



## **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 financial statements of the Company and notes thereto for the years ended April 30, 2019 and 2018. The Company's reporting currency is Canadian dollars. The date of this Management Discussion and Analysis is August 27, 2019. Additional information on the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's web site at [www.fancampexplorationltd.ca](http://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 is a junior mineral exploration company using a value added strategy predicated on the acquisition of potentially valuable assets, adding value through the selection process itself and subsequent development work, self-financed or otherwise, followed by disposition, proceeds from which, are used to finance the same process multiple times. The Company has an exceptional inventory of resource properties in Québec, Ontario and New Brunswick; commodities of interest include gold, base metals, chromium, titanium, iron and silica. In addition, the Company has begun to build on the industrial possibilities inherent in dealing with some of these materials.

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 Company Highlights**

- The Company's "Industrial Synergy Route", aimed at producing "green" high grade TiO<sub>2</sub> feedstock, using off the shelf technologies directly related to current industry needs, continues. Proof of concept work is underway and scheduled for completion this year. The demonstration plant project related to the proprietary Magpie Process has been temporarily set aside.

- Grassroots gold exploration, Québec
  - 100% owned Baie Verte Brompton (BVB) Property, in the Beauce, southern Québec. Located on the Baie Verte Brompton line, a major crustal suture running through the central Appalachians from Vermont to Newfoundland. The BVB Property covers that part of the suture adjoining the historic Gilbert River gold placers, which in themselves can be considered to be one of the largest gold geochemical anomalies in eastern North America. Recent trenching by the Company, on a previously untested southwest sector of the property revealed significant gold mineralization in disseminated sulphides at surface and subsequent geophysical work indicated a number of IP anomalies. Drill testing of one of these targets began in mid-February 2019 with a series of seven holes totalling 656m. The best intersections however only returned values between 0.15 g/t Au and 0.23 g/t Au over narrow intervals. Further prospecting is underway on the little known northeast sectors of this lengthy property.
- Copper exploration, Québec
  - The Company is currently carrying out reconnaissance drilling in the vicinity of the original Harvey Hill Copper Mine which has produced sporadically since the 1860's. The mineralized zones are gently dipping to flat lying and form lenses of thicknesses up to 10 meters plus extending over strike lengths up to several hundred meters, in a series of quartz sericite graphite talc schists. The former Harvey Hill Mine exploited a number of these lenses through shallow underground workings. To date the Company has drilled a total of 31 vertical NQ holes along a strike length totalling about 900 meters, to depths averaging 30-40 meters, with a few holes in the 120 meter range. Preliminary results indicate intersections ranging from 1.06% Cu over 3m and 0.66% Cu over 11 meters, close to surface. (The total prospective strike length of the property itself is some 2.5 km.) Bedrock is easily trenched by backhoe and bulk samples will be taken with a view to test potential concentrate grade.
- REE exploration, Québec
  - The Company's Baude Lake rare earth property northwest of Shawinigan is currently being tested by a small drill program. Approximately 100 kg of the allanite red granite mineralized material is being crushed and concentrated through gravimetric separation to test potential concentrate grade.
- Grassroots gold exploration, New Brunswick
  - optioned Brunswick North Property, Bathurst District; significant gold mineralization in disseminated sulphides seen in angular boulders at surface. Geophysics indicated strong IP anomalies, one of which was drill tested in January 2019 with two holes totalling 214m. Pyrite mineralization and alteration was noted, but no significant gold values were detected. Currently, other targets are being tested through soil sampling and trenching.
  - work is currently underway on the Mactaquac option with Edge Exploration Inc., the targets being potential IOCG and sheared vein hosted gold.
- Grassroots gold exploration, Northern Ontario
  - 100% owned Heenan and Mallard properties in Swayze, southwest of Timmins; significant gold showings associated with IP targets; current geochemical sampling and prospecting.
  - 100% owned Cunningham property, north of Sault Ste. Marie. VTEM airborne survey, prospecting follow up.
  - 100% owned Dorothy Lake property, near Dryden, Ontario; lake bottom sediment gold anomalies. Reconnaissance IP surveys over the Dorothy Lake shear zones. Current prospecting.
- Recent Acquisitions through staking of a number of 100% owned high grade silica deposits in southern Québec. Ongoing discussions with industrial users.

