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 year ended April 30, 2011. The Company's financial statements are prepared in accordance with Canadian General Accepted Accounting Principles. The Company's reporting currency is Canadian dollars. The date of this Management Discussion and Analysis is August 29, 2011. Additional information on the Company is available on SEDAR at www.sedar.com and the Company's web site at www.fancampexplorationltd.ca.

NATURE OF BUSINESS

Fancamp Exploration Ltd. is an exploration stage company in the business of mineral exploration.

OVERALL PERFORMANCE

SIGNIFICANT MINERAL PROPERTIES

100% Owned McFaulds Fancamp Property, Ontario

The Company has completed the spring 2011 drill program on its 100% owned McFauld's Lake Property in Ontario. This drill program was designed to test the working hypothesis that Eagle One is a faulted offset of the Company's previously drilled C-1 target, in a left lateral displacement along major NW trending faults and that the fragmentary high grade intersections encountered in Holes FN-08-02 and FN-08-10 are, in fact, fault slivers of the Eagle One mineralization itself.

The massive chromite layers previously reported did not extend to surface in the vicinity of the discovery holes, and further drilling along the NE strike will be required. Anomalous nickel values up to 1.16 % over 0.5 m have been recorded in reconnaissance sampling of a mineralized dunite extending from 891 m to the bottom of hole FN-10-26 at 1,086 m, located on the northeast margin of the C-1 target, in the area which management believes marks the original position of Noront's Eagle One Deposit, now offset in a left lateral sense some 400 m to the northwest. More complete sampling of this interval is being undertaken and further assay results are pending. Results to date confirm management's belief in the continuing nickel and chromite resource potential of this property.

50% Owned Desolation Lake Property, Ontario

The Company has recently completed a Quantec Spartan ground MT Survey on the 50% owned (50% Sheridan Platinum), 19,200 acre Desolation Lake property located 60 kilometres NW of Attawapiskat in the James Bay Lowlands of Northern Ontario. The purpose of the Quantec MT is to further refine drill target areas identified by an airborne VTEM survey carried out in the spring of 2010 which confirmed the presence of major magnetic anomalies and zones of significant EM conductivity. Located approximately 215 km northeast of the Ring of Fire, the magnetics and EM conductivity may be indicative of nickel sulphide bearing targets. The survey is designed to search for conductive zones down to depths of 1.5 kms and will be used for planning a future drill campaign.

Fermont Property, Quebec (Champion Minerals Inc. 82.5% -Fancamp Exploration Ltd. 17.5%)

Three of the joint ventured Fermont iron properties (in all of which Fancamp holds a 17.5% working interest, together with a 1.5% NSR) – Fire Lake North, Bellechasse and Harvey-Tuttle – host a combined NI 43-101 compliant Inferred Mineral Resource currently estimated at 1.55 Billion Tonnes grading 25.4% FeT, at a 15% cut-off.

The drill program underway on the Moire Lake property, adjacent to the east of ArcelorMittal's Mont Wright Mine property, has been increased due to favorable results obtained during initial drilling.

A 60,000+ m diamond drilling program on nine of the Fermont properties is underway and scheduled for completion in 2011-2012. Champion Minerals Inc. is the operator with Fancamp contributing its proportionate share of the program.

100% Owned Lac Lamelee Property, Quebec

During the year, the Company increased its interest in this property to 100% through the transfer of 375,000 shares of Champion Minerals inc. to its partner who retains a 1.5% NSR of which 0.5% can be bought back for $1.5M. An advance royalty of $100,000 per year will be paid quarterly.

The Company has begun a 3,000 m drill program this hematite/magnetite deposit to determine the size, scope and quality of the iron resource, initially identified by Fancamp on the basis of the great strength of its airborne magnetic signature. Management is optimistic about the tonnage prospects of this as yet undrilled target, which is situated some four kilometres south of the Cliffs Resources Inc. Lac Lamelee North Deposit, which has a reported resource of approximately 642,000,000 tonnes at 30% Fe. The Lac Lamelee property was considered by management to be one of the most prospective, in the original property group optioned to Champion Minerals Inc. and for this reason was kept aside. Champion Minerals Inc. does, however, retain a right of first refusal on any transaction concerning this property.

