



FANCAMP EXPLORATION LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

The following discussion of performance, financial condition and future prospects should be read in conjunction with the interim financial statements of the Company and notes thereto for the three months ended July 31, 2016 and 2015. The Company's reporting currency is Canadian dollars. The date of this Management Discussion and Analysis is September 28, 2016. Additional information on the Company is available on SEDAR at www.sedar.com and the Company's web site at www.fancampexplorationltd.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 Exploration Ltd. is a Canadian junior mineral exploration company that continues to evolve into a holder of shares in partner companies together with royalties. These assets enable the Company to generate free cash flow without further shareholder dilution. The Company has an exceptional inventory of resource projects at various stages of development in three provinces. The commodities include gold, base metals, chromium, titanium and iron.

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

Key Company Highlights

- The future of the Company remains promising; the value of our various shareholdings in today's market is in the 4 million dollar range.
- The prospects of successful commercialization of the proprietary Magpie Process for the separation of high grade TiO₂ from iron ores are improving in connection with a number of potential domestic users, and news releases will be forthcoming if, as, and when, arrangements

are confirmed. The Magpie Mines Inc. controlled by Fancamp will remain an essential unit of the company with the potential to produce dividends.

- The Company holds important positions in the iron ore sector, particularly royalty and equity interests in Champion Iron Mines Ltd., which is moving ahead with Quebec Government support to consolidate and improve the productivity of the Fermont District iron ore deposits - at what is probably the bottom of the market. Serious turnaround in iron ore fortunes could have a very large leverage effect on these operations.
- The Company's Koper Lake chromite holdings, the Black Horse Deposit, in the so called "Ring of Fire", is again gaining serious attention because of Chinese interest and the current federal and provincial government emphasis on the development of infrastructure needed to exploit these resources.
- The Company has staked a number of grassroots properties in the search for lithium bearing minerals and prospecting continues.

The Magpie Mines Inc.

The Company, now a subsidiary of Fancamp Exploration Ltd., is currently seeking a Federal Government grant, part of the process of financing a pilot plant necessary for the commercialization of its proprietary Magpie Process, a low cost and low emission method of separating high purity TiO₂ from titaniferous iron ores. The interest of a number of industrial users is considerable and of course essential to the ultimate development of such a plant.

The Company is furthermore, making a presentation of the Magpie Process at the World TiO₂ Summit in Cleveland, Ohio in early October, 2016.

MARKETABLE SECURITIES

Argex Titanium Inc.

The Company currently holds 1,110,000 shares of Argex Titanium Inc. ("Argex"). The Company also holds a 2% NSR, rising to 4% two years after production, on Argex's Lac La Blache property, with an advance royalty of \$100,000 to be paid annually, and currently in arrears.

See Note 4 "Marketable Securities" and Note 6 "Exploration and Evaluation Assets" attached to the financial statements for three months ended July 31, 2016 and 2015.

Champion Iron Mines Ltd.

The Company currently holds 10,266,666 shares of Champion Iron Mines Ltd. and a 1.5% non-recourse NSR on its Fermont Iron Holdings.

See Note 4 "Marketable Securities" and Note 6 "Exploration and Evaluation Assets" attached to the financial statements for the three months ended July 31, 2016 and 2015.

KWG Resources Inc.

The Company currently holds 18,591,000 shares of KWG Resources Ltd ("KWG").

See Note 4 "Marketable Securities" and Note 6 "Exploration and Evaluation Assets" attached to the financial statements for the three months ended July 31, 2016 and 2015.

St-Georges Platinum and Base Metals Ltd.

The Company currently holds 1,173,076 shares of St-Georges Platinum and Base Metals Ltd.

See Note 4 “Marketable Securities” and Note 6 “Exploration and Evaluation Assets” attached to the financial statements for the three months ended July 31, 2016 and 2015.

HPQ Silicon Resources Inc. (formerly Uragold Bay Resources Ltd.)

