



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, 2020 and 2019. The Company's reporting currency is Canadian dollars. The date of this Management Discussion and Analysis is August 28, 2020. 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 is a junior mineral exploration company using a value-added strategy based 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, rare earth elements, strategic metals, 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", has resulted in the filing of a provisional patent in the United States of America, owned jointly by the Company's 100% owned subsidiary FNC Technologies Inc. and NSGI Non Ferrous Metals Inc., covering TiO₂ feedstock and related technologies including the production of titanium metal powder suitable for 3-D printing (NR 07/08/2020).

- The Company has greatly enlarged its gold exploration land position by map staking in Québec, particularly the structural corridors hosting the AMEX Exploration Ltd. “Perron” and the Wallbridge Mining Company Ltd. “Fenelon” gold discoveries. These blocks are being analyzed by satellite spectral analysis, re-evaluation of previous work and boots on the ground prospecting. Options and joint ventures are a part of this narrative. (NR 02/07/20)
- The Company’s historic gold properties – Dileo Lake, in the Troilus trend (NR 17/06/20) and the Gaspé Boisbuisson skarn gold property are currently undergoing new trenching on old, poorly developed gold showings.
- Further work is planned on the Company’s Mactaquac gold option in New Brunswick. The source of the gold placer is yet to be identified, but numerous magnetically defined structural targets remain to be tested.
- Northern Ontario gold prospects, Heenan, Mallard and Cunningham are scheduled for further testing and in the case of the former drilling before year end.
- 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 Property, some 33km in length, 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 and the site of heightened exploration activity by several companies. Further prospecting is planned.
- Extensive dry tailings going back to the 19thc on the Company’s wholly owned Harvey Hill Copper property have been found to average 1-2% Cu and consideration is being given to copper recovery from this material.
- REE exploration, Québec
 - The Company’s optioned Gouin East and Gouin West carbonatite targets have been subject to 3-D inversion studies which have identified numerous internal targets. Both targets are presently being prospected and sampled. Test drilling is planned for the fall.
 - The Company’s Baude Lake rare earth property northwest of Shawinigan contains a steeply dipping system of sheeted allanite bearing pegmatite/granite dykes, exposed along a strike length of about 1km. Boulders of similar material, 2-3 km to the north suggest this target could be much larger than previously thought. A prospecting and ground scintillometer survey has just been completed.

SIGNIFICANT ASSETS

The Company currently holds 5,390,000 shares of Champion Iron Ltd. and a 1.5% non-recourse NSR on its Fermont Iron Holdings.

The Company currently holds 1,000,000 shares and 1,000,000 warrants of Beauce Gold Fields Inc.

The Company also holds a 10% NPI on part of the current Genesis Metals Corp. Chevrier Gold Discovery.

See Note 5 “Marketable Securities” and Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2020 and 2019.

SIGNIFICANT MINERAL PROPERTIES

Baie Verte Brompton, Québec

A 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 33 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%.

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 117 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.

See Note 8 "Exploration and Evaluation Assets" attached to the financial statements for the years ended April 30, 2020 and 2019.

Clinton Property, Québec

The Company owns a 100% interest in 124 claim units of this prospective gold, copper and zinc property, located some 65 km ESE of Stoke. The last three holes, drilled on the "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, 2020 and 2019.

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, 2020 and 2019.

Becaguimec Lake, New Brunswick

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

Brunswick North, New Brunswick

The Company 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 indicated potential for gold as well as VMS mineralization.

See Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2020 and 2019.

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. (Refer to the Company’s news release dated December 11, 2019 for further information.)

See Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2020 and 2019.

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, now described as the Ridout Deformation Zone (“RDZ”). The RDZ hosts several shear zones, quartz veins, and related gold occurrences over a strike length of approximately 5 km. Gold in soil anomalies suggest widths on this zone of up to 500 meters. Gold values ranged from below detection limits up to 52 ppb Au. Grab samples from the same zone ranged up to 760 ppb Au. Subsequent channel sampling of highly silicified porphyry outcrop in this corridor included a composited interval grading 1.08 g/t Au over 8 m.

