



FANCAMP EXPLORATION LTD.

Condensed Interim Consolidated Financial Statements

For the three months ended July 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

The accompanying unaudited condensed interim financial statements of Fancamp Exploration Ltd. for the three months ended July 31, 2021, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditor.

FANCAMP EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

	July 31 <u>2021</u>	April 30 <u>2021</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 10,207,393	\$ 10,357,784
Marketable Securities (Note 5)	21,794,106	20,668,289
Trade and Other Receivable (Note 6)	50	50
Notes Receivable (Note 6)	250,000	-
Sales Taxes Refundable	119,066	82,892
Investment Tax Credits Receivable	44,544	44,544
Accrued Mining Duty Receivable	9,163	9,163
Prepaid Expenses	<u>169,470</u>	<u>140,599</u>
	32,593,792	31,303,321
Non-Current Assets		
Exploration and Evaluation Assets (Note 8)	<u>12,713,319</u>	<u>13,263,655</u>
Total Assets	<u>\$ 45,307,112</u>	<u>\$ 44,566,976</u>
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 256,175	\$ 521,188
Due to Related Parties (Note 10)	435,243	433,539
Flow - Through Share Premium Obligation	200,000	200,000
Pilot Plant Grant Obligation (Note 7)	<u>144,187</u>	<u>144,187</u>
	1,035,605	1,298,914
Non-Current Liabilities		
Deferred Tax Liabilities	3,783,557	3,783,557
Deferred Quebec Mining Duties	<u>352,164</u>	<u>352,164</u>
Total Liabilities	<u>5,171,326</u>	<u>5,434,635</u>
Equity		
Share Capital (Note 9)	40,831,817	39,716,817
Contributed Surplus	13,987,587	13,987,587
Deficit	<u>(14,591,566)</u>	<u>(14,480,045)</u>
Equity Attributable to Equity Holders of Parent	<u>40,227,838</u>	<u>39,224,359</u>
Non-controlling Interest	<u>(92,051)</u>	<u>(92,018)</u>
Total Equity	<u>40,135,787</u>	<u>39,132,341</u>
Total Liabilities and Equity	<u>\$ 45,307,112</u>	<u>\$ 44,566,976</u>

Contingencies (Note 13)

Subsequent events (Note 14)

On behalf of the Board, approved on September 29, 2021:

"Rajesh Sharma"

CEO

"Mark Billings"

Director

(The accompanying notes are an integral part of these consolidated financial statements)

FANCAMP EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Expressed in Canadian Dollars, except share amounts

	Three Months Ended July 31, 2021	Three Months Ended July 31, 2020
Expenses		
Accounting and Audit	63,978	19,450
Commissions	-	83
Directors and Committee Fees (Note 10)	115,500	18,000
Field Administration	29,740	40,900
Insurance	9,433	11,212
Interest Expenses and Bank Charges	2,082	(435)
Legal Fees	870,314	130
Management and Consulting	379,958	36,100
Mineral Property Sundry Expenses	2,817	10,161
New Project Examinations	254,200	27,233
Office Rent, Supplies and Services	226,025	22,121
Patent Expense	-	5,772
Share Transfer, Listing and Filing Fees	18,809	2,689
Stock Based Compensation	-	-
Technical Fees and Process Development	13,277	-
Travel and Accomodations	928	401
Total Expenses	<u>1,987,061</u>	<u>193,817</u>
Net Loss from Operations	<u>(1,987,061)</u>	<u>(193,817)</u>
 Sale of Royalty Interest	 743,781	 -
Recovery of Impairment on Patent and Process (Note 7)	-	45,120
Impairment of Exploration and Evaluation Assets (Note 8)	-	-
Recovery of Exploration and Evaluation Assets (Note 8)	-	-
Unrealized Gain(loss) on Marketable Securities (Note 5)	1,125,818	4,952,038
Gain (Loss) from Disposal of Marketable Securities (Note 5)	-	69,511
Net (Loss) Income before Taxes	<u>(117,462)</u>	<u>4,872,852</u>
 Deferred Tax Recovery (Expense)	 <u>2,961</u>	 <u>-</u>
Net (Loss) Income and		
Comprehensive (Loss) Income for the Period	<u>(114,501)</u>	<u>4,872,852</u>
 Net (Loss) Income and		
Comprehensive (Loss) Income Attributable to:		
Equity Shareholders of the Company	(114,468)	4,871,164
Non-controlling Interests	(33)	1,689
	<u>\$ (114,501)</u>	<u>\$ 4,872,852</u>
 Net Gain (Loss) Per Share - Basic and Diluted	 \$ -	 \$ 0.03
 Weighted Average Number of Shares Outstanding - Basic	 168,244,323	 155,275,769
Weighted Average Number of Shares Outstanding - Fully Diluted	169,362,282	155,275,769

(The accompanying notes are an integral part of these consolidated financial statements)

FANCAMP EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Express in Canadian Dollars, except share amounts

	Number of Shares	Capital Stock \$	Contributed Surplus \$	Income (Deficit) \$	Total \$	Non- controlling Interest \$	Total equity \$
Balance, April 30, 2020	159,376,629	38,939,817	13,800,004	(31,876,954)	20,862,867	(92,689)	20,770,178
Net loss for the period	-	-	-	4,871,164	4,871,164	1,689	4,872,853
Balance, July 31, 2020	159,376,629	38,939,817	13,800,004	(27,005,788)	25,734,033	(91,000)	25,643,033
Balance, April 30, 2021	166,318,296	39,716,817	13,987,587	(14,480,045)	39,227,306	(92,018)	39,135,288
Shares Issued for Exercise of Options (Note 9)	10,200,000	1,115,000	-	-	1,115,000		1,115,000
Net Income (Loss) for the Period	-	-	-	(114,468)	(114,468)	(33)	(114,501)
Balance, July 31, 2021	176,518,296	40,831,817	13,987,587	(14,594,513)	40,227,838	(92,051)	40,135,787

FANCAMP EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in Canada Dollars

	Three Months Ended <u>July 31, 2021</u>	Three Months Ended <u>July 31, 2020</u>
Operating Activities		
Net (Loss) for the Period	\$ (114,501)	\$ 4,872,852
Items Not Affecting Cash in the Period		
Impairment of Exploration and Evaluation Assets	-	(45,120)
Stock Based Compensation	(743,781)	-
Unrealized (Loss) Gain on Investments	(1,125,818)	(4,952,038)
(Gain) Loss from Disposal of Marketable Securities	-	(69,511)
	<u>(1,984,100)</u>	<u>(193,817)</u>
Changes in Non-Cash Working Capital Items		
ITC's, Mining Duties Receivable	-	136,674
Sales Tax Refundable	(36,174)	(1,781)
Prepaid Expenses	(28,871)	18,256
Accounts Payable and Accrued Liabilities	(262,067)	(943,700)
Due to Related Parties	1,704	18,000
	<u>(2,309,508)</u>	<u>(966,368)</u>
Investing Activities		
Note Receivable	(250,000)	-
Proceeds from Sale of Marketable Securities	-	318,711
Patent	-	45,120
Exploration and Evaluation Assets	(52,655)	(241,147)
Total Investing Activities	<u>(302,655)</u>	<u>122,684</u>
Financing Activities		
Shares issued for Cash , net of Share Issuance Costs	1,115,000	-
Sale of Mineral Property and Royalty Interests	1,346,772	-
Total Financing Activities	<u>2,461,772</u>	<u>-</u>
(Decrease) Increase in Cash	(150,391)	(843,685)
Cash, Beginning of the Period	<u>10,357,784</u>	<u>956,669</u>
Cash, End of the Period	<u>\$ 10,207,393</u>	<u>\$ 112,987</u>
Supplementary Disclosure of Non-Cash Financing and Investing Activities		
Shares Issued on the Acquisition of a Mineral Property	\$ -	\$ -

