



FANCAMP EXPLORATION LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended January 31, 2023



Management Discussion & Analysis for the nine months ended January 31, 2023

The following discussion of performance, financial condition and future prospects should be read in conjunction with the financial statements of the Company and notes thereto for the nine months ended January 31, 2023 and 2022. The Company's reporting currency is Canadian dollars. **The date of this Management Discussion and Analysis is March 31, 2023.** Additional information on the Company is available on SEDAR at www.sedar.com and the Company's web site at www.fancamp.ca.

Forward-Looking Statements

This report may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans", and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

The Company

Fancamp is a growing Canadian mineral exploration corporation dedicated to its value-added strategy of progressing its priority mineral properties through exploration and innovative development.

The Corporation owns numerous mineral resource properties in Quebec, Ontario and New Brunswick, including copper, gold zinc, titanium, chromium, strategic rare-earth metals and more. Its VMS mineral properties in the Appalachian region of Quebec are a special focus; the Clinton project that is a past producing mine and the Stoke project with historical drilling and moderate copper-gold grades.

Fancamp has investments in an existing iron ore operation in the Quebec-Labrador Trough, in addition to an investment in a zinc mine planned to be restarted in Nova Scotia, a high-grade rare earth exploration opportunity in Quebec as well as the potential development of significant chromium properties in the "Ring of Fire", and an investment in a mineral exploration company which has a Portfolio of High-Quality projects in Northern Ontario's prolific mining districts. Also, the Company has a JV for the gold assets with the exploration company in the SW Abitibi Greenstone Belt, Canada's largest gold producing region

Fancamp is developing an energy reduction and titanium waste reduction technology with its advanced Titanium extraction strategy which reduces feedstock loss and can effectively recover and recycle titanium metal with rejected pigment.

The Corporation is managed by a focused leadership team with decades of mining, exploration and complementary technology experience.

The Company is a reporting issuer in British Columbia, Alberta, Ontario and Québec and its common shares are listed for trading on the TSX Venture Exchange under the symbol FNC.

Key Current Company Highlights and Outlook

- Fancamp transferred its Hennan Mallard and Dorothy properties and Platinex transferred its Shining Tree property to South Timmins Mining Inc. ("**Goldco**"), a subsidiary of Platinex. for a 25% interest in the share capital of Goldco, Fancamp has an option to increase its shareholding to 50%. The Company entered into a shareholders' agreement providing for the governance of Goldco's operation.



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The Company purchased 25,869,741 shares of Platinex at a price of \$0.04 per share representing 9.5% of the issued and outstanding shares of Platinex.

The Company was granted a 1.0% net smelter return royalty in respect of the Hennan Mallard and Dorothy properties, subject to a decrease to a 0.5% should the Company elect to exercise an option to acquire 50% of the issued and outstanding shares of Goldco.

The Company also contributed \$130,000 to Goldco in respect of the right and option to earn into the Shining Tree Gold Project in the Abitibi region of Ontario to be used to advance the initial exploration program. See NR 02/06/2023 and 03/14/2023.

