



FANCAMP EXPLORATION LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
For the six months ended October 31, 2021



FANCAMP EXPLORATION LTD.

Management Discussion & Analysis for the six months ended October 31, 2021

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, 2021 and 2020. The Company's reporting currency is Canadian dollars. **The date of this Management Discussion and Analysis is December 23, 2021.** 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 advancing its priority mineral properties through exploration and innovative development.

The Corporation owns numerous mineral resource properties in Quebec, Ontario and New Brunswick, including chromium, strategic rare-earth metals, gold, zinc, titanium and more. Fancamp's chromium properties in the highly sought-after Ring of Fire in Northern Ontario are strategically located. 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.

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

- The Company has entered into a subscription agreement with Neoterrex Corporation for the purchase of 8,932,000 Neoterrex Corporation common shares, at a price of \$0.10 per share. Upon closing, Fancamp will hold approximately 15% of the issued and outstanding common shares of Neoterrex. A representative of Fancamp will join the Neoterrex board of directors.

NeoTerrex Corporation is a private Rare Earth Elements (REE) exploration company which is focused on developing exploration projects of high grade critical rare earth oxides in Quebec. This investment will enable Fancamp to participate in the critical and strategic mineral supply chain that has assumed significant importance in reducing dependence on foreign supply to North



FANCAMP EXPLORATION LTD.

Management Discussion & Analysis for the six months ended October 31, 2021

America. US and Canadian governments have declared strong support to build and develop strategic minerals projects to meet the increasing demand for such minerals to satisfy the burgeoning market to attain their net-zero carbon reduction targets. NeoTerrex is well positioned to be a focused vehicle through which Fancamp could participate in the emerging opportunity in REE exploration. Fancamp will be a strategic investor in NeoTerrex and will play an active role in supporting the venture through its network and strategic relationship. Fancamp has in its current portfolio two properties with REE potential. See NR 12/23/2021

- The Company has entered into a property sale agreement with Vision Lithium Inc. to transfer ownership in the Wells property for consideration of 1,500,000 shares of Vision Lithium Inc., valued at \$330,000. The Wells property consists of 4 claims and will form part of a large and significant land package with better potential for development by Vision Lithium Inc. See NR 12/01/2021.
- At the Company's AGM held October 5, 2021 with all resolutions put forward overwhelmingly approved, including the election of management nominees Mark Billings, Ashwath Mehra, Rajesh Sharma, Paul Ankcorn, H. Dean Journeaux and Charles Tarnocai. Subsequent to the meeting, Messrs. Paul Ankcorn and H. Dean Journeaux decided to step down from the Board. Greg Ferron was appointed to replace Paul Ankcorn and Mathieu Stephens was appointed to replace H. Dean Journeaux. Messrs. Ankcorn and Journeaux have been appointed to an Advisory Board and continue to support the Company's endeavors.

The Company has terminated the definitive arrangement agreement whereby Fancamp would indirectly acquire all of the issued and outstanding securities of ScoZinc Mining Ltd., and has instead made a share purchase investment allowing Fancamp to benefit from ScoZinc's production potential and corporate upside. Fancamp acquired 1,969,697 ScoZinc shares, at a price of \$0.66 per share, for a total price of \$1,300,000. of which a termination fee of \$300,000 payable to ScoZinc was credited towards the purchase price. Fancamp paid the balance of \$1,000,000 in cash. Fancamp further acquired 378,788 ScoZinc shares, at a price of \$0.66 per share, in settlement of an outstanding loan of \$250,000 to ScoZinc. See NR 10/06/2021

- The Company has entered into a purchase agreement with Champion Iron Mines Limited that provides immediate and additional future benefits to Fancamp as projects are developed to production by Champion. In addition to the immediate cash payment of \$1,300,000, this Agreement is expected to provide Fancamp and its shareholders greater long-term certainty with respect to future income related to the Company's iron ore properties, as well as greater flexibility and opportunity for earlier development of these deposits. Certain production payments will be payable once defined iron ore production thresholds have been met. See NR 07/08/2021.
- The Company completed an independent technical review of its over 90 properties which cover a broad range of minerals. The independent technical evaluation and ranking of the properties assisted the Company in prioritizing projects and commit exploration budgets for those with high potential.

The Company has announced its 2021-22 exploration plan which includes work on its Clinton and Stoke properties. See NR 03/15/2021 for details. Data compilation and target selection is currently being completed.

- The Company is continuing to work towards developing technology for producing 3D printing titanium metal and is presently working with material rejected from the pigment industry for its feed stock.



FANCAMP EXPLORATION LTD.