(The accompanying notes are an integral part of these consolidated financial statements)



Note 1 – Nature and Continuance of Operations

Fancamp Exploration Ltd. (the “Company” or “Fancamp”) was incorporated under the laws of the Province of British Columbia. The Company owns interests in mineral properties in the Provinces of Ontario, Quebec and New Brunswick, Canada. 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 address of its head and registered office is 7290 Gray Avenue, Burnaby, BC, V5J 3Z2. The Company’s financial year end is April 30. The Company’s consolidated interim financial statements for the three months ended July 31, 2021 were approved by the Board of Directors on September 29, 2021.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The Company has not yet experienced a material negative impact to its business, results of operations, or financial position as a result of COVID-19. The future financial effects to the Company, if any, of COVID-19 cannot be reasonably estimated at this time.

Note 2 – Basis of Presentation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its federally incorporated, 96% owned subsidiary, The Magpie Mines Inc. (the “Subsidiary” or “Magpie”) and 100% owned subsidiary, FNC Technologies Inc. The functional currency of these two subsidiaries is Canadian \$’s and all significant intercompany balances and transactions were eliminated on consolidation.

Basis of Measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3 of the Company’s annual audited financial statements for the year ended April 30, 2021.

Note 3 – Significant Accounting Policies

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 areas involving significant estimated and judgements have been set out in Note 3 of the Company’s annual audited consolidated financial statements for the year ended April 30, 2021.

Significant accounting policies used in the preparation of these consolidated interim financial statements are consistent with those of the previous financial year and have been consistently applied to all years presented.

**Note 4 –Future Accounting Changes**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after May 1, 2021. All future accounting changes are either not applicable or do not have a significant impact to the Company and have been excluded.

Note 5 – Marketable Securities

The Company holds shares and warrants in various public companies throughout the mining industry. During the three months ended July 31, 2021, these shares and warrants were fair valued and this resulted in an unrealized gain of \$1,125,818 (2020 – \$4,952,038). Disposition of some marketable securities during the three months ended July 31, 2021 resulted in a realized gain of \$Nil (2020 - \$69,511).

The shares in various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at July 31, 2021 and are therefore classified as level 1 within the fair value hierarchy.

The warrants in various public companies are classified as FVTPL and are recorded at fair value using a Black-Scholes option pricing model with observable inputs and are therefore classified as level 2 within the fair value hierarchy.

The following table summarizes information regarding the Company's marketable securities as at July 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year, April 30	20,668,289	10,012,501
Additions	-	-
Disposals	-	(318,711)
Realized gain/(loss)	-	69,511
Unrealized gain/(loss)	<u>1,125,818</u>	<u>4,952,038</u>
Balance at end of period, July 31	<u>21,794,106</u>	<u>14,715,339</u>

- i) The Company held 1,000,000 common shares of Beauce Gold Fields Inc. at July 31, 2021 (2020 - 1,000,000) and Nil share purchase warrants (2020 – 1,000,000). 1,000,000 share purchase warrants were exercisable at \$0.15 until December 2, 2020. The 1,000,000 share purchase warrants expired on December 2, 2020 and the Company has written off \$26,356 during year ended April 30, 2021. The common shares were valued at a per share quoted market price of \$0.16 at July 31, 2021 (2020 - \$0.16), while the share purchase warrants were valued at \$Nil as at July 31, 2021 (2020 -\$26,356).
- ii) The Company held 3,100,000 common shares of Champion Iron Limited at July 31, 2021 (2020 – 5,390,000 common shares). These common shares were valued at a per share quoted market price of \$6.89 at July 31, 2021 (2020 - \$2.68). During the three months ended July 31, 2021, Nil common shares (2020 – 140,000) were disposed of for a recorded gain of \$Nil (2020 - \$69,511).
- iii) The Company held 1,250 common shares of Iconic Minerals Ltd. at July 31, 2021 (2020 – 1,250 common shares). The common shares were valued at a per share quoted market price of \$0.14 at July 31, 2021 (2020 - \$0.11).

**Note 5 – Marketable Securities - Continued**

- iv) The Company held 4,564,000 common shares of KWG Resources Inc. at July 31, 2021 (2020 – 4,564,000 common shares). These common shares were valued at a per share quoted market price of \$0.03 at July 31, 2021 (2020 - \$0.065).
- v) The Company held 208 common shares of RT Minerals Inc. at July 31, 2021 (2020 – 208 common shares). These common shares were valued at a per share quoted market price of \$0.06 at July 31, 2021 (2020 - \$0.065).
- vi) The Company held 450,000 common shares of St-Georges Eco-Mining Corp. at July 31, 2021 (2020 – 450,000 common shares). These common shares were valued at a per share quoted market price of \$0.26 at July 31, 2021 (2020 - \$0.09).
- vii) The Company held 45,650 common shares of ZeU Crypto Networks Inc. at July 31, 2021 (2020 – 45,650) pursuant to the spin-out from St-Georges Eco-Mining Corp. These common shares were valued at a per share quoted market price of \$0.46 at July 31, 2021 (2020 – \$0.195).

Note 6 – Trade, Notes and Other Receivable

	July 31, 2021	July 31, 2020
	\$	\$
Trade Receivables	-	-
Other Receivables	50	50
	50	50
Allowance for doubtful accounts	-	-
	50	50

Pursuant to the plan of arrangement between the Company and ScoZinc Mining Ltd. ("ScoZinc"), a secured loan of \$250,000.00 has been provided to ScoZinc. The loan has a term of twelve months, an interest charge of 5% per annum and is secured by all present and after acquired personal property of ScoZinc.

Note 7 – Patent and Process Development, Pilot PlantThe Magpie Mines Inc.

The Company has been in the process of obtaining exclusive rights for licensing patent(s) for the two-stage leaching process.

The Company received \$1,094,187 from Sustainable Development Technology Canada ("SDTC") for the development of a pilot plant to test the "Magpie Process" ("Project"). In January 2019, SDTC was notified that the Company decided to terminate the Project. The full amount of the grant received, which is subject to repayment, has been recorded as pilot plant grant obligation. During the year ended April 30, 2019, the Company decided to set aside proprietary process under the patent applications and therefore fully impaired cost of \$402,724 in connection with expenditures incurred for the application of these patents. During the year ended April 30, 2020, total patent expense is \$100,541. During the year, the Company recovered \$45,120 of previously written off expenses. On May 14, 2020 the Company received notification from SDTC, that pursuant to the suspended development of the Project, SDTC invoked its right to be reimbursed the \$1,094,187 Project contribution. SDTC has requested reimbursement to be made on or before June 1, 2020. On May 29, 2020, the Company repaid \$950,000 to SDTC, and the balance of \$144,187 remains outstanding.



Note 7 – Patent and Process Development, Pilot Plant - Continued

Please also refer to Note 13 on details of claims related to this patent.