Quebec Eastern Township Properties

Fancamp is currently one of the largest property owners in the Eastern Townships of Quebec. A 13,800 line kilometer VTEM Airborne EM survey was completed on the 25 properties held in the region and is being analyzed for identification of future drill targets. Management is encourages by the progress to date of the 2,500 metre plus reconnaissance drill programme still underway on the Stoke, Clinton and North Megantic properties.

100% Owned Beauce Property, Quebec

The Company continues its testing of targets on this property which includes the historic Gilbert River placer deposits, the site of Canada's first major gold rush in the 1840's and 50's. These placers, located in the small Gilbert River Valley, on the eastern side of the Chaudiere River 60 miles (96km) south of Quebec City, were characterized by the presence of large fist size nuggets. These placers of pre-glacial age are restricted to the valley itself and are in the Company's opinion locally derived. They can be considered, in a geochemical sense, to be a major gold anomaly. To date, no definite bedrock source has yet been identified, although the Company's prior reconnaissance drilling in the area indicated the presence of highly prospective silicification and quartz vein systems. This property has been covered by the VTEM survey and further targets are being identified.

Option to Acquire a 100% interest in the Stoke Mountain Property, Quebec

The Company has an option to acquire a 100% interest in 44 claim units of a prospective gold, copper and zinc property, located some 56 miles southwest of the Company's Beauce gold property. The Company also acquired an additional 192 claim units by staking. The Company is undertaking a 2,500 metre plus reconnaissance drill program on this property and the Clinton Property.

Activities to date have included geophysics, trenching, sampling and drilling. The results will permit the Company to focus on a more defined area to determine the nature, extent and quality of mineralization.

The discovery of angular boulders in the Spring of 2010 with grades up to 23.4%Zn and 2.74%Cu led the Company to execute a power stripping programme over some 150 metres strike length. This work exposed a distinctive, highly altered volcaniclastic unit showing numerous fragments of jasperoid, widespread disseminated sulphides and local bands of massive pyrite. The Company intends to focus future exploration activities on determining the source of the mineralized boulders. Channel sampling reported 1.32g/t gold over 4.0 m, including 4.0g/t gold and 0.61%Zn over 1.0 m. Assay results from hole ST-10-06, drilled some forty five metres beneath this occurrence, reported 6.21g/t Au over 4.2 m, including 22.4g/t Au, 7.73%Zn, 1.73%Cu, 2.62%Pb and 231 g/t Ag over 1.0 m. It is notable that high mercury, indium and tellurium values occur within this 1 metre interval and suggest epithermal mineral assemblages typical of many high grade Nevada gold deposits. The prospective VMS horizon has a strike length of about 1,200 metres and is the focus of current drilling. Previous exploration work by Phelps Dodge in the 1990's,which reported 6.34%Cu over 5.1m in a shallow drill hole, provides additional evidence of the potential for a massive sulphide body, and the accompanying extensive black chlorite alteration together with a coincident strong Bouger gravity anomaly, supports this view. The first five holes of the programme, drilled on geophysical targets, did not intersect significant mineralization. Three of these holes are located 6.5 km NE of the main trench; two lie at either end of the 1,200 metre VMS horizon.

Option to Acquire a 100% interest in the Clinton VMS Prospects, Quebec

The Company has an option to earn a 100% interest in 117 claim units which include a prospective copper zinc VMS trend located approximately 54 miles south of the Company's Beauce gold property. The north block contains six mineralized lenses spread out along a strike length of approximately 6 km as well as a further 10 km of favourable strike length to the southwest which has not previously been tested. The south block covers additional prospective stratigraphy. The Company also acquired an additional 253 claim units in this area by staking.