Management Discussion & Analysis for the six months ended October 31, 2021

- Directors and officers exercised 10,200,000 stock options, acquiring a further equity stake in the Company.

Significant Assets

The Company currently holds 3,100,000 shares of Champion Iron Ltd.

The Company currently holds 2,348,485 shares of ScoZinc Mining Ltd.

See Note 5 “Marketable Securities” and Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the six months ended October 31, 2021 and 2020.

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). The 2021 work program is to evaluate the potential to expand these zones of mineralization.

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).

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



FANCAMP EXPLORATION LTD.

Management Discussion & Analysis for the six months ended October 31, 2021

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.

Gaspe Bay Group Property, Quebec (including Boisbuisson, Harvey Hill, 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.

In 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 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://www.fancamp.ca). More detailed interpretation of this data is planned for later in 2021.

Wells, Quebec The Company has entered into a property sale agreement with Vision Lithium Inc. to transfer ownership in the Wells property for consideration of 1,500,000 shares of Vision Lithium Inc. This transaction is in line with Fancamp's strategy of monetizing its non-core mineral properties. The Wells property comprises four claims and will form part of a large and significant land package with better potential for development by Vision Lithium Inc.

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 8 "Exploration and Evaluation Assets" attached to the financial statements for the six months ended October 31, 2021 and 2020 for further information on the Company's other mineral property holdings.

Fancamp/ScoZinc Arrangement Termination and New Investment

On February 18, 2021, Fancamp Exploration Ltd. and ScoZinc Mining Ltd. announced that they had entered into a definitive arrangement agreement (the "Arrangement Agreement") whereby Fancamp will indirectly acquire all of the issued and outstanding securities of ScoZinc by way of a plan of arrangement (the "Arrangement") under the *Business Corporations Act* (British Columbia) (the "Combination" or the "Transaction").



FANCAMP EXPLORATION LTD.

Management Discussion & Analysis for the six months ended October 31, 2021

On September 16, 2021, the Company announced that the Arrangement Agreement had been terminated and that instead, Fancamp will purchase, by way of a private placement, 1,969,697 common shares of ScoZinc at \$0.66 per share for \$1,300,000. The \$300,000 termination fee will be credited towards the private placement and Fancamp will pay the balance of \$1,000,000. Once the private placement has closed, ScoZinc will appoint one nominee of Fancamp to its board of directors. ScoZinc will also issue 378,788 common shares to Fancamp at a price of \$0.66 per share on a shares-for-debt basis to satisfy the \$250,000 loan and any other amounts that ScoZinc may owe to Fancamp as part of the loan.

Royalty Purchase Agreement with Champion Iron Mines Limited

On July 8, 2021, the Company announced that it had entered into a royalty purchase agreement with Champion Iron Mines Limited, whereby the Company will sell to Champion certain iron ore royalties as well as the exploration property known as Lac Lamêlée.

The Agreement provides for consideration of a \$1.3 million payment in cash at closing, plus certain future finite production payments payable once certain iron ore production thresholds have been reached with respect to iron ore production from the Fermont Properties subject to this agreement. Champion will acquire the Company's ownership interest in the Lac Lamêlée property and a 1.5% Net Smelter Return royalty interest in the O'Keefe-Purdy, Harvey-Tuttle, Bellechasse, Oil Can, Fire Lake North Consolidated, Pepler Lake and Moiré Lake properties.

Results of Operations

The Company reported a net (loss) of (\$9,253,925) for the six months ended October 31, 2021, compared to net income of \$7,546,247 for October 31, 2020. The operating loss for the six months ended October 31, 2021 was \$2,909,279 compared to \$481,872 in 2020.

The Company reported an unrealized loss of \$7,069,741 on the value of its marketable securities portfolio during the 2021 period in comparison with a gain of \$7,533,940 in 2020.

Overall operating expenses are significantly higher in 2021 due to the legal, investigative consulting, proxy solicitation and other costs directly associated to the activities of disgruntled activist, Peter H. Smith. With the successful conclusion of the annual meeting, proxy solicitation costs, office/general expenses and consulting fee costs have ceased or decreased significantly. Legal costs, though reduced, continue to be incurred as the Company proceeds with the ramifications of Smith's activities. See "Further breakdown for the six months ended October 31, 2021" below for further details.