FNC Technologies Inc.

In May, 2020, the Company formed a wholly owned subsidiary, FNC Technologies Inc. FNC Technologies will hold a 50% interest (NSGI Non Ferrous Metals Inc. 50%) in a recently filed provisional patent in the United States of America. The Company has expensed \$8,852 in patent costs to date.

Note 8 – Exploration and Evaluation Assets

The Company's active mineral exploration properties' interests are detailed below and in Schedule I – Summary of Deferred Costs on Exploration and Evaluation Assets. Please see details of exploration cost balance for the three months ended July 31, 2021 and 2020 in Schedule II - Exploration Expenditures on Exploration Assets.

(a) 100% owned claims in the Province of New Brunswick

The Company has a 100% ownership interest in claims in the Province of New Brunswick, including Becajumec Lake and Piskhegan. Certain properties, subject to the following royalties or option agreements were written off at year end April 30, 2021:

Brunswick North

In February 2018, the Company entered into an option agreement to acquire 45 claim units located in the Bathurst Camp of New Brunswick. The Company may earn a 100% interest in these claims by:

- (i) paying a total of \$35,000 to the Vendors over three years (\$25,000 paid)
- (ii) issuing a total of 500,000 common shares to the Vendors over three years (300,000 issued)

At April 30, 2021, the Company determined that it has no future plans to explore this property and as such has written off acquisition and exploration costs of \$217,508.

Corridor

During the year ended April 30, 2020, the Company acquired by staking, together with Edge Exploration Inc., 326 claim units to be held on a 50/50 basis.

At April 30, 2021, the Company determined that it has no future plans to explore this property and as such has written off acquisition and exploration costs of \$112,222.

Mactaquac

In May 2019, the Company entered into an option agreement to acquire a 50% interest in 98 claim units in west central New Brunswick. The Company may earn a 50% interest in these claims by:

- (i) paying a total of \$15,000 to the Vendors on signing (\$15,000 paid)
- (ii) spending a total of \$75,000 on exploration and development (\$75,000 incurred)
- (iii) option at the end of 1st and 2nd anniversary to continue funding at the greater of \$85,000 plus 15% or a level matching that of Vendor in Year 2, \$105,000 plus 15% or a level matching that of Vendor in Year 3. (\$113,075 incurred)



Note 8 – Exploration and Evaluation Assets - Continued

The Company has the option to acquire an additional 25% interest by:

- (i) spending a total of \$1,000,000 on exploration and development over years 4 and 5
- (ii) issuing a total of 750,000 common shares at the end of years 3,4 and 5

The Company has the option to acquire a further 25% (to 100%) interest by producing a bankable feasibility within three years and the issuance of 1,000,000 common shares.

The Vendors retain a 2.0% NSR, with a buyback of 1.0% for \$1,000,000.

At April 30, 2021, the Company determined that it has no future plans to explore this property and as such has written off acquisition and exploration costs of \$229,217.

(b) 100% owned claims in the Province of Quebec

The Company has a 100% ownership interest in numerous claims in the Province of Quebec, including the Baie Verte-Brompton, Baril, Beauce, Baude Lake, Beaudoin, Berry, Chapleau, Chicobi, Coaticook, Clinton, DiLeo Lake, Gaspé Bay Group, Golden Peak, Grasset, Grosses Roches, Jim Lake, Kinross, Lac Claire, Lac Au Vents, Laforest, Lac Lamelee, Langevin, Languedoc, Lynch Lake, Magpie, Macamic, NW Abitibi, Parmarolle, Portage Lake, Restigouche, Risborough, Roquemaur, Royal Rousillon, Sheen, St. Ferdinand, Stoke Mountain, Timber Lake, Timbrell, Vachon, Wells and Whiskey Jack, properties. Certain of the properties are subject to the following royalties or option agreements:

Beauce

The Company earned a 100% interest in 32 mineral claims which are subject to a royalty interest of 1.5% net smelter return, of which the Company may retire 1% net smelter returns by the payment of \$1,000,000.

In January, 2015, the Company entered into an agreement with HPQ Silicon Resources (formerly Uragold Bay Resources) regarding the sale of 32 claims through:

- i) the issuance to Fancamp of 8,000,000 HPQ Silicon Resources (formerly Uragold Bay Resources) Units. Each unit consisting of one common share and 1 common share purchase warrant, exercisable at prices from \$0.20 to \$0.40 for a 60 month period. (issued)
- ii) making a cash payment to Fancamp of \$25,000 within six months of signing the definitive agreement (received).
- iii) HPQ will finance \$400,000 worth of exploration work on the claims over a 4 year period (amended)

Fancamp has been granted a 3.5% Gross Metal Royalty on any gold production extracted from the 32 claim block. The capitalized costs associated with Beauce were written down to nominal value as HPQ has fulfilled the obligations under the agreement and obtained 32 claims from the Company.

The Company currently holds a total of 5 claim units, including those that were acquired by staking.

Gouin

In November, 2019, the Company entered into a purchase agreement to acquire a 100% interest in 210 mining claims in the Gouin East alkaline carbonatite complex, located some 120 km west of St. Felicien, Quebec by:



Note 8 – Exploration and Evaluation Assets - Continued

- (i) paying a total of \$385,000 to the Optionor over three years (\$35,000 paid)
- (ii) issuing a total of 3,000,000 common shares over three years (1,000,000 issued)
- (iii) optional commitments of paying a total of \$50,000 and issuing a total of 1,000,000 common shares to the Optionor on the first anniversary
- (iv) spending \$1,200,000 on exploration and development over three years (\$56,310 incurred)
- (v) paying a total of \$150,000 or issuing 2,000,000 common shares to the Optionor on reporting of NI 43-101
- (vi) paying a total of 500,000 to the Optionor on reporting of a feasibility study

The Optionor will retain a 2.5% NSR, of which 1.5% may be bought back for \$2,000,000.

On December 7, 2020 the Company terminated this option and has written off a total of \$178,664 in acquisition and exploration costs.

Lac Lamelee

In February 2011, the Company entered into a purchase agreement to acquire the additional 50% interest in 29 claims, located in the Fermont district of New Quebec, through the transfer of 375,000 shares of Champion Minerals Inc. to its partner. The Company owns 100% interest these claims as at April 30, 2012. The vendor retained a 1.5% NSR, of which 0.5% may be bought back for \$1,500,000. An advance royalty of \$100,000 per annum will be paid to the Vendor. Champion Iron Mines Ltd. retains a right of first refusal over Fancamp's interest in this property.

On December 20, 2013, the Company completed the sale of the Lac Lamelee property to Lamelee Iron Ore Ltd. and retained 1.5% NSR. On June 29, 2016, Lamêlée returned to the Company 49 mining claims designated as Lac Lamêlée Property. The Company also received the original 1.5% NSR through an asset acquisition and now holds the 3.0% NSR on this property.

On July 8, 2021, the Company entered into a royalty purchase agreement with Champion Iron Limited, whereby Champion acquired 100% ownership interest in the 32 claim Lac Lamêlée property along with the 3.0% Net Smelter Return royalty and the 1.5% Net Smelter Return royalty interest in the O'Keefe-Purdy, Harvey-Tuttle, Bellechasse, Oil Can, Fire Lake North Consolidated, Peppler Lake and Moiré Lake properties ("Fremont Properties"). Fancamp received consideration of \$1.3 million in cash, plus certain future finite production payments payable once certain iron ore production thresholds have been reached with respect to iron ore production from the Fermont Properties.