- Fancamp and KWG Resources Inc. (KWG) completed the sale by Fancamp to KWG of all of the right, title and interests beneficially owned by Fancamp in and to the “Koper Lake-McFaulds” mineral properties, comprised of four (4) mining claims located within the “Ring of Fire” in the Province of Ontario. The proposed consideration package allows Fancamp to monetize its investment into KWG with marketable securities while providing KWG with an immediate cash injection that will permit KWG to advance various initiatives relating to the Mining Claims and to assist with their working capital needs. See NR 07/21/2022, 08/10/2022 and 09/01/2022.
- The Company announced the successful completion of compilation, integrated interpretation work and its spring drill program on its Stoke Project, focused on previously identified drill targets, intersecting 98 metres of disseminated copper mineralization. Fancamp drilled 1,119 metres in 3 holes with Hole STDD-22-05 intersecting 98.0 metres @ 0.12% Cu (from 275 to 373 metres downhole length), a program aimed to evaluate the down-dip and down-plunge extension of hole ST-2013-06 and has now defined mineralization to a vertical depth of 250 metres. See NR 09/08/2022, 03/12/2022 and 01/30/2023.
- The Company announced the successful completion of its winter drill program on its Clinton VMS Project. Fancamp drilled 1,294 metres in 6 holes, extending historical Lens A 100 metres along strike. The Company announced drill assay results of up to 3.30% Cu over 3.15 metres, the drill campaign resulted in lenses A and B being considered as a contiguous mineralized zone. Management is very encouraged by these results and plans to follow up with further drilling to better assess the size, grade and continuity of the copper bearing lenses. Interpreted results of a recently completed IP survey indicates strong chargeability and conductivity anomalies along the targeted favorable horizon consistent with a response from sulphide mineralization. An additional anomaly, closely related and parallel to the main anomaly, could indicate the possibility to discover multiple ore shoots in the area. These results shine a spotlight on new and under-explored areas of the Clinton property, 5.5 kilometres south of the current area of known massive sulphide lenses, where Fancamp believes more copper-zinc mineralization can be discovered. See NR 06/14/2022, 01/30/2023 and 03/13/2023.
- The geochemical survey conducted on the Dileo property was successful in delineating what Fancamp believes to be a sizeable gold geochemical anomaly in the northwest area of the property. A soil sampling program was conducted in 2022 resulting in the delineation of a high-priority target for gold mineralization and broad trend of mineralization across a 2.2-km corridor. The B-horizon sampling program was conducted on a 500-metres by 150-metres grid covering the property with a best soil assay result of the survey returned 178 ppb Au. See NR 03/06/2023.
- The Company entered into an agreement to sell its interests in the Robidoux claims for total compensation of \$500,000. See NR 01/31/2023.
- The Company has advanced its application for 6 patents and is continuing to work towards developing technologies, including for producing 3D printing titanium metal utilizing material rejected from the pigment industry for its feedstock. Tests proved the selective leach process



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removes impurities (reducing alkaline element content) that typically impact the chloride process, while barely affecting the original TiO₂ content (0.25% TiO₂ loss). See NR 02/23/2022 and 01/10/2023.

Significant Assets

At March 31, 2023, the Company holds 2,750,000 common shares of Champion Iron Ltd.

At March 31, 2023, the Company holds 2,348,485 common shares of EDM Resources Inc. (formerly ScoZinc Mining Ltd.)

At March 31, 2023, the Company holds a significant investment in associate KWG Resources Inc., including, a \$34.5M 6% secured convertible promissory note, 4,044,493 warrants to purchase multiple voting shares, 159,783 multiple voting shares and 4,480,000 common shares of KWG Resources Inc.

At March 31, 2023, the Company holds 25,869,741 common shares of Platinex Inc. and 12,934,870 warrants to purchase common shares.

See Note 5 “Marketable Securities”, Note 7 “Investments in Associates” and Note 9 “Exploration and Evaluation Assets” attached to the interim financial statements for the nine months ended January 31, 2023 and 2022.

Significant Mineral Properties

Clinton Property, Quebec This property may represent a structural window into underlying Dunnage Zone rocks, an important host to precious metal rich volcanogenic massive sulfide systems in the northern Appalachians. The project area hosts the small, past-producing Clinton mine, which reportedly mined an average grade of 2.65% Cu, 2.43% Zn, 30.03 gpt Ag, and 0.45 gpt Au [Groupe Minier Sullivan, 1973 Annual report] from 1973 to 1975. Five small sulfide lenses, containing a non 43 -101 compliant historic resource of 1.52Mt at 2.02% Cu and 1.54% Zn remain on the property [MRNFQ Fiche de Gite 21E07-0007]. Fancamp has held the project since 2010 and has completed drill programs in the past. The best intercepts returned from Fancamp’s work was 1.79% Cu over 6.19 metres within a 14.58 metres wide zone of 1.09% Cu (Fancamp press release July 16, 2012), and 1.27% Cu, 1.14% Zn, and 11 gpt Ag over 11 metres (V3 zone, press release October 14, 2014), and 2.78% Cu and 16.9 gpt Ag over 24.7 metres (V1 zone, Fancamp press release October 14, 2014). In February 2022, Fancamp commenced a drill program aimed at testing a VTEM plate anomaly situated some 100 metres NE of a copper mineralized lens. A total of 1,294 meters in 6 holes were drilled in February and March 2022 with results of 3.3% Cu over 3.15 metres and 12.64 g/t Ag which extended the known Clinton A massive sulphide lens by more than 100 meters along strike. Further drilling was conducted to better assess the size, grade and continuity of the copper bearing lenses, with encouraging results. The recent IP survey delineate high priority anomalies along a targeted favorable geological horizon on an overlooked part of the property. See NRs 01/05/2022, 01/25/2022, 06/14/2022, 09/08/2022, 01/30/2023 and 03/13/2023 for further information.