The Company currently holds 6,490,000 shares of HPQ Silicon Resources Inc., together with 8 million warrants. Uragold Bay Resources Ltd. has changed its name to HPQ Silicon Resources Inc. on a 1:1 basis, a recognition of its ownership of a proprietary fusion method of recovering silicium metal from quartz at significant cost savings. The newly named company will spin out its Beauce placer claims obtained from Fancamp into a new company whose shares will be dividended out to present shareholders of HPQ. The date of record of this move is expected shortly.

See Note 4 “Marketable Securities” attached to the financial statements for the three months ended July 31, 2016 and 2015.

INVESTMENTS

Lamelee Iron Ore Ltd.

The Lamelee Iron Ore Deposit has been returned to Fancamp 100%, and the 43 million shares issued for the purchase returned to the Lamelee Iron Ore Ltd. treasury. This important asset is well positioned to be development ready pending recovery of iron world markets.

See Note 6 “Exploration and Evaluation Assets” and Note 5 “Investments in Associates” attached to the financial statements for the three months ended July 31, 2016 and 2015.

SIGNIFICANT MINERAL PROPERTIES

McFaulds Fancamp Property (Koper Lake), Ontario

Fancamp granted Bold Ventures Inc./KWG a one year extension on the balance to be spent on the property in order to earn a 50% interest (to September 30, 2016). In return for this extension KWG issued Fancamp an additional 25 million common shares.

A further extension will be required.

See Note 6 “Exploration and Evaluation Assets” attached to the financial statements for the three months ended July 31, 2016 and 2015.

Stoke Mountain Property, Quebec

The Company has earned a 100% interest in 44 claim units of this prospective gold, copper and zinc property, located some 56 miles southwest of the Company’s Beauce gold property. The Company holds 156 claim units including those acquired by staking. Recent drilling intersected 7.29% Cu/6.40m some 135 metres down plunge of the Phelps Dodge intersection, 56 metres below surface, of 6.34% Cu/5.10m. Downhole IP and a surface gravimetric survey have defined further targets associated with this copper zone, which remain to be drill tested. This gravity modelling also indicated the presence of a similar and as yet untested target some 900m long, 700m to the northwest of the known copper zone. In addition, IP surveys and soil geochemical surveys conducted in the fall 2013 have also outlined a previously unknown anomalous gold target which also remains to be drill tested.

See Note 6 “Exploration and Evaluation Assets” attached to the financial statements for the three months ended July 31, 2016 and 2015.

Clinton Property, Quebec

The Company has earned a 100% interest in 117 claim units of this prospective gold, copper and zinc property, located some 65 km ESE of Stoke. The Company currently maintains a total 46 claim units. During the year, three holes were drilled on the V zone that intercepted five mineralized zones with the following results:

Hole	Zone	From m	To m	Length m	Cu %	Zn %	Ag g/t	Au g/t
CL-2014-03	V3	111.6	113.8	2.2	3.33	0.74	40.7	0.16
CL-2014-04	V1	60.6	67.5	6.9	0.77	0.01	5.5	0.01
CL-2014-04	V3	146.5	157.5	11	1.27	1.14	11	0.05
CL-2014-05	V1	85.5	110.2	24.7	2.78	0.01	16.9	0.01
CL-2014-05	V3	169.8	174	4.2	0.85	0.50	4.7	0.02

See Note 6 "Exploration and Evaluation Assets" attached to the financial statements for the three months ended July 31, 2016 and 2015.

The Beauce Property, Quebec

The Company now holds a total of 46 claims on the Chaudière River, 63 miles south of Quebec City. The historic Gilbert River placer district, site of Canada's first major placer gold rush in the mid nineteenth century, was covered by an additional 32 Fancamp claims which have been sold for shares and a 3.5% gross metal royalty to Uragold Bay Resources Inc., now HPQ Silicon Resources Inc. as described.

See Note 6 "Exploration and Evaluation Assets" attached to the financial statements for the three months ended July 31, 2016 and 2015.

