



*2019 update*

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# Canadian Proxy Contest Study

FASKEN

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Fasken is a leading international law firm with more than 700 lawyers and ten offices on four continents. Clients rely on us for practical, innovative and cost-effective legal services. We solve the most complex business challenges, providing exceptional value and putting clients at the centre of all we do.

# 2018

## Year in review

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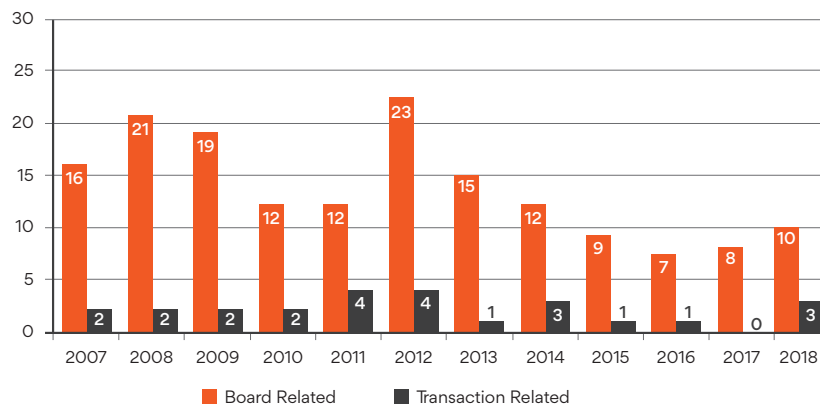
For the first time in four years, the number of formal proxy contests increased. Dissidents continued their winning ways, but had to settle for a higher proportion of partial victories. Public-broadcast-only contests remained infrequent, but effective. Dissidents continued to target micro-cap issuers and natural resource companies.

### 1. The number of contests reached a four-year high

Following a long period of decline in the number of formal proxy contests, 2018 saw a jump to 13 contests — the highest since 2014 — as a result of 10 board-related contests and 3 transaction-related contests. However, this level of activity remains low compared to the number of formal contests that occurred between 2007 and 2012.

#### Proxy Contests per Year

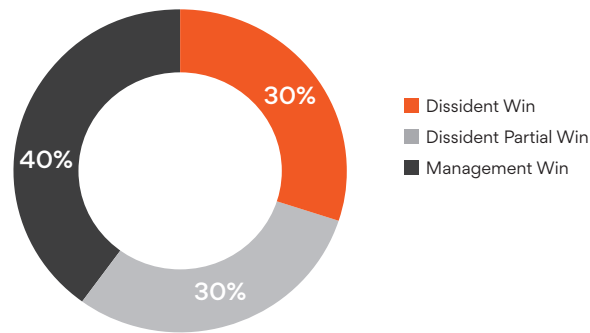
2007 - 2018  
(189 Contests)



## 2. Dissidents are winning – but not always the full victory they are looking for

For the second year in a row, dissidents won the majority of board-related contests. However, dissidents achieved a smaller proportion of outright victories compared to 2017, with half of their victories resulting from partial wins. (In our methodology, a partial win occurs when the dissident achieves some, but not all, of its publicly disclosed objectives in initiating and conducting the proxy contest.)

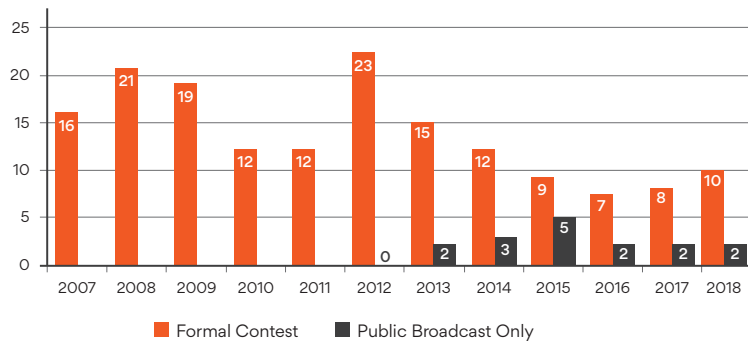
▼ **Win Rate in Board-Related Contests**  
(10 Contests)



