



FANCAMP EXPLORATION LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
For the six months ended October 31, 2022



Management Discussion & Analysis for the six months ended October 31, 2022

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 six months ended October 31, 2022 and 2021. The Company's reporting currency is Canadian dollars. **The date of this Management Discussion and Analysis is December 30, 2022.** 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 rare earth element properties in Quebec are a special focus.

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 Manitoba, Quebec and New Brunswick as well as the potential development of significant chromium properties in the "Ring of Fire", Ontario.

Fancamp is developing energy reduction technology with its advanced Titanium extraction strategy. 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 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 the spring drill program on its Stoke Project. 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. See NR 09/08/2022



Management Discussion & Analysis for the six months ended October 31, 2022

- The Company announced drill assay results of up to 3.30% Cu over 3.15 meters from its Clinton VMS Project. 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. See NR 06/14/2022
- The Company has completed compilation and integrated interpretation work on the Stoke project and has completed its spring drill program on previously identified drill targets, intersecting 98 metres of disseminated copper mineralization. See NR 03/12/2022 and NR 09/08/2022
- 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 feed stock. See NR 02/23/2022 for further details.

Significant Assets

At December 30, 2022, the Company holds 3,100,000 shares of Champion Iron Ltd.

At December 30, 2022, the Company holds 2,348,485 shares of EDM Resources Inc. (formerly ScoZinc Mining Ltd.)

At December 30, 2022, 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 4,514,000 common shares of KWG Resources Inc.

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 six months ended October 31, 2022 and 2021.

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 6.19m within a 14.58m wide zone of 1.09% Cu (Fancamp press release July 16, 2012), and 1.27% Cu, 1.14% Zn, and 11 gpt Ag over 11m (V3 zone, press release October 14, 2014), and 2.78% Cu and 16.9 gpt Ag over 24.7m (V1 zone, Fancamp press release October 14, 2014). In February, 2022, commenced a drill program aimed at testing a VTEM plate anomaly situated some 100 m 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 meters. Further drilling was conducted to better assess the size, grade and continuity of the copper bearing lenses, with encouraging results. See NRs 01/05/2022, 01/25/2022, 06/14/2022 and 09/08/2022 for further information.

Harvey Hill, Quebec During 2019 and 2020, the Company completed 81 drill holes in two campaigns, targeting three near surface mineralized lenses. The mineralized lenses are interpreted as vertically stacked, flat to shallow-dipping zones, extending over more than 425 meters of strike in an east-northeast direction. The zones are interpreted to average two to three meters in thicknesses. The results were reported in the Company’s news release of April 27, 2021. The best intercepts from the 66-hole Harvey Hill 2019 program were 1.77% Cu over 9 meters (drill hole HH19-26) and 0.66% over 11 meters (drill hole



Management Discussion & Analysis for the six months ended October 31, 2022

HH19-05). The best intercept from the 15-hole 2020 program was 0.97% over 2 meters (drill hole HH20-01).

Further description of the Harvey Hill project and its past production can be found on the Company's at [Harvey Hills Project \(fancamp.ca\)](http://HarveyHillsProject(fancamp.ca)). A 2,000 meter drill program underway, with two objectives in mind: potential thickening of the mineralized horizon and extending the copper mineralization from Harvey Hill towards the Foy Zone. See NR 02/03/2022 for further details.

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 4.4m wide zone of disseminated sulfide, traceable for at least 75m. Fancamp's 2011 drill program intersected 7.29% Cu over 6.4 meters (drillhole ST-2011-06, MRN Report GM 66485, 2012), 135 meters down-plunge of a copper zone identified by Phelps Dodge in 1997, and 56 meters below surface. This extends mineralization identified by Phelps Dodge, of 6.3% Cu and 27.3 gpt Ag over 5.1 meters at a depth of about 72 meters down-hole (MRN Report GM 57994, 2000). See NR 09/08/2022 for further information

Gaspe Bay Group Property, Quebec (including Boisbuisson, Robidoux, 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. At Robidoux, auriferous quartz veins occur along the Grand Pabos fault, which transects the property. Fancamp has previously completed rock sampling, trenching and soil sampling over portions of the property. Trench sampling confirmed visible high gold grades of prior workers, returning 92.0 gpt Au over 1.7 meters (trench C14), 45.9 gpt Au/1.8 meters (trench C18), 13.93 gpt Au over 3.1 meters (trench C23), 18.6 gpt Au/1.5 meters (trench C15), and 13.1 gpt Au/ 1.2 meters (trench C10) (Fancamp press release October 22, 2014). Drilling by Fancamp in 2015 (Fancamp press release March 26, 2015) reported up to 2.406 gpt Au over 2.5 meters (drillhole RBD-14-02). In 2015, a bulk sample of 657 tonnes was sent to the Richmond Mines Inc at their Camflo mill in Abitibi which gave an average grade of 12.024 gpt.

Mallard Property, Ontario This property lies in the southern part of the Swayze greenstone belt of the Abitibi Subprovince. The Ridout fault, considered a lateral equivalent to metallogenically important Cadillac-Larder Lake deformation zone, occurs 1 to 2 kilometers south of the property. The Ridout Fault host two significant gold deposits; IAMGOLD's Cote Gold project (171.9Kt containing 12.4Moz Au, measured, indicated and inferred resources inclusive of reserves, 100% basis), 30 km to the southeast, and Newmont Goldcorp's Borden Lake project 90 km to the west, in addition to the small past-producing Jerome Mine about 17 km the southeast. Fault splays associated with the Ridout Fault are interpreted to transact the central part of the property, and host gold mineralization identified by Noranda and others. The River and Camp vein-hosted gold occurrences lie on the NW portion of the Mallard concession block. Drilling by Noranda in 1985 (MNDM assessment report 41O09NW0003) (results do not comply with *National Instrument 43-101 - Standards of Disclosure for Mineral Projects*) returned up to 0.193 opt. Au over 6 feet (drillhole BE-85-3) and 0.102 opt. Au over 9.1 feet (drillhole BE-85-5). The best channel sample from Noranda's work was 0.93 opt. Au over 7 feet. Fancamp's prior work focused on exploring untested IP anomalies identified by prior workers, and conductive zones from its own VTEM study. The 2021 work program will test extensions of the Camp and River zones, and interpreted fault splays of the Ridout Fault system in the less well explored southeast part of the concession group.