Stoke Property, Quebec This property occurs in an area of numerous precious and base metal occurrences, and small past producers. At least 10 mineral occurrences are recorded by SOQUEM on the property. Fancamp has held the property since 2010. The Grand Prix mineral showings are the focus of Fancamp’s current exploration interest. At surface, Grand Prix is a 4.4 metres wide zone of disseminated sulfide, traceable for at least 75 metres. Fancamp’s 2011 drill program intersected 7.29% Cu over 6.4 metres (drillhole ST-2011-06, MRN Report GM 66485, 2012), 135 metres down-plunge of a copper zone identified by Phelps Dodge in 1997, and 56 metres below surface. This extends mineralization identified by Phelps Dodge, of 6.3% Cu and 27.3 gpt Ag over 5.1 metres at a depth of about 72 metres down-hole (MRN Report GM 57994, 2000). A new geological interpretation and IP survey is ongoing to delineate



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drilling targets in the northern part of the property and over the Copper Zone – Grand Prix area which hosts the known high-grade copper mineralization. See NR 09/08/2022 and 01/30/2023 for further information.

Gaspe Bay Group Property, Quebec (including Boisbuisson and St. Marguerite) These vein-related gold systems projects have the potential to present high gold grades, and work is intended to focus on establishing continuity along strike, and down dip. Fancamp has previously completed rock sampling, trenching and soil sampling over portions of the property.

Other Properties

The Company completed a strategic review to re-prioritize the project pipeline to develop its resource base in a systematic and efficient manner.

See Note 9 “Exploration and Evaluation Assets” attached to the financial statements for the nine months ended January 31, 2023 and 2022 for further information on the Company’s other mineral property holdings.

Results of Operations

	Three Months Ended <u>January 31, 2023</u>	Nine Months Ended <u>January 31, 2023</u>
Expenses		
Accounting and Audit	50,225	125,150
Directors and Committee Fees (Note 11)	30,000	90,000
Field Administration	52,573	148,869
Insurance	7,079	21,237
Interest Expenses and Bank Charges	434	1,105
Investor Relations	15,000	48,000
Legal Fees	306,476	637,728
Management and Consulting	72,850	265,525
Marketing and Promotion	0	13,706
Mineral Property Sundry Expenses	6,603	7,682
New Project Examinations	0	0
Office Rent, Supplies and Services	12,169	42,752
Patent Expense (Note 8)	845	5,055
Share Transfer, Listing and Filing Fees	6,411	16,145
Stock Based Compensation (Note 10)	6,117	18,350
Technical Fees and Process Development	24,000	72,000
Trade Shows and Presentations	801	5,876
Travel and Accommodations	25,750	42,875
Wages, Salaries, Payroll Expenses	1,685	6,474
Total Expenses	<u>619,018</u>	<u>1,568,529</u>
Net Loss from Operations	<u>(619,018)</u>	<u>(1,568,529)</u>
Gain from Sale of Mineral Property and Royalty Interests (Note 9)	-	12,572,796
Impairment of Exploration and Evaluation Assets (Note 9)	-	(28,527)
Interest Income	529,970	554,056
Dividends Received on Investments (Note 5)	310,000	620,000
Equity Interest Gain (Loss)	(182,809)	(295,649)
(Loss) Gain on Marketable Securities (Note 5)	273,990	273,240
Unrealized (Loss) Gain on Marketable Securities (Note 5)	8,785,362	1,047,199
Net (Loss) Income before Taxes	<u>9,097,495</u>	<u>13,174,586</u>
Deferred Tax Recovery (Expense)	-	-
Net (Loss) Income and Comprehensive (Loss) Income for the Period	<u>9,097,495</u>	<u>13,174,586</u>



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The Company reported a net gain of \$13,174,586 for the nine months ended January 31, 2023, compared to net (loss) of (\$6,453,109) for January 31, 2022. The significant gain reported is mainly attributable to the sale of the Company's Koper Lake-McFaulds mining claims to KWG Resources Inc.