Option to Acquire a 100% interest in the Brompton Copper Property, Quebec

The Company has acquired an option on the Brompton Copper Property, situated some 18 km NE of Sherbrooke in Quebec's Eastern Townships. This property contains an historic non 43-101 compliant resource of 371,187 tons of 1.95% Cu in the so called "north zone" and 90,700 tons grading 1.4% Cu in the "south zone" (GM 49121,23). The prospective ultrabasic host structure has some 3.4 km strike length on the property, and as yet only 0.6 km has been tested, mainly to depths of less than 200 metres. This property has been covered by a VTEM survey.

50% Owned Villebon Property, Quebec

The Company's 50% held (50% Sheridan Platinum Group) nickel-copper-PGE project, known as the Villebon Property, in northern Quebec, has been optioned to LiteWave Corp. and St-Georges Minerals Inc.

To acquire up to 100% ownership in the property, St-Georges was to issue a total of 2,250,000 common shares to Fancamp and Sheridan. Litewave will be required pay the vendors $200,000 over two years and then an annual advance royalty payment of $20,000 at the end of the third year. The Property is subject to a 2% Net Smelter Return ("NSR") on 18 claims and to a 1% NSR on the 5 claims covering the Villebon Zone. A total of 1% of the 2% NSR can be purchased for $1,000,000.

On December 10, 2009, St-Georges Platinum and Base Metals Ltd. ("SX") entered into an acquisition agreement to acquire the properties of St-George Minerals Ltd. ("SGM") whereby the shares of SX will be dividended to the shareholders of SGM whereby each holder of a share of SGM will receive 2 shares of SX. As a result, the Company has received a total of 2,250,000 common shares of SX.

Other Properties

See Note 5 – Mineral Properties Interests attached to the financial statements for the year ended April 30, 2011 for further information on the Company's other mineral property holdings.

INVESTMENT IN THE MAGPIE MINES INC.

The Magpie Iron-Titanium property, which is 100% owned by The Magpie Mines Inc., is located in the North Shore area of the St. Lawrence River, about 130 kilometres (81 miles) north of tidewater, at a point approximately forty kilometres (25 miles) west of Havre St. Pierre in the Province of Quebec. The property itself consists of 99 claims with a total area of 5,316 hectares or 13,291 acres. The Iron-Titanium deposits are evidenced by outcrops in a series of prominent en echelon ridges in a corridor approximately 7.25 km (4.5 miles) long and 600 metres (2,000 ft) wide. The ridges stand up to 250 metres (800 feet) above the surrounding country, lending themselves to low cost mining methods.

The Magpie Deposits are among the world's largest undeveloped titaniferous magnetite deposits with a historical non-43-101 compliant resource estimate totalling 1.1 B Tons @ 43% Fe and 11% TiO2 with subsidiary values of chromium and vanadium.

Drilling with two machines has been underway at The Magpie Mines Inc. deposit since July 7, targeting the historic deposit #2 on which three drill holes were put down by the Company in 2008. Drilling is taking place on a series of 500 foot spaced sections originally laid out by Stratmat Inc. in 1961. These sections have been picked because they are accompanied by a systematic series of surface samples, taken on the almost 100% exposure of titaniferous magnetite on the Magpie Ridge, by Stratmat. Progress is rapid with an expected completion date in the first week in September, and results to date are as management anticipated. The aim here is to enlarge on the original indicated and inferred NI 43-101 resource of 84 Million tonnes at 42.4% Fe, 10.7% TiO2, and 1.6 Cr%, and 201 Million tonnes at 42.1% Fe, 10.6% Tio2 and 1.5 Cr%, respectively, in preparation for a revised NI 43-101 report on the resource.

Results of Phase I of metallurgical test work reported producing a 94.8% concentrate of titanium oxide (TiO_2) with leaching recovery of 88.5%. Management considers these results to be highly successful and supports the position that the Magpie mineralization can be exploited for iron, titanium, vanadium, chromium and other elements.

Phase II metallurgical tests, which are expected to commence in August, 2011, will consist of the fine-tuning of Phase I to further improve recovery and the purity of the recovered TiO_2, together with the recovery of vanadium (V).