FANCAMP EXPLORATION LTD.
Management Discussion & Analysis for the six months ended October 31, 2021

	Three Months Ended <u>October 31, 2021</u>	Six Months Ended <u>October 31, 2021</u>
Expenses		
Accounting and Audit	17,082	81,060
Commissions	-	-
Directors and Committee Fees (Note 10)	91,000	206,500
Field Administration	39,938	69,678
Insurance	14,404	23,837
Interest Expenses and Bank Charges	711	2,793
Legal Fees	333,579	1,203,893
Management and Consulting	285,659	665,617
Mineral Property Sundry Expenses	(4,759)	(1,942)
New Project Examinations	-	254,200
Office Rent, Supplies and Services	102,701	328,726
Patent Expense	18,307	18,307
Share Transfer, Listing and Filing Fees	13,895	32,704
Stock Based Compensation	-	-
Technical Fees and Process Development	2,343	15,620
Trade Shows and Presentations	5,000	5,000
Travel and Accomodations	2,358	3,286
Total Expenses	<u>922,218</u>	<u>2,909,279</u>
Net Loss from Operations	<u>(922,218)</u>	<u>(2,909,279)</u>
Sale of Mineral Property and Royalty Interests	-	743,781
Recovery of Impairment on Patent and Process (Note 7)	-	-
Impairment of Exploration and Evaluation Assets (Note 8)	(20,375)	(20,375)
Unrealized Gain(loss) on Marketable Securities (Note 5)	(8,195,559)	(7,069,741)
Gain (Loss) from Disposal of Marketable Securities (Note 5)	-	-
Net (Loss) Income before Taxes	<u>(9,138,152)</u>	<u>(9,255,614)</u>
Deferred Tax Recovery (Expense)	(1,272)	1,689
Net (Loss) Income and Comprehensive (Loss) Income for the Period	<u>(9,139,424)</u>	<u>(9,253,925)</u>

Further breakdown for the six months ended October 31, 2021:

Consulting and Management:

Geological Review , Valuations, Database	73,723.75
Proxy Defence Solicitation	226,259.00
Shareholder Liasions	61,737.50
Smith Forensic Accounting Investigation	150,419.27
Management	153,000.00
Miscellaneous	477.00
	<u>\$665,616.52</u>



FANCAMP EXPLORATION LTD.
Management Discussion & Analysis for the six months ended October 31, 2021

Legal Fees:

Kamaleddine Litigation	10,585.00
Smith Litigation	390,655.05
Proxy Defense	478,375.41
ScoZinc Transaction	60,701.83
Corporate Legal	263,575.92
	\$1,203,893.21

Office and General Expenses:

Annual General Meeting Printing, Mailing Hosting	70,151.36
Proxy Defense Communications	208,938.11
Website Hosting and Maintenance	9,626.22
News Releases	28,145.00
Miscellaneous Supplies	11,865.00
	\$328,725.69

The Company has not incurred office rent expense in the current year.

Selected financial information for the quarters ended October 31, 2021 and the preceding 7 quarters:

Three Months Ended	IFRS 3rd Quarter January 31, 2021	IFRS 4th Quarter April 30, 2021	IFRS 1st Quarter July 31, 2021	IFRS 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)
Three Months Ended	IFRS 3rd Quarter January 31, 2020	IFRS 4th Quarter April 30, 2020	IFRS 1st Quarter July 31, 2020	IFRS 2nd Quarter October 31, 2020
Net Income (Loss)	\$745,954	(\$1,482,857)	\$4,872,852	\$2,673,395
Income (Loss) Per Share	\$0.00	(\$0.01)	\$0.03	\$0.02
Fully Diluted Income (Loss) Per Share	\$0.00	(\$0.01)	\$0.03	\$0.02

Financing

On December 3, 2019, the Company issued a total of 1,000,000 common shares, at a deemed price of \$0.05 per share, pursuant to a purchase agreement for the acquisition of a 100% interest in the Gouin East claims.

On December 31, 2019, the Company closed the first tranche of a non-brokered private placement of \$250,000 through the sale of 3,125,000 FT shares. In addition, finder's warrants were issued for the



FANCAMP EXPLORATION LTD.

Management Discussion & Analysis for the six months ended October 31, 2021

purchase of up to 218,750, at a price of \$0.10 per share until December 30, 2021. The fair value of the warrants was estimated to be \$10,652.

On February 7, 2020, the Company closed a non-brokered private placement of \$90,000 through the sale of 1,200,000 FT shares. In addition, finder's warrants were issued for the purchase of up to 84,000 common shares, at a price of \$0.075 per share until February 7, 2022. The fair value of the warrants was estimated to be \$3,820.

On February 25, 2020 the Company issued a total of 100,000 common shares, at a deemed price of \$0.45 per share, pursuant to a purchase agreement for the acquisition of a 100% interest in the Brunswick North property.