Magpie

In fiscal 2016, as part of an asset acquisition, the Company acquired a 100% interest in 70 mineral claims in the Province of Quebec. The Company currently holds 100% interest in 44 mining claims. The Company also acquired the 2% NSR attached to some of the claims. During the year ended April 30, 2019, the Company recorded an impairment loss of \$1,947,725 on its exploration and evaluation assets due to the Company's lack of exploration plans. Recovery of \$Nil was recorded during the year ended April 30, 2021 (2020-\$32,424) for the exploration credits received.

Stoke Mountain

In December 2009, the Company entered into an option agreement to acquire 44 claim units located in the Eastern Townships of Quebec. The Company has earned a 100% interest by:



Note 8 – Exploration and Evaluation Assets - Continued

- i) paying a total of \$65,000 to the Optionor over three years (paid)
- ii) issuing a total of 275,000 common shares over three years (issued)
- iii) spending \$600,000 on exploration and development over three years (incurred)

The Optionor will retain a 2% NSR, of which 1% may be bought back for \$1,000,000.

The Company currently holds 112 claim units, including those that were acquired by staking.

(c) 100% owned claims in the Province of Ontario

The Company has a 100% ownership interest in numerous claims in the Province of Ontario, including Cunningham, Dorothy, Desolation Lake, McFaulds Lake and Mallard Heenan. Certain of the properties are subject to the following royalties or option agreements:

Cunningham

In June, 2018 the Company entered into a purchase agreement to acquire 24 claim units located in the western central part of Cunningham Township, Ontario. The Company may earn a 100% interest by:

- (i) paying a total advance royalty of \$25,000 to the Vendor over 5 years (\$15,000 paid)
- (ii) issuing a total of 100,000 common shares (issued)

The Optionor will retain a 2% NSR, of which 1% may be bought back for \$1,000,000.

In January, 2019 the Company entered into a purchase agreement to acquire 185 claim units located in the western central part of Cunningham Township, Ontario. The Company may earn a 100% interest by:

- (i) paying a total of \$15,000 to the Vendor over 2 years (\$15,000 paid)
- (ii) issuing a total of 200,000 common shares (issued)

The Optionor will retain a 2% NSR, of which 1% may be bought back for \$1,000,000.

The Company has also acquired an additional 7 claim units by staking.

Dorothy

In June, 2018 the Company entered into a purchase agreement to acquire 67 claim units located in the NE corner of Megissi Township, Ontario. The Company may earn a 100% interest by:

- (i) paying a total advance royalty of \$62,500 to the Vendor over 5 years (\$37,500 paid)
- (ii) issuing a total of 250,000 common shares (issued)

The Optionor will retain a 2% NSR, of which 1% may be bought back for \$1,000,000.

The Company also acquired an additional 97 claim units by staking during the year-ended April 30, 2019.

Mallard Heenan

In January and February, 2018, the Company entered into purchase agreements to acquire 26 claim units located in the Swayze greenstone belt, southwest of Timmins, Ontario. The Company may earn a 100% interest by:

- (i) paying a total advance royalty of \$150,000 to the Vendors over 5 years (\$120,000 paid)



Note 8 – Exploration and Evaluation Assets - Continued

- (ii) issuing a total of 1,250,000 common shares (issued)
- (iii) spending \$225,000 on exploration and development over two years (incurred)

The Optionors of 23 claims will retain a 2% NSR, of which 1% may be bought back within 7 years for \$1,000,000, and the Optionors of 2 claims will retain a 1.5% NSR, of which 1% may be bought back within 7 years for \$1,000,000.

In December, 2018 the Company entered into a purchase agreement to acquire 2 claim units located in the Swayze greenstone belt, southwest of Timmins, Ontario. The Company may earn a 100% interest by:

- (i) paying a total of \$6,000 to the Vendors (paid)
- (ii) issuing a total of 100,000 common shares (issued)

The Optionor will retain a 0.5% NSR.

McFaulds Fancamp

The Company owns 100% interest in 4 claim units. The McFaulds Fancamp claims are subject to a royalty interest of 2% net smelter returns, of which the Company may retire 1.5% net smelter returns by the payment of \$1,500,000.

On January 14, 2013, the Company announced the signing of an agreement (the “Amended Agreement”) with Bold Ventures Inc. (“Bold”). The Amendment Agreement extends the terms of the original Earn-In Option Agreement, giving Bold two options permitting Bold to earn up to a 100% working interest in the Koper Lake Project (the “Project”). The additional two options apply for a period of 90 days following the date Bold earns its 60% interest.

In the first additional option, Bold can earn a further 20% interest in the Property by paying Fancamp \$15,000,000 payable in equal installments over 3 years with half of the amount payable in cash and the balance payable, at Bold's option, through the issuance of common shares of Bold at the market price at the time the shares are issued. At that point, Fancamp would retain a 20% carried interest in the Koper Lake Project.

If the first option is exercised, Bold would then have the additional option to acquire from Fancamp the 20% carried interest in exchange for a Gross Metal Royalty (“GMR”) payable to Fancamp. Execution of the additional option would result in Bold holding a 100% interest in the Koper Lake Project. The GMR would entitle Fancamp to be paid 2% of the total revenue from the sale of all metals and mineral products from the Property from the commencement of Commercial Production. Once all of the capital costs to bring the Project to the production stage have been recovered, the GMR may be scaled up to a maximum of 4% of the total revenue from the sale of all metals and mineral products from the Property contingent upon the prices of products sold from the Property.

On March 4, 2013, Bold signed an option and joint venture agreement with KWG Resources Inc. (“KWG”) to option its interests in Koper Lake. Under the terms of the option agreement, Bold would act as operator of the exploration programs which are to be financed by KWG. KWG would also make the option payments due under the agreement with Fancamp. KWG could acquire an 80% interest in chromite produced from Koper Lake by financing 100% of the costs to a feasibility study leaving Bold and its co-venturer with a 20% carried interest, pro rata. For nickel and other non-chromite minerals identified during the exploration programs, the parties have agreed to form a joint venture in which KWG would have a 20% participating interest and Bold and its co-venturer would have an 80% participating interest, pro rata.



Note 8 – Exploration and Evaluation Assets - Continued

KWG would have a right of first refusal to purchase all ores or concentrates produced by such joint venture whenever its interest in the joint venture exceeds 50%.

The Company has received \$300,000 and been issued 10,000,000 common shares of KWG Resources Inc. at \$0.05 per share with a fair value of \$500,000 and 35,000,000 common shares at \$0.02 per share with a fair value of \$700,000.00.

On October 29, 2015, the Company extended for one year all obligations and dates under the various agreements. As consideration for the extension, Fancamp has received 25,000,000 common shares of KWG, at a deemed value of \$500,000, of which \$300,000 will be applied as a reduction of the required exploration expenditures under option agreement. On October 14, 2016, the Company announced that KWG and Bold met all obligations necessary to earn a 50% interest in the property and establish a joint venture.

(d) Mineral property royalty interests

Johan Beetz claims

The Company retains a 3.0% net smelter royalty for the first two years of commercial production, increasing to 5% thereafter. The Company is entitled to receive quarterly advance royalty payments of \$25,000 commencing January 1, 2008. No funds have been received to date. Due to the uncertainty of receiving the advanced royalty payments, no amounts receivable have been recorded by the Company.