The Company reported an unrealized gain of \$1,047,199 on the value of its marketable securities portfolio during the 2023 period in comparison with a (loss) of (\$2,880,522) in 2022.

Overall operating expenses are significantly lower in 2023. Operating expenses in 2022 were significantly high due to costs directly associated to the activities of disgruntled activist, Peter H. Smith.

Selected financial information for the quarters ended January 31, 2023 and the preceding 7 quarters:

Three Months Ended	IFRS	IFRS	IFRS	IFRS
	4th Quarter April 30, 2022	1st Quarter July 31, 2022	2nd Quarter October 31, 2022	3rd Quarter January 31, 2023
Net Income (Loss)	\$2,123,069	(\$5,837,856)	\$9,914,947	\$9,097,495
Income (Loss) Per Share	\$0.01	(\$0.03)	\$0.05	\$0.05
Fully Diluted Income (Loss) Per Share	\$0.01	(\$0.03)	\$0.06	\$0.05

Three Months Ended	IFRS	IFRS	IFRS	IFRS
	4th Quarter April 30, 2021	1st Quarter July 31, 2021	2nd Quarter October 31, 2021	3rd Quarter January 31, 2022
Net Income (Loss)	\$1,573,506	(\$114,501)	(\$9,139,424)	\$2,800,816
Income (Loss) Per Share	\$0.01	\$0.00	(\$0.05)	\$0.02
Fully Diluted Income (Loss) Per Share	\$0.01	\$0.00	(\$0.05)	\$0.01

Financing

See Note 10 – “Share Capital” attached to the financial statements for the nine months ended January 31, 2023 and 2022 for further information on the Company's financing activities.

Liquidity and Capital Resources

The Company is an exploration stage company in the business of mineral exploration. It is in the process of exploring its mineral properties interests and has not yet determined whether these properties contain ore reserves that are economically recoverable. With no producing properties, the Company has no current operating income or cash flow. All of the Company's short and medium-term operating and exploration cash flow is derived through external financing, joint venture option and royalty payments.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings. As at January 31, 2023, the Company had current assets of \$26,506,354 (2022 - \$27,101,830) and current liabilities of \$728,558 (2022 - \$862,024). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company believes that these sources will be sufficient to cover the expected short and long-term cash requirements.



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The Company had working capital of \$25,777,796 as at January 31, 2023 (2022 working capital- \$26,239,806).

Transactions with Related Parties

See Note 11 – “Related Party Transactions and Balances” attached to the financial statements for the nine months ended January 31, 2023 and 2022.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Contingencies

The Magpie Mines Inc.

In April 2019, the Company and Magpie (“Defendants”) received a statement of claim relating to liquidated damages for termination of the agreement dated January 1, 2018 whereby a former director (the “Former Officer”) acted as consultant to Fancamp to assist Magpie with mineral engineering research and development activities (the “Agreement”), for alleged unpaid services and for alleged moral and punitive damages, in the aggregate amount of approximately \$933,500 (the “Damages”). The Company has recorded \$375,142.60 in the Due to Related Parties for services rendered. Management has not recognized provision for remaining claimed amount given the conditions to recognize provision were not met.

In June 2019, the Defendants filed a statement of defense in the Ontario Superior Court of Justice whereby they alleged that Former Officer breached his obligations towards the Defendants by misappropriating part of the intellectual property of Magpie through the named company controlled by the Former Officer, and misusing the funds of Magpie, including a grant from Sustainable Development Technology Canada. These actions led to the termination of the Agreement in November 2018.

Based on the facts of the case, Fancamp believes that the litigation instituted by the Plaintiffs is without merit and believes that the Plaintiffs are not entitled to any of the Damages. As such, the Defendants intend to vigorously defend themselves against the Plaintiffs.