On December 31, 2020, the Company closed a non-brokered private placement of \$1,000,000 through the sale of 6,666,667 FT shares.

On April 26, 2021, the Company issued a total of 275,000 common shares, at a price of \$0.08 per share for the exercise of incentive stock options.

On May 27, 2021, the Company issued 3,700,000 common shares, at a price of \$0.15, 4,500,000 common shares, at a price of \$0.08 and 2,000,000 common shares, at a price of \$0.10, pursuant to the exercise of incentive stock options.

See Note 9 – “Share Capital” attached to the financial statements for the six months ended October 31, 2021 and 2020 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, 2021, the Company had current assets of \$23,346,509 (2020 - \$17,781,698) and current liabilities of \$960,463 (2020 - \$738,977). 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.

The Company had working capital of \$22,386,046 as at October 31, 2021 (2020 working capital- \$17,042,721).

Transactions with Related Parties

See Note 10 – “Related Party Transactions and Balances” attached to the financial statements for the six months ended October 31, 2021 and 2020.

Off Balance Sheet Arrangements



FANCAMP EXPLORATION LTD.

Management Discussion & Analysis for the six months ended October 31, 2021

The Company has no off-balance sheet arrangements.

Contingencies

In March, 2015, a former director and officer of the Company filed a lawsuit claiming damages for wrongful dismissal and defamation against the Company and Peter H. Smith. The Company believes these accusations to be baseless and is confident that it will not be found liable.

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. All litigations are still in process.

On May 10, 2021, the Company filed a claim against present and former directors for; disgorgement; damages for breach of fiduciary; a declaration that certain shares of a Fancamp subsidiary (“Special Shares” be declared illegal and void, and a declaration that the Special shares are held in trust for Fancamp. One of the former directors has consensually returned his Special Shares to the Company. Damages are estimated at \$3,100,000. No provision has been made in the consolidated financial statements as at April 30, 2021. This action is proceeding.

On May 31, 2021 Peter H. Smith filed a counter-claim against the Company seeking damages for breach of his consulting agreement, including payment of \$27,000 for January to March, 2021 fees, \$500,000 for termination payment and an unspecified amount for breach of good faith, aggravated and punitive damages. Fancamp believes that the litigation is without merit and believes that the Plaintiff is not entitled



FANCAMP EXPLORATION LTD.

Management Discussion & Analysis for the six months ended October 31, 2021

to any of the Damages. This action is proceeding and the Company intends to vigorously defend against this action.

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. 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 20th, the Company received from Mr. Smith an *Application to dismiss and stay of proceedings*. This application is scheduled for hearing on January 24, 2022.

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, 2021, 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, 2021 and 2020.

Investor Relations

The Company does not have any investor relation contracts.

Board of Directors

At the Company's annual meeting held October 5, 2021 Mark Billings, Ashwath Mehra, Rajesh Sharma, Paul Ankcorn, H. Dean Journeaux and Charles Tarnocai were elected to serve as directors for the forthcoming year. Subsequent to the meeting, Greg Ferron was appointed to replace Paul Ankcorn and Mathieu Stephens was appointed to replace H. Dean Journeaux. Messrs. Ankcorn and Journeaux have been appointed to an Advisory Board and continue to support the Company's endeavors.

Board of Directors Special Committee



FANCAMP EXPLORATION LTD.

Management Discussion & Analysis for the six months ended October 31, 2021

On May 3, 2021, the Board of Directors of the Company appointed a special committee of independent directors to handle matters relating to the ScoZinc transaction, the Annual General Meeting process, the investigation of Peter H. Smith and any regulatory process litigation arising therefrom.

The Special Committee has retained KPMG to perform an investigation into Peter H. Smith's past conduct, both disclosed and undisclosed, that it believes will shed light on significant misconduct to the detriment of Fancamp shareholders.

The former president of the Company, since having his consulting agreement terminated has become the subject of a number of legal actions, including for return of property and damages.

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 23, 2021 there were 176,518,296 common shares, 12,000,000 stock options and 302,750 warrants outstanding.

As at October 31, 2021, the Company has 176,518,296 common shares outstanding, 3,150,000 stock options outstanding and 302,750 warrants outstanding.

See Note 9 – "Share Capital" attached to the financial statements for the six months ended October 31, 2021 and 2020.

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

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended April 30, 2022, and have not been early adopted in preparing these financial statements.



FANCAMP EXPLORATION LTD.

Management Discussion & Analysis for the six months ended October 31, 2021

These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

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:

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

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



FANCAMP EXPLORATION LTD.

Management Discussion & Analysis for the six months ended October 31, 2021

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