Phase III will consist of a mini-pilot plant scale test for the production of high-grade iron oxide and acid regeneration using well-established oxyhydrolysis methods. Phase III tests are expected to commence in October 2011.

As at April 30, 2011, the Company owned 48.64% in The Magpie Mines Inc. and subsequent to the year-end, the Company's ownership decreased to 46.7% as a result of an equity financing. The Magpie Mines Inc. is proceeding with the proposed Initial Public Offering.

FINANCINGS

On June 15, 2010, the Company completed a $200,000 private placement of 360,000 flow-through units (FT Units) priced at $0.50 per FT Unit and 40,000 units (Units) at $0.50 per Unit. Each FT Unit consists of one flow-thorough common share and one half of one non-flow through share purchase warrant (Warrants). Each Unit consists of one common share and one half of one non-flow through share purchase warrant (Warrants). Each whole Warrant is exercisable into one common share, at a price of $0.75 per share until June 15, 2012, subject to earlier forced acceleration in the event the Company's shares close at a price of $1.00 or more for 30 consecutive trading days after the four month hold expires.

On September 20, 2010, the Company completed a $1,735,000 private placement of 2,700,000 flow-through units (FT Units) priced at $0.50 per FT Unit and 855,555 units (Units) at $0.45 per Unit. Each FT Unit consists of one flow-thorough common share and one half of one non-flow through share purchase warrant (Warrants). Each Unit consists of one common share and one non-flow through share purchase warrant (Warrants). Each whole Warrant is exercisable into one common share, at a price of $0.75 per share until September 21, 2012, subject to earlier forced acceleration in the event the Company's shares close at a price of $1.00 or more for 30 consecutive trading days after the four month hold expires.

On October 22, 2010, the Company completed a $908,000 private placement of 1,816,000 flow-through units (FT Units) priced at $0.50 per FT Unit. Each FT Unit consists of one flow-thorough common share and one half of one non-flow through share purchase warrant (Warrants). Each whole Warrant is exercisable into one common share, at a price of $0.75 per share until October 22, 2012, subject to earlier forced acceleration in the event the Company's shares close at a price of $1.00 or more for 30 consecutive trading days after the four month hold expires.

On November 15, 2010, the Company completed a $2,000,000 private placement of 3,725,490 flow-through shares (FT Shares) priced at $0.51 per FT Share and 219,780 shares (Shares) at $0.455 per Share.

On December 22, 2010, the Company completed a $3,147,720 private placement of 4,362,647 flow-through units (FT Units) priced at $0.65 per FT Unit and 600,000 units (Units) at $0.52 per Unit. Each FT Unit consists of one flow-thorough common share and one half of one non-flow through share purchase warrant (Warrants). Each Unit consists of one common share and one half of one non-flow through share purchase warrant (Warrants). Each whole Warrant is exercisable into one common share, at a price of $0.90 per share until June 22, 2012, subject to earlier forced acceleration in the event the Company's shares close at a price of $1.30 or more for 20 consecutive trading days after the four month hold expires.

On December 30, 2010, the Company completed an $852,280 private placement of 1,080,000 flow-through units (FT Units) priced at $0.65 per FT Unit and 289,000 units (Units) at $0.52 per Unit. Each FT Unit consists of one flow-thorough common share and one half of one non-flow through share purchase warrant (Warrants). Each Unit consists of one common share and one half of one non-flow through share purchase warrant (Warrants). Each whole Warrant is exercisable into one common share, at a price of $0.90 per share until June 30, 2012, subject to earlier forced acceleration in the event the Company's shares close at a price of $1.30 or more for 20 consecutive trading days after the four month hold expires.

On March 21, 2011, the Company completed an $8,873,076 private placement of 1,465,667 units (Units) at $0.75 per Unit and 9,717,282 flow through shares (Shares) at $0.80 per Share. Each Unit consists of one common share and one half of one non-flow through share purchase warrant (Warrants). Each whole Warrant is exercisable into one common share, at a price of $0.90 per share until March 21, 2013, subject to earlier forced acceleration in the event the Company's shares close at a price of $1.75 or more for 20 consecutive trading days after the four month hold expires.