Fermont Properties claims

The Company acquired an additional 1.5% NSR (2015 – 1.5% NSR) in the Fermont properties claims as part of an asset acquisition. This 1.5% NSR was sold to Champion Iron Limited, a non-arm's length party, for \$50,000 in cash and non-interest bearing promissory note of \$250,000. The Company holds its original 1.5% net smelter royalty on these claims.

On July 8, 2021, the Company entered into a royalty purchase agreement with Champion Iron Limited, whereby Champion acquired 100% ownership interest in the 32 claim Lac Lamêlée property along with the 3.0% Net Smelter Return royalty and the 1.5% Net Smelter Return royalty interest in the O'Keefe-Purdy, Harvey-Tuttle, Bellechasse, Oil Can, Fire Lake North Consolidated, Peppler Lake and Moiré Lake properties ("Fermont Properties"). Fancamp received consideration of \$1.3 million in cash, plus certain future finite production payments payable once certain iron ore production thresholds have been reached with respect to iron ore production from the Fermont Properties.

Lac La Blache claims

The Lac La Blache claims are subject to a royalty interest of 2.0% of net smelter returns, rising to 4% two years following production. The Company also receives an annual advance royalty payment of \$100,000. The Company recorded a receivable of \$300,000 for advance royalty payment due in 2015, 2016 and 2017 and is currently pursuing legal action to collect the amount due. As at April 30, 2018, the entire amount had been written off. There are no capitalized amounts associated with these claims.

(e) Impairment of mineral properties interests

During the year ended April 30, 2021, the Company recorded an impairment loss of \$Nil (2020 - \$Nil) on its exploration and evaluation assets for those properties management determined to be of no further interest.



Note 9 – Share Capital

(a) Authorized: Unlimited common shares without par value

Issued:

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 claims.

On December 31, 2019, the Company closed a non-brokered private placement of \$250,000 through the sale of 3,125,000 flow-through shares. In addition, finder's warrants were issued for the purchase of up to 218,750 common shares, at a price of \$0.10 per share until December 30, 2021. The fair value of the warrants was estimated to be \$10,652. The Company renounced \$250,000 in favor of investors as at December 31, 2019 (under the "look-back" rule) and completed all qualifying expenditures by January 31, 2020.

On February 7, 2020, the Company closed a non-brokered private placement of \$90,000 through the sale of 1,200,000 flow-through 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. As a result of the flow-through shares being issued at a premium to the market price in recognition of the tax benefits accruing to subscribers; a deferred flow-through premium has been recorded for \$24,000. As the Company incurs eligible expenditures against this liability, the Company reduces the liability at the same premium rate and records this as a flow-through premium recovery on the statement of operations and comprehensive income (loss). As at April 30, 2020, flow-through premium liability has been reduced to \$10,520, representing approximately \$39,500 of unspent proceeds. The Company renounced on December 31, 2020 and all required expenditures have been completed as of April 30, 2021.

On February 25, 2020 the Company issued a total of 100,000 common shares, at a deemed price of \$0.045 per share, pursuant to a purchase agreement for the acquisition of a 100% interest in the Brunswick North property.

On December 31, 2020, the Company closed a non-brokered private placement of \$1,000,000 through the sale of 6,666,667 flow-through shares. \$45,000 was recorded as share issuance costs. As a result of the flow-through shares being issued at a premium to the market price in recognition of the tax benefits accruing to subscribers, a deferred flow-through premium has been recorded for \$200,000. As the Company incurs eligible expenditures against this liability, the Company reduces the liability at the same premium rate and records this as a flow-through premium recovery on the statement of operations and comprehensive income (loss). The Company renounced \$1,000,000 in favor of investors as at December 31, 2020 (under the "look-back rule") and plans to complete all qualifying expenditures (\$1,000,000) by December 31, 2021.

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

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

(b) Share purchase warrants

The following table summarizes the continuity of common share purchase warrants:

**Note 9 – Share Capital - Continued**

	Warrants	Weighted Average Exercise Price
Outstanding April 30, 2020	302,750	\$ -
Issued	-	0.09
Outstanding April 30, 2021	302,750	0.09
Issued	-	-
Outstanding July 31, 2021	302,750	0.09

As at July 31, 2021, the following common shares purchase warrants were outstanding:

Number of Warrants	Exercise Price \$	Expiry Date
218,750	0.100	December 30, 2021
84,000	0.075	February 7, 2022
302,750		

The weighted average remaining contractual life for the warrants outstanding as at July 31, 2021 is 0.45 years.

(c) Management incentive options

The Company's stock option plan provides for the granting of stock options totaling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to regular employees and persons providing investor relation services or consulting services up to a limit of 5% and 2% respectively of the Company's total number of issued and outstanding shares per year. The stock options are fully vested on the date of grant, except stock options granted to consultants or employees performing investor relation activities, which vest over 12 months. The option price must be greater or equal to the discounted market price on the grant date and the option expiry date cannot exceed five years after the grant date.

A summary of the options granted under the Company's plan as at July 31, 2021 and 2020 and the changes during the year then ended is as follows:

	No. of Options	Weighted average exercise price (\$)
Outstanding, April 30, 2020	12,820,163	0.10
Cancelled	-	-
Expired	-	-
Granted	-	-
Outstanding, July 31, 2020	12,820,163	0.10

**Note 9 – Share Capital - Continued**

	No. of Options	Weighted average exercise price (\$)
Outstanding, April 30, 2021	13,350,000	0.10
Exercised	(10,200,000)	0.11
Expired	-	-
Granted	-	-
Outstanding, July 31, 2021	3,150,000	0.08

The weighted average remaining contractual life for the management incentive options outstanding as at July 31, 2021 is 2.61 years (2020 – 3.36 years).

The fair value of the options was estimated at the dates of grant using the Black-Scholes option pricing model with the following assumptions:

	2021	2020
Volatility rate	-	83.44%-85.23%
Risk-free interest rate	-	1.15% - 1.54%
Dividend yield rate	-	0.00%
Weighted average life	-	5 years

Volatility is based on the historic price changes over a term comparable to the remaining life of the option. These grants vest immediately, with the exception of options granted to investors relations personnel which vest over a one-year period.

A summary of stock options outstanding and exercisable is as follows:

Exercise price per share		Number of options outstanding and exercisable	
\$	Expiry date	2021	2020
0.15	January 15, 2023	-	3,700,000
0.08	September 13, 2023	-	1,000,000
0.08	November 5, 2023	1,900,000	2,845,163
0.08	August 27, 2024	950,000	4,975,000
0.08	November 7, 2024	300,000	300,000
		<u>3,150,000</u>	<u>12,820,163</u>

Note 10 – Related Party Transactions and Balances

Mark Billings, Director, Chairman, AC, CC, SC
Rajesh Sharma, Director, CEO, SC
Ashwath Mehra, Director, AC, CC
Paul Ankcorn, Director, AC, CC, SC
Peter H. Smith, Director, Former CEO
Debra Chapman, CFO, SC
Francois Auclair, Vice-President, Exploration
Enrico Di Cesare, Director – FNC Technologies Inc.