Concurrently with the proceedings described above, on July 11, 2019, Fancamp and Magpie filed an Originating Application to Institute Proceedings (the “Originating Application”) against the Former Officer and two named companies controlled by him for damages and declaratory judgment in the Superior Court of Quebec, notably to declare Fancamp/Magpie owner of the intellectual property in dispute and to claim monetary damages they are entitled to. The monetary damages notably cover costs that have been incurred for professional services rendered for the development of the intellectual property with regards to the process for the recovery of high-grade synthetic rutile from low-grade titanium bearing ores of Magpie, costs incurred for the patent applications, costs of third parties that were not authorized and misuse of funds, amounts received as a result of misappropriation of the intellectual property, and loss of profits associated to the commercialization of the intellectual property, in the aggregate amount of approximately \$930,000. On October 19, 2019, this application was dismissed on jurisdictional grounds. This decision does not affect the Company’s ability to pursue their claims by way of a counterclaim in the Ontario action.

As of January 31, 2023, all litigations are still in process.



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Termination of Mr. Smith

On April 1, 2021 the consulting agreement between the Company and Peter H. Smith was terminated with cause. On May 31, 2021, Peter H. Smith filed, by way of a counterclaim, a demand for payout of \$500,000 and an additional \$27,000 for amounts owing. \$27,000 has been accrued as of April 30, 2021 in Due to Related Parties. Management has not recognized provision for remaining claimed amount given the conditions to recognize provision were not met. Fancamp believes that any claim that may be instituted by Peter H. Smith is without merit and that he is not entitled to any damages. The Company intends to vigorously defend its actions.

Formal Forensic Investigation into Mr. Smith

On May 12, 2021, Fancamp's Special Committee of Directors (the "Special Committee"), who are disinterested in the ScoZinc Transaction and independent from Mr. Smith, formally launched a forensic investigation into misconduct by Mr. Smith. The Special Committee retained KPMG International Limited to review and report.

Civil Law suit Against Mr. Smith

On May 14, 2021, Fancamp filed a civil claim in the British Columbia Supreme Court seeking over \$3,000,000 in damages from Mr. Smith on behalf of our shareholders. The claim was filed to remedy Mr. Smith's long history of wrongdoings detailed in the Company's Information Circular dated June 2, 2021. As the forensic investigation advances, Fancamp may amend the claim to address any further wrongdoings.

Application for Safeguard Order Against Mr. Smith

On May 25, 2021, Fancamp filed an Application for a Safeguard Order with the Quebec Superior Court to obtain critical technical and financial information belonging to the Company from Mr. Smith. Despite multiple demands, Mr. Smith, to the detriment of all Fancamp shareholders, has provided few relevant documents and has ignored requests to preserve all the information in his hands and has refused to return:

- Technical and financial information, including reports on Fancamp's mining properties;
- Banking information related to Fancamp or any of its subsidiaries;
- Any correspondence and/or emails between Fancamp and its partners, third parties and shareholders; and
- Documents regarding contractual obligations and other agreements such as option agreements, access agreements, drilling or other exploration contracts and waivers.

These critical items are needed for Fancamp to properly operate its business. Mr. Smith's refusal is illegal and shows a complete disregard for the interests of Fancamp and its shareholders – the exact opposite of what one would expect from a director exercising their fiduciary duties.

On August 6, 2021, the safeguard order was dismissed by the Court and the documents will then have to be recovered through the next procedural steps.

On August 20, 2021 the Company received from Mr. Smith an Application to dismiss and stay of proceedings. On January 24, 2022, the parties agreed to a discontinuance of these Quebec proceedings. This undertaking does not constitute a release by Fancamp of any claims it may have against Mr. Smith in relation to the facts alleged in either the BC Proceedings or the Quebec Proceedings.



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Other

On April 14, 2022, a statement of claim was filed in the Ontario Superior Court of Justice against the Company for alleged breach of contract in relation to a mineral property purchase and sale agreement. The plaintiff is seeking compensatory damages of \$1,500,000, special damages of \$50,000 and punitive damages of \$500,000. The Company has filed a Statement of Defense.