On March 25, 2011, the Company completed a $334,931 private placement of 418,664 flow-through shares (Shares) at $0.80 per Share.

See Note 6 "Share Capital" attached to the financial statements.

INVESTOR RELATIONS

In July, 2011, the Company engaged the services of Bay Street Connect, an owner-managed firm based in Toronto and a leading provider of Investor Relations Services to Canadian public companies in the natural resources sector since 2003. Focusing on direct communication and face-to-face meetings, it has assisted numerous organizations in improving relationships within the investment community.

Under the terms of the engagement, which is for a minimum of six months and continues thereafter on a month-to-month basis, Bay Street Connect will be paid $3,000 per month plus disbursements. It will also be granted 100,000 options having an exercise price of 40 cents, which options vest over a year as to 25,000 per quarter in accordance with the policies of the TSX Venture Exchange.

ADVISORY BOARD

During the year, the Company formed an Advisory Board and appointed John Harvey P.Eng., Ed Thompson P.Eng., Mackenzie Watson and Mark Billings. These members have been effectively contributing their experience and knowledge.

SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

In accordance with *CICA Handbook Section 3870 ("Section 3870"), Stock-Based Compensation and Other Stock-Based Payments,* the Company recognizes stock-based compensation expense for the estimated fair value of equity-based instruments granted to both employees and non-employees. Compensation costs attributable to stock options or similar equity instruments granted to employees are measured at the fair value at the grant date, and expensed over the expected vesting period. Transactions in which goods or services are received from non-employees in exchange for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable.

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

Future income tax assets and liabilities are recorded where the accounting net book value of assets and liabilities differ from their corresponding tax bases. The benefit of future income tax assets is only recognized when their realization is considered more likely than not.

The Company recognizes into income a future income tax benefit on the renouncement of Canadian exploration expenditures to its flow-through share investors

SELECTED ANNUAL INFORMATION

The following table provides a summary of the Company's financial operations for the last three fiscal years ended April 30. For more detailed information, refer to the Company's annual audited financial statements.

	Years ended April 30		
	2011	**2010**	**2009**
Revenues	260,036	492,334	2,334,752
Expenses	1,016,551	699,056	1,809,637
Net Income (Loss)	7,404	307,218	454,868
Earnings (Loss) Per Share - basic and diluted	0.00	0.01	0.01
Working Capital (Deficiency)	17,929,771	6,611,649	2,689,550
Total Assets	34,609,419	12,961,386	7,530,435
Mineral Properties Interests	13,814,372	5,777,142	4,379,843
Total Liabilities	4,799,810	1,693,272	1,184,104

RESULTS OF OPERATIONS

The Company reported net income of $7,404 for the year ended April 30, 2011, compared to net income of $307,218 for the year ended April 31, 2010. The decrease in net income is attributable to write down and write off of mineral properties during the year, increases in administrative expenses such as

management and consulting fees, stock-based compensation expenses and office expenses; as well as loss on equity investments.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for the quarter ended April 30, 2011 and the preceding 7 quarters:

Three Months Ended	1st Quarter July 31, 2010	2nd Quarter October 31, 2010	3rd Quarter January 31, 2011	4th Quarter April 30, 2011
Mineral Property Option and Royalty Revenue	$1,100,500	$87,500	$12,500	($940,464)
Net Income (Loss)	$1,055,384	$2,667	($328,028)	($722,619)
Income (Loss) Per Share	$0.02	$0.00	($0.01)	($0.01)
Fully Diluted Income (Loss) Per Share	$0.02	$0.00	($0.01)	($0.01)

Three Months Ended	1st Quarter July 31, 2009	2nd Quarter October 31, 2009	3rd Quarter January 31, 2010	4th Quarter April 30, 2010
Mineral Property Option and Royalty Revenue	$38,981	$25,000	$114,500	$311,853
Net Income (Loss)	$548	($21,616)	($348,051)	$676,337
Income (Loss) Per Share	$0.00	$0.01	($0.01)	$0.01
Fully Diluted Income (Loss) Per Share	$0.00	$0.01	($0.01)	$0.01

Mineral property option and royalty revenue are property royalty payments and net mineral property option payments received in each quarter. In the fourth quarter of 2011, there was an adjustment to net royalty and option payments received against deferred exploration expenditures for those properties the Company incurred exploration expenditures.

