



FANCAMP EXPLORATION LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
For the three months ended July 31, 2023



Management Discussion & Analysis for the three months ended July 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 three months ended July 31, 2023 and 2022. The Company's reporting currency is Canadian dollars. **The date of this Management Discussion and Analysis is October 24, 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 priority mineral properties through exploration and innovative development.

The Corporation is focused on an advanced asset play poised for growth and selective monetization with a portfolio of mineral claims encompassing over 147,000 hectares across Ontario, Quebec and New Brunswick, Canada; including copper, gold, zinc, titanium, chromium, strategic rare-earth metals and others.

The Corporation continues to identify near term cash-flow generating opportunities and in parallel aims to advance its investments in strategic mineral properties. Fancamp has investments in an existing iron ore operation in the Quebec-Labrador Trough, Champion Iron Mines Inc.; a rare earth elements company, NeoTerrex Corporation; a copper – gold exploration company Platinex Inc.; in addition to an investment in a zinc mine planned to be restarted in Nova Scotia, EDM Resources Inc. The Corporation has future monetization opportunities from its Koper Lake transaction in the highly sought-after Ring of Fire in Northern Ontario, KWG Resources Inc.

Fancamp is developing an energy reduction and titanium waste recycling 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 participated in a non-brokered private placement, subscribing for 390,000 additional shares and 390,000 warrants of EDM Resources Inc. allowing Fancamp to maintain its significant position in this near-term zinc producer. See NR 05/03/2023
- Fancamp transferred its Hennan Mallard and Dorothy properties and Platinex Inc. transferred its Shining Tree property to South Timmins Mining Inc. ("**Goldco**"), a subsidiary of Platinex Inc. for a



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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.

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

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, 03/14/2023 and 05/18/2023.

- 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.



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- 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 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 October 24, 2023, the Company holds 2,700,000 common shares of Champion Iron Ltd.

At October 24, 2023, the Company holds 2,738,485 common shares and 390,000 warrants to purchase common shares of EDM Resources Inc.

At October 24, 2023, the Company holds a \$34.5M 6% secured convertible promissory note, 4,044,493 warrants to purchase multiple voting shares, 770,910 multiple voting shares and 4,306,000 common shares of KWG Resources Inc.

At October 24, 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 8 “Investments in Associates” and Note 9 “Exploration and Evaluation Assets” attached to the financial statements for the three months ended July 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



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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 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 three months ended July 31, 2023 and 2022 for further information on the Company’s other mineral property holdings.

Results of Operations

	Three Months Ended <u>July 31, 2023</u>	Three Months Ended <u>July 31, 2022</u>
Expenses		
Accounting and Audit	77,800	20,600
Directors and Committee Fees (Note 11)	30,000	30,000
Field Administration	30,008	56,574
Insurance	7,570	7,079
Interest Expenses and Bank Charges	249	(3,334)
Investor Relations	12,500	9,000
Legal Fees	171,050	37,206
Management and Consulting	74,250	106,250
Marketing and Promotion	30	8,706
Mineral Property Sundry Expenses	147	608
Office Rent, Supplies and Services	10,288	9,669
Patent Expense	2,371	805
Share Transfer, Listing and Filing Fees	3,292	1,135
Stock Based Compensation (Note 10)	-	6,117
Technical Fees and Process Development	-	24,000
Trade Shows and Presentations	-	5,075
Travel and Accommodations	1,811	10,765
Wages, Salaries, Payroll Expenses	3,069	2,681
Total Expenses	<u>424,434</u>	<u>332,936</u>
Net Loss from Operations	(424,434)	(332,936)
Interest Income	553,345	-
Dividends Received on Investments (Note 5)	270,000	310,000
Equity Interest Gain (Loss) (Note 8)	(32,891)	-
Unrealized (Loss) Gain on Marketable Securities (Note 5)	(2,299,912)	(5,814,920)
Net Income (Loss) before Taxes	<u>(1,933,891)</u>	<u>(5,837,856)</u>
Current Tax Expense	-	-
Deferred Tax Recovery	-	-
Net Income (Loss) and Comprehensive Income (Loss) for the Year	<u>(1,933,891)</u>	<u>(5,837,856)</u>



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The Company reported a net (loss) of (\$1,933,891) for the three months ended July 31, 2023, compared to net (loss) of (\$5,837,856) for July 31, 2022.