Environmental Contingencies

The Company's exploration and development activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. At January 31, 2023, the Company does not believe that there are any significant environmental obligations requiring expenditures in the foreseeable future.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and exploration and evaluation expenses is provided in the Company's Statements of Operations and Comprehensive Loss and Equity sections in its financial statements for the nine months ended January 31, 2023 and 2022.

Investor Relations

On July 19, 2022, the Company entered into an investor relations agreement with Tara Asfour, for a term of one year, for payment of \$5,000.00 per month for twelve months.

On February 22, 2022, the Company entered into an investor relations agreement with MI3 Communications Financieres Inc., for a term of one year, for payment of \$3,000.00 per month for twelve months and the grant of an incentive stock option for the purchase of up to 250,000 common shares, at an exercise price of \$0.12 per share for five years, vesting over one year.

Board of Directors

At the Company's annual meeting held October 31, 2022 Mark Billings, Ashwath Mehra, Rajesh Sharma, Greg Ferron, Mathieu Stephens and Charles Tarnocai were elected to serve as directors for the forthcoming year. H. Dean Journeaux has been appointed to an Advisory Board.

Disclosure of Outstanding Share Data

Fancamp Exploration Ltd. is listed on the TSX Venture Exchange under the symbol "FNC".

The Company is authorized to issue an unlimited number of common shares and on March 31, 2023 there were 176,518,296 common shares, 13,070,000 stock options and nil warrants outstanding.

As at January 31, 2023, the Company has 176,518,296 common shares outstanding, 13,070,000 stock options outstanding and nil warrants outstanding.

See Note 10 – "Share Capital" attached to the financial statements for the nine months ended January 31, 2023 and 2022.



Risks and Uncertainties

Fancamp is an exploration stage enterprise in the business of mineral exploration. It is in the process of exploring its mineral properties interests and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The Company emphasizes that attention should be drawn to matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Other uncertainties include the fact that the Company is currently at the exploration stage for its interests in mineral properties, the economic viability of which have not been assessed. The Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for resources properties is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the property, and upon future profitable production or proceeds from disposition of the mineral properties. The Company's ability to maintain its existence is dependent upon the continuing support of its creditors and its success in obtaining new equity financing for its ongoing operations. Financing options available to the Company include public equity financings, sales of marketable securities, loans and tax credit refunds. Realization values may be substantially different from carrying values, as shown in these financial statements, should the Company be unable to continue as a going concern. These financial statements have been prepared under the assumptions of a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

Changes in Accounting Policies and New Accounting Developments

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after May 1, 2022. All future accounting changes are either not applicable or do not have a significant impact to the Company and have been excluded.

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgment, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of commitments and contingencies at the date of the consolidated financial statements and the reported amount of expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the revision and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:



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Critical Accounting Judgments

- Exploration and Evaluation Expenditures
- Going Concern
- Contingencies and Provisions

Critical Estimates

- Impairment of Long-lived Assets
- Current and Deferred Taxes
- Stock Based Compensation
- Investments in Associates

Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with Canadian generally accepted accounting principles. We have designed and implemented a system of internal controls over financial reporting which we believe is effective for a company of our size. During the review of the design of the Company's control system over financial reporting it was noted that due to the limited number of staff, there is an inherent weakness in the system of internal controls due to our inability to achieve appropriate segregation of duties. The limited number of staff may also result in identifying weaknesses with respect to accounting for complex and non-routine transactions due to a lack of technical resources, and a lack of controls governing our computer systems and applications within the Company. While management of the Company has put in place certain procedures to mitigate the risk of a material misstatement in the Company's financial reporting, it is not possible to provide absolute assurance that this risk can be eliminated.

COVID-19 Virus

The ongoing impact of the novel COVID-19 virus is changing daily and various quarantine and social distancing measures in effect are being adhered to. While the Company has been able to continue its business operations, it is unknown whether the Company will be able to continue all of its exploration plans in the near future. The Company has taken precautionary measures for all employees and contract workers, however it is unknown whether any additional measures will need to be implemented. The Company will continue to monitor developments related to the situation and revise its response accordingly.

For further information see the Company's website: www.fancamp.ca