Gaspé Bay Group (Robidoux and Ste. Marguerite) Properties, Quebec

Extensive epizonal gold bearing quartz vein systems are to be found along the Grand Pabos Fault system and its associated structures in western Gaspé. The Company owns a number of large properties covering this system, the easternmost referred to as Robidoux and the western sector covered by the Ste. Marguerite property. The former was the site of a 600 tonne bulk sample results from which have been reported and a further 350 tonne sample was extracted in late 2015 and awaits processing. The Ste. Marguerite property is the site of a large number of gold showings associated with quartz veins and Grand Pabos related shear zones. Some of these showings can be traced along strike for up to 1500 metres. Bedrock is deeply weathered and gold placers have been identified in creeks crossing these structures, indicating the presence of free gold. Bulk sampling is currently being carried out with a view to possible treatment by a portable mill.

Oxford Brook, New Brunswick

Trenching, soil sampling and ground geophysics were carried out over this large optioned property in 2015. The original VMS discovery was found to have limited extent, but occurs in a complexly folded and faulted sequence of volcanic rocks that in northern Maine are host to the 30 million ton Bald Mountain Cu, Zn, Au, Ag, VMS deposit. This is a useful model for exploration at Oxford Brook and at least three areas including the original discovery warrant further testing. With this course in mind, the option has been renewed for another year and the Company is in possession of a new government grant enabling it to carry out prospecting and trenching, which has recently been completed. Additional mineralization has been identified and assays are awaited.

See Note 6 "Exploration and Evaluation Assets" attached to the financial statements for the three months ended July 31, 2016 and 2015.

Other Properties

See Note 6 "Exploration and Evaluation Assets" attached to the financial statements for the three months ended April 30, 2016 and 2015 for further information on the Company's other mineral property holdings.

RESULTS OF OPERATIONS

The Company reported a net loss of \$67,687 for the three months ended July 31, 2016, compared to a net loss of \$321,291 for July 31, 2015. The net loss in 2015 can mainly be attributed to a loss on the disposal of marketable securities. The Company was able to offset operating expenses in the current period through the recording of a gain on the disposal of marketable securities. Overall operating expenses have decreased by approximately 17%.

A former director and officer of the Company has 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. \$28,480 in legal fees have been incurred to date.

Expenses

Accounting and Audit	46,250	27,600
Commissions	350	270
Directors Fees (Note 8)	21,000	18,000
Field Administration	18,000	18,460
Insurance	12,318	7,106
Interest Expenses and Bank Charges	724	158
Legal Fees	5,362	79,803
Management and Consulting	33,140	15,000
Mineral Property Sundry Expenses	2,400	279
Office Rent, Supplies and Services	18,564	24,443
Share Transfer, Listing and Filing Fees	4,108	5,833
Telephone, Fax, Internet	2,089	2,939
Travel and Accomodations	<u>832</u>	<u>-</u>
Total Expenses	<u>165,137</u>	<u>199,891</u>
Net Income (Loss) Before the Following:	(165,137)	(199,891)
Impairment of Exploration and Evaluation Assets (Note 6)	-	(49,654)
Gain (Loss) on Sale of Royalty Interests	-	50,000
Gain (Loss) from Disposal of Marketable Securities (Note 4)	97,450	(110,493)
Gain(Loss) from Equity Pick-up	<u>-</u>	<u>(11,253)</u>
Net Loss Before Taxes	(67,687)	(321,291)

SUMMARY OF QUARTERLY RESULTS

Selected financial information for the quarter ended July 31, 2016 and the preceding 7 quarters:

Three Months Ended	IFRS	IFRS	IFRS	IFRS
	2nd Quarter October 31, 2015	3rd Quarter January 31, 2016	4th Quarter April 30, 2016	1st Quarter July 31, 2016
Mineral Property Royalty Revenue	\$100,000	\$0	\$0	\$0
Net Loss	(\$171,070)	(\$359,648)	(\$3,482,697)	(\$67,687)
Loss Per Share	\$0.00	\$0.00	(\$0.02)	\$0.00
Fully Diluted Loss Per Share	\$0.00	\$0.00	(\$0.02)	\$0.00