## **SIGNIFICANT MARKETABLE SECURITIES**

### **Champion Iron Ltd.**

The Company currently holds 6,768,333 shares of Champion Iron Ltd. and a 1.5% non-recourse NSR on its Fermont Iron Holdings.

See Note 5 “Marketable Securities” and Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2019 and 2018.

## **SIGNIFICANT MINERAL PROPERTIES**

### **Baie Verte Brompton, Québec**

A 656 meter drill program has been completed on this 100% owned gold property, located in the Beauce district south of Québec City. The property straddles a part of the Baie Verte Brompton Line, a major crustal suture extending from Vermont to Newfoundland. The property itself has a strike length of some 35 kilometres adjoining the historic Gilbert River gold placers.

### **Baude Lake, Québec**

Recent prospecting on this 100% owned property revealed significant rare earth elements in an allanite rich pegmatite/coarse grained red granite. Grab samples have returned up to a total of 9.53% light rare earth oxides with associated Yttrium oxide values of 0.25%. Concentrate testing and drilling are underway.

### **Stoke Mountain Property, Québec**

The Company owns 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. Including additional staking by the Company, the property totals 121 claim units. Previous drilling intersected 7.29% Cu/6.40m some 135 metres down plunge of the Phelps Dodge intersection, 56 meters 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 tested. Gravity modelling has also indicated the presence of a similar and as yet untested target some 900m long, 700m to the northwest of the known copper zone. The Company plans further drilling on these targets.

See Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2019 and 2018.

### **Clinton Property, Québec**

The Company owns 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 holds a total of 124 claim units. The last three holes, drilled on the so called V zone, on this 17 km strike length property were drilled in 2014, resulting in a number of interesting mineralized zones (NR, October 14, 2014). It is the Company's intention to revisit and further evaluate this target.

See Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2019 and 2018.

### **Robidoux and Ste. Marguerite Properties, Québec**

Extensive epizonal gold bearing quartz vein systems are to be found along the Grand Pabos Fault system and its associated structures in western Gaspé near the head of the Bay of Chaleur. The Company owns a number of 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 of which have been reported. A further 350 tonne sample was extracted in late 2015 and was treated by Glencore's Horne Smelter in Rouyn Noranda, resulting in the recovery and sale of gold for \$77,483. Discussions are underway with potential joint venture partners.

### **South Lamelee Iron Property, Québec**

The 100% owned South Lamelee Iron Ore Deposit is considered an important asset given developments in the region. On August 3, 2017, the Company filed a NI 43-101 technical report outlining an Indicated Resource of 74.7 million tonnes grading 31.6% T-Fe (total iron) and an Inferred Resource of 229.2 million

tonnes grading 30.4% T-Fe, using a conservative cut-off grade of 15% T-Fe. (See news release dated August 3, 2017 for further information.)

See Note 8 "Exploration and Evaluation Assets" attached to the financial statements for the years ended April 30, 2019 and 2018.

### **Becaquimec Lake, New Brunswick**

An airborne MAG-TDEM survey has been completed on this magmatic sulphide-VMS property, the targets are being prospected with the help of a \$10,000 New Brunswick government grant.

### **Brunswick North, New Brunswick**

The Company recently entered into an option agreement to acquire a 100% interest in a 969.4 hectare property located southwest of Bathurst. Recent discoveries on this property indicate potential for gold as well as VMS mineralization with assays from float samples ranging up to 7.69 g/t Au and high grade massive sulphide boulders grading up to 3.8 g/t Au, 158 g/t Ag, 17.3% Pb and 8.5% Zn. The Company has a \$20,000 New Brunswick government exploration grant; geochemistry and trenching is currently underway.