The Company reported an unrealized (loss) of (\$2,299,912) on the value of its marketable securities portfolio during the 2023 period in comparison with a (loss) of (\$5,814,920) in 2022.

Overall operating expenses are slightly lower in 2023 as the company continues to manage its operations in an efficient and effective manner.

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

Three Months Ended	IFRS 2nd Quarter October 31, 2022	IFRS 3rd Quarter January 31, 2023	IFRS 4th Quarter April 30, 2023	IFRS 1st Quarter July 31, 2023
Net Income (Loss)	\$9,914,947	\$9,097,495	(\$7,836,607)	(\$1,933,891)
Income (Loss) Per Share	\$0.06	\$0.06	(\$0.03)	(\$0.01)
Fully Diluted Income (Loss) Per Share	\$0.06	\$0.06	(\$0.03)	(\$0.01)

Three Months Ended	IFRS 2nd Quarter October 31, 2021	IFRS 3rd Quarter January 31, 2022	IFRS 4th Quarter April 30, 2022	IFRS 1st Quarter July 31, 2022
Net Income (Loss)	(\$9,139,424)	\$2,800,816	\$2,123,069	(\$5,837,856)
Income (Loss) Per Share	(\$0.05)	\$0.02	\$0.01	(\$0.03)
Fully Diluted Income (Loss) Per Share	(\$0.05)	\$0.01	\$0.01	(\$0.03)

Financing

See Note 10 – “Share Capital” attached to the financial statements for the three months ended July 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 July 31, 2023, the Company had current assets of \$22,474,766 (2022 - \$22,406,687) and current liabilities of \$7,168,713 (2022 - \$939,430). 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 \$15,306,055 as at July 31, 2023 (2022 working capital- \$21,467,257).



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Transactions with Related Parties

See Note 11 – “Related Party Transactions and Balances” attached to the financial statements for the three months ended July 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 The Magpie Mines Inc. (“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 (the “Agreement”) and to assist Magpie with mineral engineering research and development activities. Fancamp has not recognized provision for the 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 The Magpie Mines Inc. through the named company controlled by the Former Officer, and misusing the funds of The Magpie Mines Inc., including a grant from Sustainable Development Technology Canada. These actions led to the termination of the Agreement in November 2018.

It has been determined that, although Fancamp continues to be the largest shareholder of The Magpie Mines Inc., it does not exercise any control over this company. Fancamp’s counsel has notified the Plaintiffs and The Magpie Mines Inc. that it will be continuing to litigate only its portion of the lawsuit.

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, Fancamp intends to vigorously defend itself against the Plaintiffs.

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

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. Management has not recognized provision for 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.

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.



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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.

Proposed sale of special shares of The Magpie Mines Inc. by Peter Smith and Fouad Kamaledine

On August 11 2023, the Company provided comment on a recent announcement made by The Canadian Chrome Co. ("**Chrome Co.**"), a registered business style of KWG Resources Inc., with respect to Chrome Co.'s acquisition of two thirds of the issued and outstanding special shares in the capital of The Magpie Mines Inc. from Peter Smith and Fouad Kamaledine (the "**Transaction**").

Fancamp is a major shareholder of The Magpie Mines Inc., with ninety-six percent (96%) of the issued and outstanding common shares in the capital of Magpie Mines. In addition, Fancamp has a two-percent (2%) net smelter return royalty on the Magpie deposit and is the largest creditor of Magpie Mines.

Each common share of Magpie Mines carries one (1) vote for the election of forty-nine percent (49%) of the total number of Directors of Magpie Mines, while each special share of Magpie Mines carries one (1) vote for the election of fifty-one percent (51%) of the total number of Directors of Magpie Mines. As a result of the issuance of special shares, which were allocated to previous Directors of Fancamp and of Magpie Mines, holders of these special shares control decisions relating to the election of Magpie Mines Directors and, as a result, decisions taken by its Board of Directors.