On the Heenan property, immediately northwest of Mallard, the gold target is underlain by the tightly folded and sheared Woman River Iron Formation. Gold values in soil ranged from below detection to 483 ppb Au. Grab samples, ranging from below detection to 291 ppb Au were collected from the first pass of prospecting.

Chargeability anomalies have been outlined that coincide with the anomalous gold values compiled from the recently completed field programs on both properties. Drilling is planned for early Fall.

See Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2020 and 2019.

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, 2020 and 2019.

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 in process.

See Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2020 and 2019.

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, 2020 and 2019.

Other Properties

Nine additional grassroots properties have been acquired by map staking in the Québec Abitibi during the month of June (NR 02/07/20). These properties are being assessed and will be reported on in due course.

See Note 8 “Exploration and Evaluation Assets” attached to the financial statements for the years ended April 30, 2020 and 2019 for further information on the Company’s other mineral property holdings.

SELECTED ANNUAL INFORMATION

	Years Ended April 30		
	2020	2019	2018
Revenue	-	-	-
Operating Expenses	1,998,135	1,801,123	2,136,742
Net Income (Loss)	(3,656,512)	1,187,767	(2,255,275)
Net Income (Loss) Per Share - Basic and Diluted	(0.02)	0.01	(0.01)
Working Capital	9,796,436	15,139,740	12,074,401
Total Assets	24,944,103	28,920,647	26,639,691
Exploration and Evaluation Assets	13,486,275	11,975,002	12,930,389
Total Liabilities	4,173,925	5,004,611	4,163,040

RESULTS OF OPERATIONS

The Company reported a net loss of \$3,656,512 for the year ended April 30, 2020, compared to net income of \$1,187,762 for April 30, 2019. Overall operating expenses are higher in 2020 as the Company spent \$534,220 on prospecting and a VTEM airborne mag EM survey to identify prospective gold and VMS targets. The Company also recorded \$214,114 in stock based compensation and incurred higher legal fees in relation to lawsuits and technical fees in relation to the filing of a new patent application (the “Industrial Synergy Route”).

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 applications, costs of third parties that were not authorized and misuse of funds, amounts received as a result of misappropriation of the intellectual property, and loss of profits associated to the commercialization of the intellectual property, in the aggregate amount of approximately \$930,000. All litigations are still in process.

	Year Ended April 30, 2020	Year Ended April 30, 2019
Expenses		
Accounting and Audit	\$ 193,310	\$ 158,858
Commissions	8,777	21,060
Directors Fees (Note 10)	72,000	77,000
Field Administration	193,500	211,863
Insurance	42,005	38,435
Interest Expenses and Bank Charges	200	18,133
Legal Fees	249,525	224,220
Management and Consulting	93,375	189,844
Mineral Property Sundry Expenses	71,084	48,502
New Project Examinations	534,220	-
Office Rent, Supplies and Services	98,416	110,039
Patent Expense	100,541	-
Share Transfer, Listing and Filing Fees	22,793	22,480
Stock Based Compensation	214,114	194,873
Technical Fees	89,755	470,806
Travel and Accomodations	14,520	15,010
Total Expenses	<u>1,998,135</u>	<u>1,801,123</u>
Net Loss from Operations	(1,998,135)	(1,801,123)
Impairment of Exploration and Evaluation Assets (Note 8)	(39,693)	(2,073,665)
Recovery of Exploration and Evaluation Assets (Note 8)	32,424	-
Impairment on Patent and Process (Note 7)	-	(402,724)
Unrealized (Loss) Gain on Marketable Securities (Note 5)	(2,226,471)	6,227,986
Loss from Disposal of Marketable Securities (Note 5)	(172,488)	(369,400)
Net (Loss) Income before Taxes	<u>(4,404,363)</u>	<u>1,581,074</u>
Deferred Tax Recovery (Expense)	747,851	(393,312)
Net (Loss) Income and Comprehensive (Loss) Income for the Year	<u>\$ (3,656,512)</u>	<u>\$ 1,187,762</u>
Net (Loss) Income and Comprehensive (Loss) Income Attributable to:		
Equity Shareholders of the Company	(3,649,839)	1,290,944
Non-controlling Interests	(6,673)	(103,182)
	<u>\$ (3,656,512)</u>	<u>\$ 1,187,762</u>