Net income for the quarters are mainly the result of property royalty payments, net mineral property option payments and gain on sale of marketable securities less operating expenses such as management and consulting fees, office rent and supplies, and stock-based compensation expenses. The decrease in net income from second quarter of 2011 onwards was due to the increase in management and consulting fees, office rent and supplies expenses, stock-based compensation expenses in second and third quarters, and the adjustment of royalty revenue and option payments against deferred exploration expenditures in the fourth quarter.

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 had working capital of $17,929,771 as at April 30, 2011 (2010 - $6,611,649).

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

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, 2011 the Company does not believe that there are any significant environmental obligations requiring expenditures in the foreseeable future.

CONTINGENT LIABILITIES

As at the date of this report, the Company is in dispute with The Sheridan Platinum Group ("Sheridan") over various matters. As a result, the Company has set up allowance for all receivables from and marketable securities held by Sheridan. In addition, the Company has various mineral properties that are jointly held with Sheridan which could possibly hinder the exploration progress of those properties. Management of the Company has assessed those subject properties which had already been recorded as $nil or nominal value. See Note 5(d) and the summary of deferred costs and mineral properties interest.

RELATED PARTY TRANSACTIONS

See Note 7 "Related Party Transactions and Balances" attached to the financial statements. In addition, the Company has a number of joint ventures with Sheridan.

DISCLOSURE OF OUTSTANDING SHARE DATA

Fancamp Exploration Ltd. is listed on the TSX Venture under the symbol "FNC".

The Company is authorized to issue an unlimited number of common shares and on April 30, 2011 there were 74,681,122 common shares issued and outstanding.

See Note 6 "Share Capital" attached to the financial statements.

SUBSEQUENT EVENTS

See Note 10 "Subsequent Events" attached to the financial statements.

RISK AND UNCERTAINTIES

The Company is in the mineral exploration and development business and as such, is exposed to a number of risks and uncertainties inherent in this business. The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. There is no certainty that properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded.

The only source of future funds for further exploration programs or for the development and commercial production of economic ore bodies are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. There is no assurance that such sources of financing will be available, however, management feels that it can achieve success in this area for the near future.

NEW ACCOUNTING PRONOUNCEMENTS

The following pronouncement recently issued by the Canadian Institute of Chartered Accountants ("CICA") will likely impact the Company's future accounting policies:

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of May 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the

determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements. Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011 unless they are early adopted at the same time as Section 1582 "Business Combinations".

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In January, 2006 the CICA Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publically-accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, these financial statements for the fiscal year ended April 30, 2011 will be the last statements prepared in accordance to GAAP. Starting from the first quarter of its 2012 fiscal year, the Company's financial statements will be prepared in accordance with IFRS, with previous year comparative figures and May 1, 2010 (date of transition) opening balance sheet restated to conform with such IFRS, along with reconciliations from Canadian GAAP to IFRS, as per the guidance provided in IFRS 1, *First-Time Adoption of International Financial Reporting Standards.*

The Company has identified the areas noted below as those expected to have most significant impact on its IFRS financial statements. The differences and impact described below may be subject to change as modifications to Canadian GAAP and IFRS standards may occur.

a) First time adoption of IFRS

The Company's adoption of IFRS will require the application of IFRS 1, *First-Time Adoption of International Financial Reporting Standards*, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity applies all IFRS effective at the end of its first IFRS reporting period retrospectively, with a number of optional exemptions and mandatory exceptions. The most significant IFRS 1 exemptions that are expected to apply to the Company upon adoption are summarized below:

Property, plant and equipment, including mineral properties

The Company intends to elect to report any items of property, plant and equipment, including mineral properties, on its opening balance sheet on the transition date at actual cost instead of deemed cost as defined under IFRS. Therefore, the optional exemption to value assets at deemed cost will have no impact or relevance at the transition date or thereafter.