**Note 10 – Related Party Transactions and Balances - Continued**

Fouad Kamaledine, Director – The Magpie Mines Inc.

AC = Audit Committee, CC = Compensation Committee, SC = Special Committee

Transactions and balances with related parties not disclosed elsewhere in these financial statements comprise of the following:

Transactions for the period ended July 31:	2021	2020
	\$	\$
Professional geological fees paid or payable to P.H. Smith	-	37,700
Rent paid or payable to P.H. Smith	-	6,000
Professional geological fees paid or payable to F. Auclair	29,740	-
Professional management fees paid or payable to R. Sharma	52,500	-
Directors and committee fees paid or payable to R. Sharma	22,500	-
Professional management fees paid or payable to D. Chapman	15,000	19,450
Directors and committee fees paid or payable to D. Chapman	22,500	-
Professional consulting fees paid or payable to E. Di Cesare	24,000	32,000
Directors and committee fees paid or payable to P. Ankcorn	28,500	6,000
Directors and committee fees paid or payable to M. Billings	36,000	6,000
Directors fees paid or payable to A. Mehra	6,000	6,000
Share based compensation incurred to Directors and Officers	-	-

Balance with related parties as of July 31	2021	2020
	\$	\$
Amounts due to directors and officers	45,242	429,343

Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties.

Note 11 – Financial Instruments and Financial Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, marketable securities, trade and other receivables, accounts payable and accrued liabilities, due to related parties and pilot plant grant obligation. The carrying value of cash, trade and other receivables, accounts payable and accrued liabilities, pilot plant grant obligation and due to related party approximate their fair values due to their immediate or short-term maturity. Marketable securities consisting of common shares are recorded at fair value based on the quoted market process in active markets at the recording date, which is consistent with Level 1 of the fair value hierarchy. Marketable securities consisting of warrants are recorded at fair value based on a Black-Scholes pricing model consistent with Level 2 of the fair value hierarchy.

**Note 11 – Financial Instruments and Financial Risk Management - Continued**

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risk, foreign currency risk and equity market risk. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

	July 31, 2021	July 31, 2020
	Marketable Securities	Marketable Securities
	\$	\$
Level 1	21,794,106	14,688,983
Level 2	-	26,356
Level 3	-	-

There has been no changes between levels during the year.

Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

Liquidity risk

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, 2021, the Company had current assets of \$32,593,792 (2020 - \$15,163,835) and current liabilities of \$1,035,605 (2020 - \$735,691). 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.

Market risk

Market risk consists of interest rate risk, foreign currency risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company's marketable securities are subject to market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. It is management's opinion that the Company is not exposed to significant interest rate risk.

Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations considering that its assets and liabilities are stated in Canadian dollars.



Note 11 – Financial Instruments and Financial Risk Management – Continued

Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

Note 12 – Capital Management

The Company's objective when managing capital is to maintain investor and market confidence and a flexible capital structure which will allow it to execute on its capital expenditure program, which includes expenditures primarily in the exploration and evaluation assets, which may or may not be successful. Therefore, the Company monitors the level of risk incurred in its capital expenditures to balance the equity in its capital structure.

The Company manages its common shares as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its projects for the benefit of its stakeholders. No changes were made in the objectives, policies and processes for managing capital during the year. The Company is not subject to any externally imposed capital requirement.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of its mineral properties. The Board of Directors has not established quantitative capital structure criteria for management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The properties in which the Company currently has interest are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of capital and maintenance and development of future mining sites, the Company may issue new equity, incur additional debt, option its properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

Note 13 – Contingencies

The Magpie Mines Inc.

In April 2019, the Company and Magpie ("Defendants") received a statement of claim relating to liquidated damages for termination of the agreement dated January 1, 2018 whereby a former director



Note 13 – Contingencies - Continued

(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. On October 19, 2019, this application was dismissed on jurisdictional grounds. This decision does not affect the Company’s ability to pursue their claims by way of a counterclaim in the Ontario action.

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 in Due to Related Parties. Management has not recognized provision for remaining claimed amount given the conditions to recognize provision were not met. Fancamp believes that any claim that may be instituted Peter H. Smith is without merit and that he is not entitled to any damages. The Company intends to vigorously defend its actions.

Formal Forensic Investigation into Mr. Smith

On May 12, 2021, Fancamp’s Special Committee of Directors (the “Special Committee”), who are disinterested in the ScoZinc Transaction and independent from Mr. Smith, formally launched a forensic investigation into misconduct by Mr. Smith. The Special Committee has retained KPMG International Limited and intends to report its findings as they become available.

Civil Lawsuit 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.



Note 13 – Contingencies - Continued

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 wrongdoing that the Special Committee finds.

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.

Note 14 – Subsequent Events

ScoZinc Transaction

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

Pursuant to the terms of the Arrangement Agreement, shareholders of ScoZinc (the "ScoZinc Shareholders") will receive 6.0 common shares of Fancamp (each whole share a "Fancamp Share") for every ScoZinc Share held (the "Exchange Ratio"). Upon the closing of the Transaction, former shareholders of ScoZinc will hold 33.7% of the Fancamp's common shares outstanding. The Exchange Ratio represents a premium of 5.9% based on the 30-day volume weighted average price of ScoZinc and Fancamp's shares traded on the TSX Venture Exchange for the period ended February 12, 2021.

On May 3, 2021, Fancamp announced that it had received conditional acceptance from the TSX Venture Exchange for the ScoZinc Transaction. Final acceptance is subject to the completion of the 2020 annual general meeting no later than two business days prior to closing the ScoZinc transaction. The date for the 2020 annual meeting was postponed and a new date has not yet been set.

On May 19, 2021, Fancamp and ScoZinc executed a secured loan agreement of \$250,000, secured by all present and after acquired personal property of ScoZinc and its terms include a 12-month loan, bearing an interest charge of five percent per annum. Fancamp and ScoZinc also agreed to amend the Arrangement Agreement to extend the outside date by which the Transaction must close to July 2, 2021.



Note 14 – Subsequent Events - Continued

On July 14, 2021, an addendum was entered into between Fancamp and ScoZinc whereby the parties agreed to extend the closing deadline of July 2, 2021 to August 2, 2021, in consideration of Fancamp's payment to ScoZinc of \$125,000 (paid). To the extent that the Transaction does not close by August 2, 2021, Fancamp may obtain further extension of the closing deadline to September 9, 2021, in consideration of an additional payment of \$125,000 to ScoZinc (paid).

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

Application for Safeguard Order Against Mr. Smith

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. This application is scheduled for hearing on January 24, 2022.

Fancamp Exploration Ltd.