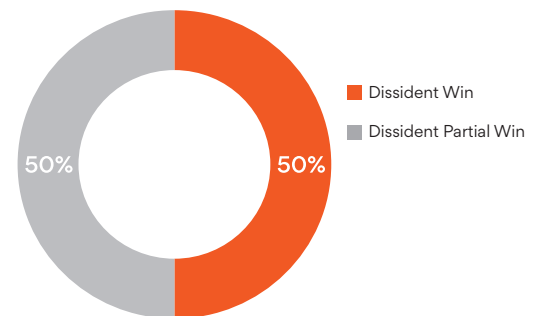
## 3. Solicitations by public broadcast remained relatively infrequent

For the third year in a row, there were only two broadcast-only solicitations. And, once again, dissidents had success when using this tactic which may reflect a strong initial bargaining position on the part of the dissidents.

▼ **Board-Related Contests Per Year**  
(Formal and Broadcast-Only)  
2007 - 2018  
(180 Contests)



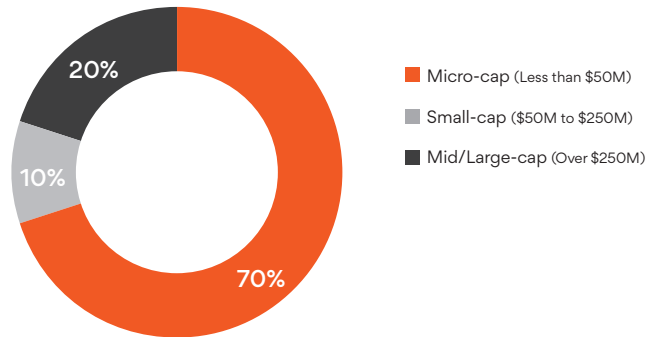
▼ **Win Rate in Broadcast-Only Board Related Contests**  
(2 Contests)



## 4. Micro-cap issuers are where the action is

Overall, the relative mix of targets by market capitalization has remained steady over the past several years. It remains the case that micro-cap issuers are the most likely target of a formal proxy contest (and, of course, micro-cap issuers are the overwhelming majority of issuers in Canada).

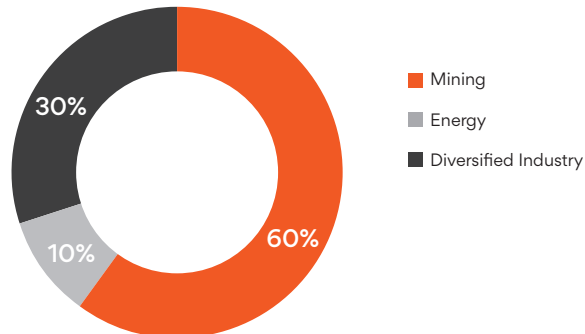
▼ **Distribution of Board-Related Contests by Issuer Market Capitalization**  
(10 Contests)



## 5. Mining companies are under siege


Seven of the ten board-related contests in 2018 involved issuers engaged in the mining or oil and gas sectors, including both of the mid/large-cap contests. Digging deeper, six of such contests involved mining companies.

▼ **Distribution of Board-Related Contests by Issuer Industry**  
(10 Contests)




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Brad's practice is focused on mergers and acquisitions, shareholder activism and corporate finance. Brad has been involved in a number of contested situations, including hostile take-over bids, topping bids and proxy contests, and also has significant experience representing acquirors and targets in connection with negotiated transactions. Brad also regularly acts for issuers and investment dealers in connection with public and private financings, including cross-border offerings. Brad is recognized by both *Lexpert* and *IFLR1000* as a "Rising Star" and has received recognition from various publications for his expertise in mergers and acquisitions and corporate finance. Brad received his JD/MBA from the University of Toronto and has also completed Level III of the Chartered Financial Analyst Program.