See Note 8 "Exploration and Evaluation Assets" attached to the financial statements for the years ended April 30, 2019 and 2018.

### **Mactaquac Property, New Brunswick**

On June 27, 2019, the Company announced that it had entered into an option agreement to acquire a 100% interest in a placer gold discovery west of Fredericton. Fancamp believes that this property could contain IOCG and vein hosted gold mineralization. The property covers some 8600 acres and some 11km strike length in a north/south structural corridor. Exploration work is currently underway. (Refer to the Company's news release dated June 27, 2019 for further information.)

### **Heenan Mallard Properties, Ontario**

During the month of March, 2019, Fancamp completed 10 diamond drill holes totaling 1,464 m. The program confirmed the presence of a significant southeast to northwest trending deformation zone extending through the Property, herein termed the Mallard Structural Zone ("MSZ"). The MSZ hosts several shear zones, quartz veins, and related gold occurrences over a strike length of approximately 6 km, indicative of a mineralizing event associated with this structure.

The Phase 1 diamond drilling program intersected anomalous gold mineralization within most drill holes. Drill hole MA19-06 intersected 1.39 g/t Au over 0.38 m associated with quartz veining and sulphide mineralization proximal to a felsic dyke. Drill hole MA19-07 intersected strongly altered metasediments that returned anomalous gold values over a sample length of 17.00 m, including 4.61 g/t Au over 0.24 m. Drill hole MA19-08 intersected a low angle 15 cm wide quartz vein that returned 6.32 g/t Au over a sample length of 0.40 m located within an 11.3 m wide zone of strong pervasive silicification and quartz veining.

Follow up prospecting, trenching and soil sampling is underway.

See Note 8 "Exploration and Evaluation Assets" attached to the financial statements for the years ended April 30, 2019 and 2018.

### **Cunningham Property, Ontario**

In July, 2018, the Company entered into an agreement to acquire a 100% interest in 24 claim units in the Dryden area of northwestern Ontario. In January, 2019, the Company entered into an agreement to acquire a 100% interest in 185 contiguous claim units. The Company also acquired 3 claim units by staking. The area is in a Cu/Zn environment with numerous showings associated with acid volcanics. A 396.5 line km VTEM survey has been completed, and is being used in the current prospecting and soil sampling activity.

See Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2019 and 2018.

**Dorothy Property, Ontario**

In July, 2018, the Company entered into an agreement to acquire a 100% interest in 67 claim units in the Dryden area of northwestern Ontario. These claims cover a series of anomalous gold, silver and copper lake bottom geochemical anomalies. 23 km of line cutting, followed by 15 km of IP and magnetic surveys was completed in March, 2019. Several chargeability anomalies have been identified associated with an interpreted regional north-northeast trending deformation zone. Prospecting and sampling of these targets is currently underway.

See Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2019 and 2018.

**McFaulds Fancamp Property (Koper Lake), Ontario**

The Black Horse Chromite deposit in the Ring of Fire is presently in inventory and is owned 50% Fancamp and 50% by Bold/KWG.

See Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2019 and 2018.

**Other Properties**

See Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2019 and 2018 for further information on the Company’s other mineral property holdings.