Schedule I - Summary of Deferred Costs on Exploration and Evaluation Assets

The following is a summary of exploration and evaluation costs deferred during the three months ended July 31, 2021:

	As At April 30, 2021			Exploration and Evaluation Expenditures Incurred During the three months ended July 31, 2021				As At July 31, 2021		
	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total	Acquisition Costs Incurred	Option and Other Payments (Received)	Exploration Expenditures Net of Exploration Tax Credits	(Write Downs) (Write Offs) Income/Sales	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total
Projects										
Clinton, PQ	\$ 45,954	\$ 861,203	\$ 907,157	\$ -	\$ -	\$ 4,900	\$ -	\$ 45,954	\$ 866,103	\$ 912,057
Gaspe Bay Group, PQ *	21,802	1,398,143	1,419,945	-	-	-	-	21,802	1,398,143	1,419,945
Lac au Vents, PQ	1	-	1	-	-	-	-	1	-	1
Lac Lamelee, PQ	495,539	105,676	601,215	-	-	-	(601,215)	-	-	-
Longue Pointe de Mingan, PQ	-	1	1	-	-	-	-	-	1	1
Magpie, PQ	12,926	-	12,926	-	-	-	-	12,926	-	12,926
Risborough, PQ	239	22,103	22,342	-	-	-	-	239	22,103	22,342
Stoke Mountain, PQ	76,470	2,418,086	2,494,556	-	-	36,980	-	76,470	2,455,066	2,531,536
Becagiumec Lake, NB	1,930	74,364	76,294	-	-	-	-	1,930	74,364	76,294
Desolation Lake, ON	1	-	1	-	-	-	-	1	-	1
McFaulds Fancamp, ON	1,290	5,697,648	5,698,938	-	-	-	-	1,290	5,697,648	5,698,938
Prospects										
Baie Verte-Brompton, PQ	11,473	155,293	166,766	-	-	-	-	11,473	155,293	166,766
Baril, PQ	239	1,164	1,403	-	-	-	-	239	1,164	1,403
Beauce, PQ	1	17,724	17,725	-	-	-	-	1	17,724	17,725
Baude Lake, PQ	2,088	83,015	85,103	-	-	-	-	2,088	83,015	85,103
Beaudoin, PQ	769	470	1,239	-	-	-	-	769	470	1,239
Berry, PQ	14,774	372	15,146	-	-	-	-	14,774	372	15,146
Chapleau, PQ	298	25,352	25,650	-	-	-	-	298	25,352	25,650
Chicobi, PQ	5,764	-	5,764	-	-	-	-	5,764	-	5,764
Coaticook, PQ	320	360	680	-	-	-	-	320	360	680
DiLeo Lake, PQ	-	26,877	26,877	-	-	-	-	-	26,877	26,877
Golden Peak, PQ	398	-	398	-	-	-	-	398	-	398
Grasset, PQ	11,461	5,368	16,829	-	-	-	-	11,461	5,368	16,829
Grosse Roches, PQ	3,936	4,857	8,793	-	-	-	-	3,936	4,857	8,793
Jim Lake, PQ	265	-	265	-	-	-	-	265	-	265
Kinross, PQ	1,025	41,922	42,947	-	-	-	-	1,025	41,922	42,947
Lac Claire, PQ	1,109	1,313	2,422	-	-	-	-	1,109	1,313	2,422
Laforest, PQ	16,827	-	16,827	-	-	-	-	16,827	-	16,827
Langevin, PQ	1,867	3,263	5,130	-	-	-	-	1,867	3,263	5,130
Languedoc, PQ	18,484	3,358	21,842	-	-	-	-	18,484	3,358	21,842
Lynch Lake, PQ	596	-	596	-	-	-	-	596	-	596
Macamic, PQ	6,360	932	7,292	-	-	-	-	6,360	932	7,292
NW Abitibi, PQ	11,991	7,002	18,993	-	-	-	-	11,991	7,002	18,993
Parmarolle, PQ	8,050	-	8,050	-	-	-	-	8,050	-	8,050

The following is a summary of exploration and evaluation costs deferred during the three months ended July 31, 2021:

	As At April 30, 2021			Exploration and Evaluation Expenditures Incurred During the three months ended July 31, 2021				As At July 31, 2021		
	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total	Acquisition Costs Incurred	Option and Other Payments (Received)	Exploration Expenditures Net of Exploration Tax Credits	(Write Downs) (Write Offs) Income/Sales	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total
Portage Lake, PQ	203	69,797	70,000	-	-	-	-	203	69,797	70,000
Restigouche, PQ	256	451	707	-	-	-	-	256	451	707
Roquemaur, PQ	2,915	-	2,915	-	-	-	-	2,915	-	2,915
Royal Rousillon, PQ	4,770	-	4,770	-	-	-	-	4,770	-	4,770
Sheen, PQ	1,590	-	1,590	-	-	-	-	1,590	-	1,590
St. Ferdinand, PQ	392	-	392	-	-	-	-	392	-	392
Timber Lake, PQ	888	2,325	3,213	-	-	-	-	888	2,325	3,213
Timbrell, PQ	522	360	882	-	-	-	-	522	360	882
Vachon, PQ	1,217	4,524	5,741	-	-	-	-	1,217	4,524	5,741
Wells, PQ	199	12,731	12,930	-	-	-	-	199	12,731	12,930
Whiskey Jack, PQ	5,300	-	5,300	-	-	-	-	5,300	-	5,300
Johan Beetz, PQ	1	-	1	-	-	-	-	1	-	1
Piskhegan, NB	2,560	-	2,560	-	-	-	-	2,560	-	2,560
Cunningham, ON	55,950	155,316	211,266	-	-	-	-	55,950	155,316	211,266
Dorothy, ON	63,950	188,912	252,862	-	-	-	-	63,950	188,912	252,862
Mallard Heenan, ON	306,800	651,606	958,406	-	-	9,000	-	306,800	660,606	967,406
Nominal Value Properties	4	-	4	-	-	-	-	4	-	4
	\$ 1,221,764	\$ 12,041,888	\$ 13,263,655	-	-	50,880	(601,215)	726,225	11,987,092	12,713,319

* Gaspe Bay Group includes such properties as Robidoux, Harriman, Ste. Marguerite, Amqui, Angers, Boibuisson, Harvey Hill and others

Fancamp Exploration Ltd.

Schedule I - Summary of Deferred Costs on Exploration and Evaluation Assets

The following is a summary of exploration and evaluation costs deferred during the three months ended July 31, 2020:

