. The Consultant emailed Voisin a revised estimate of the mineral resource on the Property on January 6, 2015 (the Revised Lower Estimate) after she learned that the Non-Compliant Estimate was based on incorrect drill hole data that she received from



Voisin. The Revised Lower Estimate showed 72% less gold and 83% less silver on the Property than First Mexican disclosed in the Report.

21. Notwithstanding that it had received the Revised Lower Estimate, First Mexican continued to publicly rely on the Report until November 30, 2016, when it published a news release that stated the Report did not comply with NI 43-101 and that the resource estimates in the Report should not be relied on. That news release did not refer to the Revised Lower Estimate.
22. The Consultant emailed Voisin another estimate of the mineral resource on the Property on December 8, 2016 (the Confirmed Lower Estimate). It was consistent with the Revised Lower Estimate in that it showed approximately 80% less mineralization on the Property than First Mexican had previously disclosed in the Report.
23. The Revised Lower Estimate was a material change in relation to First Mexican. Alternatively, the Confirmed Lower Estimate was a material change. First Mexican did not disclose or file a material change report in relation to either of these estimates.

***Insider trading (Voisin)***

24. Voisin knew from January 6, 2015 that the Revised Lower Estimate showed that the mineral resources on the Property were approximately 72 % - 83% less than what First Mexican publicly disclosed in the Report. With that information, and before November 30, 2016 when First Mexican published a news release saying the Report should not be relied on, Voisin sold shares of First Mexican in the public market as follows:
  - In 53 transactions on 49 different days between January 29, 2016 and November 23, 2016, Voisin sold 2,711,000 shares of First Mexican for total proceeds of \$86,919.
25. Voisin knew from December 8, 2016 that the Confirmed Lower Estimate showed that the mineral resources on the Property were approximately 80% less than what First Mexican had previously disclosed in the Report. With that information, and before November 3, 2017 when First Mexican published a news release disclosing a lower resource estimate, Voisin sold shares of First Mexican in the public market as follows:
  - In 77 transactions on 72 different days between December 9, 2016 and September 26, 2017, Voisin sold 3,575,500 shares of First Mexican for total proceeds of \$75,583.

***Contraventions attributable to directors (Voisin)***

26. Voisin contravened the same provisions as First Mexican by authorizing, permitting or acquiescing in its contraventions.



### **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 **Wednesday, January 13, 2021, at 9:00 a.m.** 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 Respondent 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 Hearing Office at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: [commsec@bcsc.bc.ca](mailto: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.

*Peter J Brady*

*Oct 22 2020 1:15 PM -07:00*

- ¶ 5 Peter J. Brady  
Executive Director