

Citation: 2017 BCSECCOM 231

Settlement Agreement

Wally Elmer Boguski

Securities Act, RSBC 1996, c. 418 (the Act)

¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Wally Elmer Boguski (Boguski) agree as follows:

Agreed Statement of Facts

1. Boguski was a British Columbia (BC) resident between 2011 and 2014, but currently resides in Arizona. He has been involved with public companies in various capacities for approximately 23 years.
2. Victory Resources Corporation (Victory) is a publicly traded junior mineral exploration company whose shares trade on the TSX Venture Exchange (TSX-V). Victory is engaged in the exploration of mineral properties located in Canada and, until recently, Mexico.
3. Sierra Iron Ore Corporation (Sierra) was a publicly traded junior mineral exploration company whose shares traded on the TSX-V and were quoted on the US Over-the-Counter Markets. In July 2016, Sierra changed its name to Crystal Lake Mining Corporation (Crystal Lake).
4. During the relevant time (2011 to 2014), Boguski was the President, Chief Executive Officer and a director of Victory, and the President, Chief Executive Officer and a director of Sierra. At present, Boguski is no longer the President, Chief Executive Officer or a director of Victory, but he remains the President, Chief Executive Officer and a director of Crystal Lake.
5. Boguski was responsible for the disclosure of mineral resource information for Victory and Sierra between 2011 and 2014. He authorized Victory and Sierra to disclose mineral resource information that was not supported by appropriate scientific or technical evidence, which constituted breaches of sections 2.2(a), 2.4, 3.3(1)(b), 3.3(2)(c), and 4.2(1)(j) of National Instrument 43-101, *Standards of Disclosure for Mineral Projects* (NI 43-101).

Misconduct

Victory

6. In November 2011, Boguski caused Victory to post on its website an article by Resource World Magazine (Article). The Article, which remained on the

website until August 2012, improperly adopted historical reserves and estimates based on the technical report for Victory's Reforma mining property.

7. The Reforma technical report was not compliant with NI 43-101. The Article posted on the Victory website also constituted disclosure by Victory that was not compliant with NI 43-101.
9. Victory's disclosures described in paragraphs 6 and 7 contravened:
 - (a) section 2.2(a) of NI 43-101 because the historical reserves were not "mineral reserves" as defined in the Canadian Institute of Mining, Metallurgy and Petroleum definition standards;
 - (b) section 2.4 of NI 43-101 by failing to include all of the detailed information and commentary required for historical estimates; and
 - (c) section 4.2(1)(j) of NI 43-101 because Victory failed to file the required technical report 45 days following the release of the historical estimates.
10. Boguski caused Victory to issue several news releases in 2012 and 2013 that described its various exploration activities (Victory News Releases). The Victory News Releases included underground sampling results that were incomplete and other statements that were not supported by the Reforma technical report.
11. The Victory News Releases contravened sections 3.3(1)(b), and 3.3(2)(c) of NI 43-101 because they did not provide adequate interpretation of the exploration information, and failed to reference the required widths in the results.
8. In March of 2014, the Executive Director imposed a Cease Trade Order on Victory. In April of 2014, Victory issued a compliant technical report and a clarifying news release. In June of 2014, the Commission revoked the Cease Trade Order against Victory.

Sierra

10. In the fall of 2012 and spring of 2013, Boguski caused Sierra to issue five news releases that disclosed results from a 6-hole drill program at its El Creston property (Sierra New Releases).
11. In August 2013, Boguski caused Sierra to post to its website a presentation (Presentation) that referenced potential production rates for the El Creston

property that did not comply with the disclosure requirements under s. 2.2(a) of NI 43-101.

12. The Sierra News Releases and the Presentation contained non-compliant and inconsistent disclosure of drilling results, and triggered the requirement to file a new technical report for the El Creston property. Sierra's disclosure deficiencies constituted breaches of sections 2.2(a) and 4.2(1)(j) of NI 43-101.
13. Sierra issued a news release in March of 2014 clarifying and retracting the non-compliant disclosures.

Breaches of National Instrument 43-101

14. The various deficiencies and errors in Victory and Sierra's disclosure constitute contraventions of sections 2.2(a), 2.4, 3.3(1)(b), 3.3(2)(c) and 4.2(1)(j) of NI 43-101.
15. As director and officer of Victory and Sierra, Boguski authorized, permitted or acquiesced in Victory and Sierra's contraventions of NI 43-101 and therefore also contravened the same provisions by operation of s. 168.2 of the *Act*.

Factors Relevant to Settlement

16. On behalf of Victory and Sierra, Boguski cooperated with staff throughout the disclosure reviews, and made efforts to fully comply with staff directions.
17. Boguski admits that he is ultimately responsible for the disclosure of mineral resource information for Victory and Sierra between 2011 and 2014.
18. Staff did not find evidence of direct investor harm as a result of the compliance failures.
19. Boguski acknowledges that he requires additional training and education with respect to the requirements of NI 43-101 in order to prevent future errors.

Public Interest

20. It is in the public interest that the Executive Director issue orders under section 161 of the *Act*.

Undertaking

21. Boguski undertakes to pay \$20,000 to the British Columbia Securities Commission in respect of settlement of this matter, which sum is due and payable immediately without further demand.

Order

- ¶ 2 The Executive Director will issue an order (the Order) that:
1. Boguski is prohibited under section 161(1)(d) of the Act from acting as a director or officer of any issuer until the later of, one year from the date of the Order, or the successful completion a course on the requirements of NI 43-101 that is acceptable to the Executive Director. Proof of attendance and the successful completion of the course must be provided in writing to the Executive Director.
 2. The above prohibition is subject to the following exception:
 - (a) Boguski can continue to act as a director and officer of Crystal Lake (formerly Sierra), but is prohibited from preparing, reviewing or approving any geological disclosure until the expiry of the prohibition period.

Consent to Regulatory Orders

- ¶ 3 Boguski consents to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the Orders set out in paragraph ¶2 above.

Waiver

- ¶ 4 Boguski waives any right he may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this settlement.

Counterpart

¶ 5 This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

¶ 6 July 8 , 2017

¶ 7 Wally Elmer Boguski
Wally Elmer Boguski

Kristine Frost)
Witness Signature)
Kristine Frost)
Witness Name (please print))
13236 Cliffstone Crt.)
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Address)
Secretary)
Occupation)

¶ 8 July 20 , 2017

Peter J. Brady

¶ 9 Peter J. Brady
Executive Director