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We wish to acknowledge the efforts of Zach Austin, Tina Mahadeo, Gurinder Gujral, Jordana Keslassy, Devon LaBuik, Justine Reisler, and Jake Woloshyn who devoted their time to make this update possible.

## See Our Other Studies

The Canadian Proxy Contest Study: 2019 Update is the seventh installment of our series of studies on Canadian proxy contests, which can be found at the following links:

[www.fasken.com/en/newshub/2018/02/proxycontestupdate2018](http://www.fasken.com/en/newshub/2018/02/proxycontestupdate2018)

[www.fasken.com/en/knowledgehub/2017/01/canadianproxyconteststudy2017-20170125](http://www.fasken.com/en/knowledgehub/2017/01/canadianproxyconteststudy2017-20170125)

[www.fasken.com/en/knowledgehub/2016/03/canadianproxyconteststudy2016-20160303](http://www.fasken.com/en/knowledgehub/2016/03/canadianproxyconteststudy2016-20160303)

[www.fasken.com/en/knowledgehub/2015/05/canadianproxyconteststudy2015-20150512](http://www.fasken.com/en/knowledgehub/2015/05/canadianproxyconteststudy2015-20150512)

[www.fasken.com/en/knowledgehub/2014/03/canadianproxyconteststudy2014-20140306](http://www.fasken.com/en/knowledgehub/2014/03/canadianproxyconteststudy2014-20140306)

[www.fasken.com/en/knowledgehub/2013/01/anextensiveempiricalstudyof-20130125](http://www.fasken.com/en/knowledgehub/2013/01/anextensiveempiricalstudyof-20130125)

Please also see our 2015 Canadian Hostile Take-Over Bid Study that reviews all 143 unsolicited (or “hostile”) formal bids for control of a Canadian-listed public company in the ten-year period between 2005 and 2014, which can be found at the following link: [www.fasken.com/en/knowledgehub/2015/02/anextensiveempiricalstudyof-20150219](http://www.fasken.com/en/knowledgehub/2015/02/anextensiveempiricalstudyof-20150219)

Please also see our analysis of hostile bid activity since the 2016 changes to the bid regime, which can be found at the following link: <https://www.timelydisclosure.com/2018/02/20/hostile-bids-on-ice-canadian-hostile-bid-activity-trends-substantially-lower/>

## Appendix

### 2018 Formal Board-Related Contests

Target Name	Target Industry	Target Market Cap	Outcome of Contest
East Asia Minerals Corporation	Mining	Micro-Cap	Management Win
Colorado Resources Ltd.	Mining	Micro-Cap	Dissident Partial Win
Crescent Point Energy Corp.	Energy	Mid/Large-Cap	Dissident Partial Win
Zenyatta Ventures Ltd.	Mining	Micro-Cap	Dissident Win
DAVIDsTEA Inc.	Diversified Industry	Small-Cap	Dissident Win
Alexandria Minerals Corporation	Mining	Micro-Cap	Management Win
Tartisan Nickel Corp.	Mining	Micro-Cap	Management Win
Current Water Technologies Inc.	Diversified Industries	Micro-Cap	Management Win
Detour Gold Corporation	Mining	Mid/Large-Cap	Dissident Partial Win
Blocplay Entertainment Inc.	Diversified Industries	Micro-Cap	Dissident Win

### 2018 Formal Transaction-Related Contests

Target Name	Target Industry	Target Market Cap	Outcome of Contest
CanniMed Therapeutics Inc.	Life Sciences	Mid/Large-Cap	Dissident Win
Glance Technologies Inc.	Telecommunications, Media, Technology	Small-Cap	Management Win
Global Atomic Corporation	Energy	Micro-Cap	Management Win

### 2018 Broadcast-Only Contests

Target Name	Target Industry	Target Market Cap	Outcome of Contest
Viridium Pacific Group Ltd.	Life Sciences	Micro-Cap	Dissident Win
Crius Energy Trust	Energy	Mid/Large-Cap	Dissident Partial Win



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