Asset retirement obligation

In accounting for changes in obligation to dismantle, remove and restore items of property, plant and equipment, the guidance in IFRS requires changes in such obligations to be added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. Rather than recalculating retrospectively the effect of all such changes throughout the life of the obligation, an entity may elect to measure the liability and the related depreciation effects at the date of transition to IFRS.

The Company intends to elect to measure the asset retirement obligation and the related depreciation effects at the date of transition to IFRS. The expected impact on transition to IFRS is still being quantified.

b) Ongoing accounting policies

Property, plant and equipment, including mineral properties

Under IFRS, either a historical cost model or a revaluation model can be used to value property, plant and equipment. The Company intends to value its property, plant and equipment using the cost model. This is expected to have no impact at the transition date or thereafter.

In addition, under IFRS, where part of an item of property, plant and equipment has a cost that is significant in relation to the cost of the item as a whole, it must be depreciated separately from the remainder of the item. Canadian GAAP is similar in this respect but has less extensive guidance. The expected impact at the transition date is now being considered in more detail but is not expected to be significant.

Impairment of long lived assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with fair values. IFRS uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use, which is based on discounted future cash flows. This may potentially result in more impairment losses where carrying values of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. This is expected not to have an impact at the transition date. Subsequent to the transition date, any potential impact will be dependent upon future circumstances as described above.

In addition, under IFRS, impairment losses previously recognized must be reversed if the circumstances leading to the impairment changed and caused impairment to be reduced. Canadian GAAP prohibits reversal of impairment losses. In the past, the Company has recognized impairment losses in its mineral properties. Under IFRS, the Company can reverse those impairment losses on the transition date to IFRS.

Provisions, including asset retirement obligation

IFRS requires a provision to be recognized when there is a present obligation as a result of a past transaction or event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligation. "Probable" in this context means "more likely than not". Under Canadian GAAP, the criterion for recognition in the financial statements is "likely", which is a higher threshold than "probable". Therefore, it is possible that there may be some liabilities not recognized under Canadian GAAP which would require a provision under IFRS. Other differences between IFRS and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate where there is a range of equally possible outcomes (IFRS uses the mid-point of the range, whereas Canadian GAAP uses the low end), and the requirement under IFRS for provisions to be discounted where material. These differences are not expected to have a material impact at the transition date. Subsequent to the transition date, provisions may be recognized more frequently under IFRS than under Canadian GAAP.

In relation to asset retirement obligation (ARO), measurement under IFRS shall be based on management's best estimate, while measurement under Canadian GAAP is based on the fair value of the obligation (which takes market assumptions into account). Under IFRS, cash flow estimates are discounted to present value where the effect of the time value of money is material; the discount rate utilized should be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, unless those risks have been built into the cash flow estimates. Canadian GAAP requires the use of a credit adjusted risk free rate to discount cash flow estimates. The unwinding of the discount, or accretion, under IFRS shall be included in finance costs whereas under Canadian GAAP there is no prescribed presentation for the accretion which is currently included in operating costs. Under IFRS, the provision for ARO should be reviewed at the end of each reporting period and adjusted to reflect the current best estimate; changes may result from changes in the amount or timing of the cash outflows or changes in discount rates. This is different from Canadian GAAP where changes in discount rates alone would not result in a change in the ARO. Accordingly, the Company will

need to assess the discount rate applicable to the ARO on an ongoing basis. The expected impact of the aforesaid differences related to ARO at the transition date and thereafter is still to be determined.