Three Months Ended	IFRS	IFRS	IFRS	IFRS
	2nd Quarter October 31, 2014	3rd Quarter January 31, 2015	4th Quarter April 30, 2015	1st Quarter July 31, 2015
Mineral Property Option Revenue	\$112,500	\$12,500	\$32,500	\$0
Net Loss	(\$139,440)	(\$182,791)	(\$16,286,467)	(\$321,291)
Loss Per Share	\$0.00	\$0.00	(\$0.12)	\$0.00
Fully Diluted Loss Per Share	\$0.00	\$0.00	(\$0.12)	\$0.00

FINANCING

In June, 2015, the Company issued 10,000,000 common shares to acquire a portfolio of interests held by The Sheridan Platinum Group Ltd.

In June, 2016, the Company issued 2,892,393 common shares, at a deemed price of \$0.05 per share, to settle a total of \$144,620 of debt owed to certain insiders of the Company.

See Note 7 – “Share Capital” attached to the financial statements for the three months ended July 31, 2016 and 2015 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, 2016, the Company had a cash balance of \$21,852 (2015 - \$131,503), marketable securities of \$3,491,400 (2015-\$1,868,255), sales taxes refundable of \$65,398 (2015 – \$53,413), accrued mining duty receivable of \$122,270 (2015 - \$122,659), accrued exploration tax credits receivable of \$188,158 (2015 - \$228,156), accounts payable and accrued liabilities of \$268,091 (2015 - \$350,817), and due to directors of \$178,633 (2015 - \$106,337). 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 \$3,564,365 as at July 31, 2016 (2015 - \$2,013,179).

TRANSACTIONS WITH RELATED PARTIES

See Note 8 – “Related Party Transactions and Balances” attached to the financial statements for the three months ended July 31, 2016 and 2015.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

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, 2016 and 2015.

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 September 28, 2016 there were 151,801,629 common shares issued and outstanding.

As at July 31, 2016, the Company has 151,801,629 common shares outstanding and 9,345,000 stock options outstanding.

See Note 7 – "Share Capital" attached to the financial statements for the three months ended July 31, 2016 and 2015.

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.

ENVIRONMENTAL CONTINGENCY

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, 2016, the Company does not believe that there are any significant environmental obligations requiring expenditures in the foreseeable future.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they

become effective. The Company does not expect the impact of such changes on the financial statements to be material.

IFRS 9	Financial Instruments: Classification and Measurement
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

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 financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of commitments and contingencies at the date of the financial statements and the reported amount of revenues and expenses during the period.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical Accounting Judgments

- Going Concern
- Exploration and Evaluation Expenditures
- Title to Mineral Property Interests
- Asset Acquisition
- Impairment of Available-for-Sale Financial Assets

Critical Estimates

- Impairment of Long-lived Assets
- Purchase Price Allocation
- Share-based Payments
- Current and Deferred Taxes

For more details of significant accounting judgements and estimates, see Note 2 "Basis of presentation" attached to the financial statements for the years ended April 30, 2016 and 2015.

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.

INVESTOR RELATIONS

The Company does not have any investor relation contracts.

BOARD OF DIRECTORS

At the Company's annual meeting held on November 20, 2015, Mel De Quadros, Paul Ankcorn, Peter H. Smith, Debra Chapman, Ashwath Mehra, Fouad Kamaledine and Mark Billings were elected to serve as directors for the forthcoming year.

ADVISORY BOARD

The Company has an Advisory Board which includes John Harvey P.Eng., Mackenzie Watson P.Eng, Ali Al Hazeem and Michael Sayer.

SUBSEQUENT EVENTS

For further information on subsequent events, see Note 11 - Subsequent Events attached to the financial statements for the three months ended July 31, 2016 and 2015.

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