	As At April 30, 2020			Exploration and Evaluation Expenditures Incurred During the three months ended July 31, 2020				As At July 31, 2020		
	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total	Acquisition Costs Incurred	Option and Other Payments (Received)	Exploration Expenditures Net of Exploration Tax Credits	(Write Downs) (Write Offs) Income/Sales	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total
Projects										
Clinton, PQ	\$ 45,920	\$ 778,088	\$ 824,008	\$ -	\$ -	\$ -	\$ -	\$ 45,920	\$ 778,088	\$ 824,008
Gaspe Bay Group, PQ *	13,123	1,369,293	1,382,416	6,029	-	32,381	-	19,152	1,401,674	1,420,826
Lac au Vents, PQ	1	-	1	-	-	-	-	1	-	1
Lac Lamelee, PQ	495,539	100,046	595,585	-	-	2,198	-	495,539	102,244	597,783
Longue Pointe de Mingan, PQ	-	1	1	-	-	-	-	-	1	1
Magpie, PQ	12,926	-	12,926	-	-	-	-	12,926	-	12,926
Risborough, PQ	239	22,103	22,342	-	-	-	-	239	22,103	22,342
Stoke Mountain, PQ	75,934	2,404,793	2,480,727	-	-	1,850	-	75,934	2,406,643	2,482,577
Becagiumec Lake, NB	1,930	74,364	76,294	-	-	-	-	1,930	74,364	76,294
Desolation Lake, ON	1	-	1	-	-	-	-	1	-	1
McFaulds Fancamp, ON	1,290	5,697,648	5,698,938	-	-	-	-	1,290	5,697,648	5,698,938
Prospects										
Baie Verte-Brompton, PQ	6,570	150,801	157,371	4,903	-	-	-	11,473	150,801	162,274
Bardy, PQ	391	360	751	-	-	-	-	391	360	751
Baril, PQ	239	1,164	1,403	-	-	-	-	239	1,164	1,403
Beauce, PQ	1	13,952	13,953	-	-	2,098	-	1	16,050	16,051
Baude Lake, PQ	2,088	75,762	77,850	-	-	6,552	-	2,088	82,314	84,402
Beaudoin, PQ	769	470	1,239	-	-	-	-	769	470	1,239
Berry, PQ	-	-	-	14,774	-	-	-	14,774	-	14,774
Chapleau, PQ	298	25,352	25,650	-	-	-	-	298	25,352	25,650
Chesterville, PQ	261	-	261	-	-	-	-	261	-	261
Coaticook, PQ	320	360	680	-	-	-	-	320	360	680
DiLeo Lake, PQ	-	-	-	-	-	25,968	-	-	25,968	25,968
Gaspe Bay Lithium, PQ	-	1,791	1,791	-	-	-	-	-	1,791	1,791
Golden Peak, PQ	398	-	398	-	-	-	-	398	-	398
Gouin East, PQ	85,000	56,310	141,310	-	-	35,256	-	85,000	91,566	176,566
Grasset, PQ	-	-	-	11,461	-	6,055	-	11,461	6,055	17,517
Grosse Roches, PQ	3,936	4,857	8,793	-	-	-	-	3,936	4,857	8,793
Jim Lake, PQ	265	-	265	-	-	-	-	265	-	265
Kinross, PQ	1,025	40,410	41,435	-	-	-	-	1,025	40,410	41,435
Lac Claire, PQ	1,109	1,313	2,422	-	-	-	-	1,109	1,313	2,422
Laforest, PQ	-	-	-	16,827	-	-	-	16,827	-	16,827
Langevin, PQ	1,867	3,263	5,130	-	-	-	-	1,867	3,263	5,130
Languedoc, PQ	1,524	720	2,244	16,960	-	3,148	-	18,484	3,868	22,352
Lynch Lake, PQ	596	-	596	-	-	-	-	596	-	596
Macamic, PQ	-	-	-	5,300	-	-	-	5,300	-	5,300

The following is a summary of exploration and evaluation costs deferred during the three months ended July 31, 2020:

	Exploration and Evaluation Expenditures Incurred									
	As At April 30, 2020			During the three months ended July 31, 2020				As At July 31, 2020		
	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total	Acquisition Costs Incurred	Option and Other Payments (Received)	Exploration Expenditures Net of Exploration Tax Credits	(Write Downs) (Write Offs) Income/Sales	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total
Maunci, PQ	848	-	848	-	-	-	-	848	-	848
NW Abitibi, PQ	-	-	-	7,288	-	9,151	-	7,288	9,151	16,439
Opal & Anorthosite, PQ	269	2,698	2,967	-	-	-	-	269	2,698	2,967
Panet, PQ	1,175	101	1,276	-	-	-	-	1,175	101	1,276
Parent, PQ	783	10,014	10,797	-	-	9,976	-	783	19,990	20,773
Portage Lake, PQ	203	69,797	70,000	-	-	-	-	203	69,797	70,000
Restigouche, PQ	256	451	707	-	-	-	-	256	451	707
Roquemaur, PQ	-	-	-	1,126	-	-	-	1,126	-	1,126
Royal Rousillon, PQ	-	-	-	4,770	-	-	-	4,770	-	4,770
Sheen, PQ	1,590	-	1,590	-	-	-	-	1,590	-	1,590
St. Ferdinand, PQ	392	-	392	-	-	-	-	392	-	392
Superior Quartz, PQ	385	-	385	-	-	-	-	385	-	385
Timber Lake, PQ	888	2,325	3,213	-	-	-	-	888	2,325	3,213
Timbrell, PQ	522	360	882	-	-	-	-	522	360	882
Vachon, PQ	1,217	4,524	5,741	-	-	-	-	1,217	4,524	5,741
Val D'Or, PQ	449	1,620	2,069	-	-	-	-	449	1,620	2,069
Wells, PQ	-	-	-	199	-	3,169	-	199	3,169	3,368
Whiskey Jack, PQ	-	-	-	5,300	-	-	-	5,300	-	5,300
Wilson, PQ	654	5,275	5,929	-	-	-	-	654	5,275	5,929
Johan Beetz, PQ	1	-	1	-	-	-	-	1	-	1
Brunswick North, NB	56,100	159,658	215,758	-	-	-	-	56,100	159,658	215,758
Corridor, NB	7,380	33,316	40,696	-	-	-	-	7,380	33,316	40,696
Mactaquac, NB	15,000	188,075	203,075	-	(8,000)	2,060	-	15,000	182,135	197,135
Cunningham, ON	40,950	141,878	182,828	-	-	9,752	-	40,950	151,630	192,580
Dorothy, ON	51,450	188,912	240,362	-	-	-	-	51,450	188,912	240,362
Mallard Heenan, ON	276,800	643,175	919,975	-	-	4,597	-	276,800	647,772	924,572
Nominal Value Properties	4	-	4	-	-	-	-	4	-	4
	\$ 1,210,876	\$ 12,275,400	\$ 13,486,276	94,936	(8,000)	154,211	-	1,305,812	12,421,611	13,727,423

* Gaspe Bay Group includes such properties as Robidoux, Hariman, Ste. Marguerite, Amqui, Angers, Boibuisson, Harvey Hill and others

Fancamp Exploration Ltd.
Schedule II - Exploration Expenditures on Exploration and Evaluation Assets
July 31, 2021 and 2020

Incurred in the three months ended July 31, 2021:

	Camp Drilling Assays	Engineering, Consulting, and Sundry	Prospecting, Ground, Air Surveys	Exploration Tax Credits	Total 2021
Clinton	\$ -	\$ 4,900	\$ -	\$ -	\$ 4,900
Stoke	-	36,980	-	-	36,980
Mallard Heenan	-	9,000	-	-	9,000
	\$ -	\$ 50,880	\$ -	\$ -	\$ 50,880

Incurred in the three months ended July 31, 2020:

	Camp Drilling Assays	Engineering, Consulting, and Sundry	Prospecting, Ground, Air Surveys	Exploration Tax Credits	Total 2020
Beauce	\$ -	\$ 2,098	\$ -	\$ -	\$ 2,098
Baude Lake	1,002	1,150	4,400	-	6,552
DiLeo Lake	-	688	25,281	-	25,968
Gaspé Bay Group	3,498	5,321	23,561	-	32,380
Gouin	-	17,864	17,392	-	35,256
Grasset	-	3,530	2,525	-	6,055
Lac Lamelee	-	2,198	-	-	2,198
Languedoc	306	100	2,742	-	3,148
NW Abitibi	-	9,151	-	-	9,151
Parent	4,793	2,350	2,833	-	9,976
Stoke	650	-	1,200	-	1,850
Wells	1,074	-	2,095	-	3,169
Mactaquac	-	2,060	-	-	2,060
Cunningham	2,665	700	6,387	-	9,752
Mallard Heenan	-	-	4,597	-	4,597
	\$ 13,987	\$ 47,210	\$ 93,013	\$ -	\$ 154,211