Share-based payments

Under IFRS, each installment of share options that vest in installments shall be treated as a separate award with a different fair value. Unlike Canadian GAAP, IFRS does not provide for an election to treat such options as a pool and recognize the expense on a straight line basis. Currently the Company records forfeitures as they occur. However, upon transition to IFRS, the Company will be required to make an estimate of the forfeiture rates for use in the determination of the total share based compensation expense. The Company has established that the use of the Black-Scholes model will be an acceptable method to estimate the fair value of the options at the date of grant under IFRS, and this is consistent with the Company's current practice. The Company does not expect any changes to its accounting policies related to share-based payments that would result in any significant change to line items within its statements.

Flow-through shares

Under Canadian GAAP, the tax impact of the renouncement of flow-through shares is recorded on the date that the renunciation is filed with taxation authorities, through a decrease in capital stock and the recognition of a future tax liability. Under IFRS, the obligation to renounce tax deductions at the time of share issuance is recorded as a liability measured using a residual or a relative fair value method. The obligation is released into the statement of comprehensive income as a gain when the Company renounces the qualifying expenditures. Due to the difference in the recognition of the tax impact, the Company expects some adjustments to its prior year financial statements.

The above list and related comments should not be regarded as a complete list of changes that will result from the transition to IFRS. It is intended to highlight those areas believed to be most significant. The differences described are those existing based on Canadian GAAP and IFRS as of the date of this report.

Income taxes

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes. The Company does not expect any changes to its accounting policies related to income taxes that would result in a significant change to line items within its financial statements.

c) IFRS impact on the Company

The conversion to IFRS will impact the way the Company presents its financial results. The first financial statements prepared using IFRS (interim financial statements for the three months ended July 31, 2011) will be required to include numerous notes disclosing extensive transitional information and full disclosure of all new IFRS accounting policies.

The Company believes that the impact of the conversion to IFRS, when considered in isolation, on its information systems and on its disclosure controls and internal control over financial reporting will not be significant.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management as

appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by the annual filings, that the Company's disclosure controls and procedures as of the end of such period are effective to provide reasonable assurance that material information related to the Company, is made known to them by others within those entities. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure and controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

INTERNAL CONTROLS OVER FINANCING REPORTING

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.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Statements contained in this document, which are not historical facts, are forward looking statements that involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward looking statements. Factors that could cause differences include, but are not limited to, are volatility and sensitivity to market prices for base metals, environmental and safety issues, changes in government regulations and policies and significant changes in the supply-demand fundamentals for base metals that could negatively affect prices. Although the Company believes that the assumptions used are reasonable, these statements should not be heavily relied upon. The Company disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise.

CORPORATE INFORMATION – AS AT APRIL 30, 2011

TSX Venture Exchange	Trading Symbol: FNC
Authorized Capital:	Unlimited common shares
Shares Outstanding:	74,681,122 common shares
Fully Diluted Shares Outstanding:	93,579,514 common shares
Head Office:	7290 Gray Avenue Burnaby, B.C., V5J 3Z2 Telephone: 604-434-8829 Facsimile: 604-434-8823
Regional Office:	340 Victoria Avenue Westmount, Quebec, H3Z 2M8 Telephone: 514-481-3172 Facsimile: 514-481-8943
Transfer Agent:	Computershare 2nd Floor, 510 Burrard Street Vancouver, B.C., V6C 3B8
Auditor:	MNP LLP 2300, 1055 Dunsmuir Street Vancouver, B.C., V7X 1J1
Legal Counsel:	Paul Bowes Salley Bowes Harwardt LLP 1750-1185 West Georgia Street Vancouver, B.C., V6E 4E6
Directors:	Robert Granger Q.C., Director, Chairman Peter H. Smith, PhD., P.Eng., Director, CEO, President Debra Chapman, Director, CFO, Secretary Gilles Dubuc, Director Michael Sayer, Director Fouad Kamaleddine, PhD., P.Eng., Director Mel De Quadros, PhD., P.Eng., Director
Advisory Board:	Mackenzie I. Watson, P.Eng Edward G. Thompson, P.Eng. John Harvey, P.Eng. Mark Billings, MBA
Field Staff:	Mike Flanagan, M.Sc.A., P.Geo. Jean Bernard, B.Sc. Jean Laforest, B.Sc.A., P.Geo

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