By way of the Transaction, it appears that Smith and Kamaledine seek to sell their Special Shares for millions of dollars of personal benefit to the further prejudice of Fancamp. This is an egregious further breach of their fiduciary duties as well as a breach of trust. If completed, the Transaction is liable to be set aside by the Court.

On August 8, 2023, Fancamp wrote to Chrome Co. to advise that:

1. There is pending litigation with respect to the validity and ownership of the special shares;



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2. In light of that information Fancamp expects that Chrome Co. will not proceed with its acquisition of the special shares, and that it will issue a news release to that effect by no later than Friday, August 11, 2023; and
3. Chrome Co. now has full knowledge of Smith's and Kamaledidine's breaches of fiduciary duty and of trust, and would be proceeding as a knowing participant in those breaches. If Chrome Co. proceeds with the Transaction despite that knowledge Fancamp anticipates it would be entitled to seek relief directly against Chrome Co., including injunctive relief and compensation for its damages (including legal fees).

On August 10, 2023, Fancamp received a response from Chrome Co. in which it indicated that Fancamp's letter "does provide some clarifications as part of our ongoing due diligence efforts in this matter." It is unclear to Fancamp whether Chrome Co. intends to proceed with the Transaction.

Fancamp will continue to take appropriate steps to protect its interests including but not limited to the recovery of the special shares

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 Company has filed a Statement of Defense and has resolved this dispute

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 July 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 three months ended July 31, 2023 and 2022.

Investor Relations

The Company is continuing the investor relations agreement with Tara Asfour, entered into on July 19, 2022, for payment of \$5,000.00 per month.

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".



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The Company is authorized to issue an unlimited number of common shares and on October 24, 2023 there were 176,518,296 common shares, 13,070,000 stock options and nil warrants outstanding.

As at July 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 three months ended July 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



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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
- Contingencies and Provisions
- Control and/or Significant Influence over Investees

Critical Estimates

- Impairment of Long-lived Assets
- Current and Deferred Taxes
- Stock Based Compensation
- Fair Value of Investment in Private Companies
- Fair Value of Convertible Promissory Note

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

On May 5, 2023, the World Health Organization declared the end to the COVID-19 public health emergency. The Company did not experience a material negative impact to its business, results of operations, or financial position.

Filing Delay-Annual and Interim Financial Statements and Management Discussion and Analysis

On August 29, 2023, the Company announced a delay in filing its audited annual financial statements and management discussion & analysis for the financial year ended April 30, 2023, and the CEO and CFO certificates, all as required by National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the "**Documents**").



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The delay in filing the Documents was due to the Company's auditors requiring additional time to complete their audit of the annual financial statements for the financial year ended April 30, 2023 due to, among other things, ongoing consideration and review of the accounting presentation in respect of certain of the Company's equity security holdings and the fair value assessment of certain convertible promissory notes and warrants held by the Company.

Accordingly, the Company applied for and was granted a management cease trade order ("**MCTO**") from the BCSC pursuant to National Policy 12-203 – *Management Cease Trade Orders* ("**NP 12-203**"), pending the filing of the Documents, which MCTO prohibits the Company's management from trading in the securities of the Company until such time as the Documents are filed. The MCTO does not affect the ability of any other shareholders of the Company to trade securities of the Company.

During the period of default and until the filing of the Documents, the Company intends to satisfy the provisions of the "alternative information guidelines" as set out in NP 12-203, including the requirement to file bi-weekly status reports in the form of news releases containing prescribed updating information. The Company intends to work diligently and expeditiously with its auditors and expects to file the Documents on or around October 23, 2023.

Until the Company has filed the Documents, the Company's management are subject to an insider trading black-out. The Company confirms that, other than as disclosed in prior press releases and material change reports, there have been no material business developments since the filing of the Company's latest interim financial report. The Company is not currently subject to any insolvency proceedings.

On October 10 2023, The Company announced that as a result of the delay in filing the Annual Filings, the Corporation the filing of its unaudited interim financial statements for the three months ended July 31, 2023, the management's discussion and analysis for the same period and management certifications of interim filings (collectively, the "**Interim Filings**") have been delayed beyond the filing deadline of September 29, 2023. The Corporation is working to complete the Interim Filings as soon as possible and expects the Interim Filings to be filed on or around October 24, 2023.

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