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 six months



Management Discussion & Analysis for the six months ended October 31, 2022

ended October 31, 2022 and 2021 for further information on the Company's other mineral property holdings.

Results of Operations

	<u>Six Months Ended</u> <u>October 31, 2022</u>	<u>Six Months Ended</u> <u>October 31, 2021</u>
Expenses		
Accounting and Audit	74,925	81,060
Directors and Committee Fees (Note 11)	60,000	206,500
Field Administration	96,296	69,678
Insurance	14,158	23,837
Interest Expenses and Bank Charges	671	2,793
Investor Relations	33,000	-
Legal Fees	331,252	1,203,893
Management and Consulting	192,675	665,617
Marketing and Promotion	13,706	-
Mineral Property Sundry Expenses	1,079	(1,942)
New Project Examinations	0	254,200
Office Rent, Supplies and Services	30,583	328,726
Patent Expense (Note 8)	4,210	18,307
Share Transfer, Listing and Filing Fees	9,734	32,704
Stock Based Compensation (Note 10)	12,233	-
Technical Fees and Process Development	48,000	15,620
Trade Shows and Presentations	5,075	5,000
Travel and Accommodations	17,125	3,286
Wages, Salaries, Payroll Expenses	4,789	-
Total Expenses	949,511	2,909,279
Net Loss from Operations	(949,511)	(2,909,279)
Gain from Sale of Mineral Property and Royalty Interests (Note 9)	12,572,796	743,781
Impairment of Exploration and Evaluation Assets (Note 9)	(28,527)	(20,375)
Interest Income	24,086	-
Dividends Received on Investments (Note 5)	310,000	-
Equity Interest Gain (Loss)	(112,840)	-
(Loss) Gain on Marketable Securities (Note 5)	(750)	-
Unrealized (Loss) Gain on Marketable Securities (Note 5)	(7,738,163)	(7,069,741)
Net (Loss) Income before Taxes	4,077,091	(9,255,614)
Deferred Tax Recovery (Expense)	-	1,689
Net (Loss) Income and	4,077,091	(9,253,925)
Comprehensive (Loss) Income for the Period	4,077,091	(9,253,925)



Management Discussion & Analysis for the six months ended October 31, 2022

The Company reported a net gain of \$4,077,091 for the six months ended October 31, 2022, compared to net (loss) of (\$9,253,925) for October 31, 2021. 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 loss of (\$7,738,163) on the value of its marketable securities portfolio during the 2022 period in comparison with a loss of (\$7,069,741) in 2021.

Overall operating expenses are significantly lower in 2022. Operating expenses in 2021 were significantly high due to costs directly associated to the activities of disgruntled activist, Peter H. Smith.

Selected financial information for the quarters ended October 31, 2022 and the preceding 7 quarters:

Three Months Ended	IFRS	IFRS	IFRS	IFRS
	3rd Quarter January 31, 2022	4th Quarter April 30, 2022	1st Quarter July 31, 2022	2nd Quarter October 31, 2022
Net Income (Loss)	\$2,800,816	\$2,123,069	(\$5,837,856)	\$9,914,947
Income (Loss) Per Share	\$0.02	\$0.01	(\$0.03)	\$0.05
Fully Diluted Income (Loss) Per Share	\$0.01	\$0.01	(\$0.03)	\$0.06

Three Months Ended	IFRS	IFRS	IFRS	IFRS
	3rd Quarter January 31, 2021	4th Quarter April 30, 2021	1st Quarter July 31, 2021	2nd Quarter October 31, 2021
Net Income (Loss)	\$8,280,774	\$1,573,506	(\$114,501)	(\$9,139,424)
Income (Loss) Per Share	\$0.05	\$0.01	\$0.00	(\$0.05)
Fully Diluted Income (Loss) Per Share	\$0.05	\$0.01	\$0.00	(\$0.05)

Financing

See Note 10 – “Share Capital” attached to the financial statements for the six months ended October 31, 2022 and 2021 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 October 31, 2022, the Company had current assets of \$17,865,421 (2021 - \$23,346,509) and current liabilities of \$680,423 (2021 - \$960,463). 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.



Management Discussion & Analysis for the six months ended October 31, 2022

The Company had working capital of \$17,184,998 as at October 31, 2022 (2021 working capital- \$22,386,046).

Transactions with Related Parties

See Note 11 – “Related Party Transactions and Balances” attached to the financial statements for the six months ended October 31, 2022 and 2021.

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 July 31, 2022, all litigations are still in process.



Management Discussion & Analysis for the six months ended October 31, 2022

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.



Management Discussion & Analysis for the six months ended October 31, 2022

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 October 31, 2022, 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 six months ended October 31, 2022 and 2021.

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 December 30, 2022 there were 176,518,296 common shares, 13,070,000 stock options and nil warrants outstanding.

As at October 31, 2022, 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 six months ended October 31, 2022 and 2021.



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:



Management Discussion & Analysis for the six months ended October 31, 2022

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