SUMMARY OF QUARTERLY RESULTS

Selected financial information for the quarters ended April 30, 2020 and the preceding 7 quarters:

Three Months Ended	IFRS	IFRS	IFRS	IFRS
	1st Quarter July 31, 2019	2nd Quarter October 31, 2019	3rd Quarter January 31, 2020	4th Quarter April 30, 2020
Mineral Property Royalty Revenue	\$0	\$0	\$0	\$0
Net Income (Loss)	\$2,607,337	(\$5,526,946)	\$745,954	(\$1,482,857)
Income (Loss) Per Share	\$0.02	(\$0.03)	\$0.00	(\$0.01)
Fully Diluted Income (Loss) Per Share	\$0.02	(\$0.03)	\$0.00	(\$0.01)

Three Months Ended	IFRS	IFRS	IFRS	IFRS
	1st Quarter July 31, 2018	2nd Quarter October 31, 2018	3rd Quarter January 31, 2019	4th Quarter April 30, 2019
Mineral Property Option 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)

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.

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

On December 31, 2019, the Company closed the first tranche of a non-brokered private placement of \$250,000 through the sale of 3,125,000 FT shares. In addition, finder's warrants were issued for the purchase of up to 218,750, at a price of \$0.10 per share until December 30, 2021. The fair value of the warrants was estimated to be \$10,652.32.

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

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

See Note 9 – “Share Capital” attached to the financial statements for the years ended April 30, 2020 and 2019 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, 2020, the Company had current assets of \$11,457,828 (2019 - \$16,945,645) and current liabilities of \$1,661,392 (2019 - \$1,805,905). 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 \$9,796,436 as at April 30, 2020 (2019 working capital- \$15,139,740).

TRANSACTIONS WITH RELATED PARTIES

See Note 10 – “Related Party Transactions and Balances” attached to the financial statements for the years ended April 30, 2020 and 2019.

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, 2020 and 2019.

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 28, 2020 there were 159,376,629 common shares issued and outstanding.

As at April 30, 2020, the Company has 159,376,629 common shares outstanding, 12,820,163 stock options outstanding and 302,750 warrants outstanding.

See Note 9 – “Share Capital” attached to the financial statements for the years ended April 30, 2020 and 2019.

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, 2020, 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

IFRS 16 – Leases

On January 1, 2019, the Company adopted IFRS 16 – Leases (“IFRS 16”) which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease, IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less), leases with certain variable lease payments, and leases of low-value assets.

The Company adopted IFRS 16 using full retrospective method, with no significant impact on the Company's consolidated financial statements.

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended April 30, 2020, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgment, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of commitments and contingencies at the date of the consolidated financial statements and the reported amount of expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the revision and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

Critical Accounting Judgments

- Exploration and Evaluation Expenditures
- Going Concern

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, 2020 and 2019.

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 October 30, 2019, 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. On August 13, 2020, Peter H. Smith resigned as President of the Company. This position remains vacant at this time.

COVID-19 VIRUS

The ongoing impact of the novel COVID-19 virus is changing daily and various quarantine and social distancing measures in effect are being adhered to. While the Company has been able to continue its business operations, it is unknown whether the Company will be able to continue all of its exploration plans in the near future. The Company has taken precautionary measures for all employees and contract workers, however it is unknown whether any additional measures will need to be implemented. The Company will continue to monitor developments related to the situation and revise its response accordingly.

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