**SELECTED ANNUAL INFORMATION**

	Years Ended April 30		
	2019	2018	2017
Revenue	-	-	100,000
Operating Expenses	1,801,123	2,136,742	782,856
Net Income (Loss)	1,187,762	(2,186,795)	(1,654,887)
Net Income (Loss) Per Share - Basic and Diluted	0.01	(0.01)	(0.01)
Working Capital	15,139,740	12,074,401	1,581,055
Total Assets	28,920,647	26,639,691	25,775,622
Exploration and Evaluation Assets	11,975,002	12,930,389	12,725,968
Total Liabilities	5,004,611	4,163,040	3,486,037

**RESULTS OF OPERATIONS**

The Company reported a net income of \$1,187,762 for the year ended April 30, 2019, compared to a net loss of \$2,186,795 for April 30, 2018. Overall operating expenses are lower in 2019 due to the recording of a lesser amount of stock based compensation on options granted to directors and officers, however costs did increase for such expenses as field administration and legal fees. The Company recorded an impairment on its exploration and evaluations of \$2,073,665 (2018 - \$391,856), an impairment on its patents of the Magpie Process, and the technical expenses incurred in completion of “Phase 1” of the project.

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 Corporation 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 application s, 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. As of August 27, 2019, the approval date of the consolidated financial statement, all litigations are still in process.

	Year Ended April 30, 2019	Year Ended April 30, 2018
<b>Expenses</b>		
Accounting and Audit	\$ 158,858	\$ 160,900
Bad Debt Expense	-	200,000
Commissions	21,060	1,906
Directors Fees (Note 10)	77,000	84,000
Field Administration	211,863	118,380
Insurance	38,435	40,870
Interest Expenses and Bank Charges	18,133	1,173
Legal Fees	224,220	37,334
Management and Consulting	189,844	139,588
Mineral Property Sundry Expenses	48,502	18,110
Office Rent, Supplies and Services	110,039	96,443
Share Transfer, Listing and Filing Fees	22,480	30,932
Stock Based Compensation	194,873	1,060,399
Investment Tax Credits and Penalties	-	137,746
Technical Fees	470,806	-
Travel and Accommodations	15,010	8,961
<b>Total Expenses</b>	<u>1,801,123</u>	<u>2,136,742</u>
<b>Net (Loss) from Operations</b>	(1,801,123)	(2,136,742)
Impairment of Exploration and Evaluation Assets (Note 8)	(2,073,665)	(391,856)
Impairment on Marketable Securities	-	(221,103)
Impairment on Patent and Process (Note 7)	(402,724)	-
Unrealized Gain on Marketable Securities (Note 5)	6,227,986	-
Gain (Loss) from Disposal of Marketable Securities (Note 5)	(369,400)	494,426
<b>Net Income (Loss) before Taxes</b>	<u>1,581,074</u>	<u>(2,255,275)</u>

Deferred Tax Recovery (Expense)	(393,312)	68,480
<b>Net Income (Loss) for the year</b>	<b>\$ 1,187,762</b>	<b>\$ (2,186,795)</b>
Net Gain on Revaluation of Available For Sale Marketable Securities	-	1,126,462
<b>Comprehensive Income (Loss) for the Year</b>	<b>\$ 1,187,762</b>	<b>\$ (1,060,333)</b>
<b>Net Income (Loss) Attributable</b>		
Equity Shareholders of the Company	\$ 1,290,944	\$ (2,182,151)
Non-controlling Interests	\$ (103,182)	\$ (4,644)
	<b>\$ 1,187,762</b>	<b>\$ (2,186,795)</b>
<b>Comprehensive Income (Loss) Attributable to:</b>		
Equity Shareholders of the Company	\$ 1,290,944	\$ (1,055,689)
Non-Controlling Interests	\$ (103,182)	\$ (4,644)
	<b>\$ 1,187,762</b>	<b>\$ (1,060,333)</b>

## SUMMARY OF QUARTERLY RESULTS

Selected financial information for the quarter ended April 30, 2019 and the preceding 7 quarters:

	IFRS 1st Quarter July 31, 2018	IFRS 2nd Quarter October 31, 2018	IFRS 3rd Quarter January 31, 2019	IFRS 4th Quarter April 30, 2019
<b>Three Months Ended</b>				
Mineral Property Royalty Revenue	\$0	\$0	\$0	\$0
Net Income (Loss)	\$2,338,400	\$668,819	(\$403,999)	(\$1,415,458)
Income (Loss) Per Share	\$0.02	\$0.00	\$0.00	(\$0.01)
Fully Diluted Income (Loss) Per Share	\$0.02	\$0.00	\$0.00	(\$0.01)
	IFRS 1st Quarter July 31, 2017	IFRS 2nd Quarter October 31, 2017	IFRS 3rd Quarter January 31, 2018	IFRS 4th Quarter April 30, 2018
<b>Three Months Ended</b>				
Mineral Property Option Revenue	\$0	\$100,000	\$0	\$0
Net Income (Loss)	(\$31,603)	\$23,674	(\$1,512,539)	(\$734,807)
Income (Loss) Per Share	\$0.00	\$0.00	\$0.00	(\$0.01)
Fully Diluted Income (Loss) Per Share	\$0.00	\$0.00	\$0.00	(\$0.01)

## FINANCING

On January 12, 2018 the Company issued a total of 50,000 common shares at a price of \$0.10 per common shares, for the exercise of stock options.

On January 30, 2018 the Company issued a total of 1,000,000 common shares at a deemed price of \$0.14 per share, pursuant to the option agreement to acquire a 100% interest in the claims of the Mallard Heenan property.

On February 26, 2018 the Company issued a total of 250,000 common shares, at a deemed price of \$0.12 per share, pursuant to a purchase agreement for the acquisition of a 100% interest in claims of the Mallard Heenan property.

On February 26, 2018 the Company issued a total of 100,000 common shares, at a deemed price of \$0.12 per share, pursuant to a purchase agreement for the acquisition of a 100% interest in the Brunswick North property.

On July 17, 2018 the Company issued a total of 100,000 common shares, at a deemed price of \$ 0.085 per share, pursuant to a purchase agreement for the acquisition of a 100% interest in the Cunningham property.

On July 17, 2018 the Company issued a total of 250,000 common shares, at a deemed price of \$ 0.085 per share, pursuant to a purchase agreement for the acquisition of a 100% interest in the Dorothy property.

On December 17, 2018 the Company issued a total of 100,000 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 Mallard/Heenan property.

On December 17, 2018, the Company issued a total of 200,000 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 Cunningham property.

On February 26, 2019, the Company issued a total of 100,000 common shares, at a deemed price of \$0.12 per share, pursuant to a purchase agreement for the acquisition of a 100% interest in the Brunswick North property.

See Note 9 – “Share Capital” attached to the financial statements for the years ended April 30, 2019 and 2018 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 April 30, 2019, the Company had current assets of \$16,945,645 (2018 - \$13,377,516) and current liabilities of \$1,805,905 (2018 - \$1,303,115). 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 \$15,139,740 as at April 30, 2019 (2018 working capital- \$12,074,401).

## **TRANSACTIONS WITH RELATED PARTIES**

See Note 10 – “Related Party Transactions and Balances” attached to the financial statements for the years ended April 30, 2019 and 2018.

## **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 years ended April 30, 2019 and 2018.

## **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 August 27, 2019 there were 153,951,629 common shares issued and outstanding.

As at April 30, 2019, the Company has 153,951,629 common shares outstanding and 11,470,163 stock options outstanding.

See Note 9 – “Share Capital” attached to the financial statements for the years ended April 30, 2019 and 2018.

## **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 April 30, 2019, 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 16	Leases
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### **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
- Title to Mineral Property Interests

#### Critical Estimates

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

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, 2019 and 2018.

### **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 2, 2018, Peter H. Smith, Paul Ankcorn, Ashwath Mehra and Mark Billings were elected to serve as directors for the forthcoming year. In August, 2018 Mel De Quadros and Debra Chapman resigned, and in September, 2018 Fouad Kamaledine resigned. These positions remained vacant.

For further information see the Company's website: [www.fancampexplorationltd.ca](http://www.fancampexplorationltd.ca)