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**FANCAMP EXPLORATION LTD.
INTERIM FINANCIAL STATEMENTS
JULY 31, 2008 AND 2007**

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**FANCAMP EXPLORATION LTD.
BALANCE SHEETS**

	July 31 <u>2008</u>	April 30 <u>2008</u>
Assets		
Current		
Cash and Cash Equivalents	139,587	326,585
Marketable Securities (Note 3)	234,063	166,217
Accounts Receivable	439,950	656,450
Sales Taxes Refundable	14,181	16,176
Accrued Mining Duty Receivable	31,284	31,284
Accrued Exploration Tax Credits Receivable	58,667	58,667
Prepaid Expenses	<u>4,250</u>	<u>6,375</u>
Total Current Assets	921,983	1,261,754
Investment in The Magpie Mines Inc. (Note 4)	118,530	118,530
Mineral Properties Interests (Note 5)	<u>1,685,622</u>	<u>1,319,945</u>
Total Assets	<u>2,726,134</u>	<u>2,700,229</u>
Liabilities		
Current		
Accounts Payable and Accrued Liabilities (Note 7)	33,958	31,315
Long-term		
Deferred Quebec Mining Duties	<u>160,388</u>	<u>160,388</u>
Total Liabilities	<u>194,346</u>	<u>191,703</u>
Shareholders' Equity		
Share Capital (Note 6 (a))	7,413,140	7,389,540
Contributed Surplus (Note 6 (b))	4,481,113	3,179,010
Accumulated Other Comprehensive Income	6,849	14,704
Deficit	<u>(9,369,314)</u>	<u>(8,074,728)</u>
Total Shareholders' Equity	<u>2,531,788</u>	<u>2,508,526</u>
Total Liabilities and Shareholders' Equity	<u>2,726,134</u>	<u>2,700,229</u>

Note 1 - Nature and Continuance of Operations

Note 9 - Contingencies

Note 10 - Subsequent Events

Approved by the Directors:

"Peter Smith" Director

"Debra Chapman" Director

FANCAMP EXPLORATION LTD.
STATEMENTS OF OPERATIONS AND DEFICIT

	Three Months Ended July 31 <u>2008</u>	Three Months Ended July 31 <u>2007</u>
Revenue		
Mineral Property Royalties	12,500	-
Net Mineral Property Option Revenue	<u>22,870</u>	<u>166,384</u>
	35,370	166,384
Expenses		
Audit and Accounting		
Field Administration, Management and Consulting	7,500	7,500
General Exploration Expenditures (Recovery)	1,200	1,300
Interest Expenses and Bank Charges	38	15
Legal Fees	1,026	-
Office Rent, Supplies and Services	8,591	8,478
Share Transfer, Listing and Filing Fees	4,832	1,678
Stock-based Compensation	1,302,103	-
Telephone	1,477	1,342
Travel and Accomodations	<u>891</u>	<u>0</u>
Total Expenses	<u>1,327,657</u>	<u>20,313</u>
Net Income (Loss) Before Other Income (Expenses) and Income Taxes	(1,292,287)	146,071
Future Income Tax Recovery	<u>(2,299)</u>	<u>0</u>
Net Income (Loss)	<u>(1,294,585)</u>	<u>146,071</u>
<hr/>		
Deficit, Beginning of Year	8,074,728	5,785,201
Deficit, End of Year	9,369,314	5,639,130
<hr/>		
Net Income (Loss) Per Share		
Basic	(0.05)	0.01
Diluted	(0.04)	0.01
<hr/>		
Weighted Average Number of Shares Outstanding		
Basic	27,530,981	25,138,981
Diluted	30,280,981	27,560,981

**FANCAMP EXPLORATION LTD.
STATEMENTS OF CASH FLOWS**

	Three Months Ended July 31 <u>2008</u>	Three Months Ended July 31 <u>2007</u>
Operating Activities		
Net income (loss) for the Year	(1,294,585)	146,071
Items Not Affecting Cash in the Year		
Net Mineral Property Option and Other Payments	109,655	188,000
Mineral Properties Interests Written Off/Down	0	(166,384)
Stock-based Compensation	1,302,103	-
Gain (Loss) on Sales of Marketable Securities	(75,701)	43,285
Dilution gain on and loss from equity investment	-	-
Future Income Tax Recovery	-	-
Others	<u>0</u>	<u>0</u>
	41,472	210,972
 Changes in Non-Cash Working Capital Items	 <u>223,263</u>	 <u>(218,038)</u>
	<u>264,735</u>	<u>(7,066)</u>
 Financing Activities		
Quebec Mining Duties	-	-
Quebec Exploration Tax Credit	-	-
Shares Issued for Property Acquisition	<u>23,600</u>	<u>1,808</u>
Total Financing Activities	<u>23,600</u>	<u>1,808</u>
 Investing Activities		
Investment in The Magpie Mines Inc.	-	-
Proceeds from disposition of marketable securities	-	-
Mineral Property Acquisition	(37,818)	(7,833)
Mineral Exploration Expenditures	<u>(437,515)</u>	<u>(37,559)</u>
Total Investing Activities	<u>(475,333)</u>	<u>(45,392)</u>
 (Decrease) Increase in Cash and Cash Equivalents	 (186,998)	 (50,650)
Cash and Cash Equivalents, Beginning of Year	<u>326,585</u>	<u>193,536</u>
Cash and Cash Equivalents, End of Year	<u>139,587</u>	<u>142,886</u>
 Supplementary Disclosure of Non-Cash Financing and Investing Activities		
Shares Issued on Mineral Property Acquisition Option	20,000.00	57,000
Shares Received on Option to Sell Mineral Property Interest		152,250
Shares Received for Magpie Property		

FANCAMP EXPLORATION LTD.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2008 AND 2007

NOTE 1 – NATURE AND CONTINUANCE OF OPERATIONS

Fancamp Exploration Ltd. ("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 recoverability of amounts shown for mineral properties interests and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's legal interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete development, and future profitable production or proceeds from the disposition of its mineral properties interests. For those properties in which it has a joint venture interest, it is required to contribute its proportionate share of costs or accept dilution of its interest.

The Company has an accumulative loss of \$9,369,314 at July 31, 2008 (2007 - \$5,639,130) and has not developed any self sustaining operations. These financial statements have been prepared assuming the Company will continue on a going-concern basis, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to maintain its existence is dependent upon the continuing support of its creditors and its success in obtaining new equity financing for its ongoing operations. Realization values may be substantially different from carrying values, as shown in these financial statements, should the Company be unable to continue as a going-concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at July 31, 2008 and 2007 the Company does not have any cash equivalents. As at July 31, 2008 the Company does have cash over the federally insured limit of \$39,587. (2007 – \$42,886).

Mineral properties interests

Fancamp capitalizes all acquisition costs and related exploration and development expenditures until such time as the property to which they relate is brought into production, abandoned, or deemed not to contain economic reserves. The costs will be amortized on a unit-of-production basis following commencement of production or written off to operations if the property is sold, abandoned or deemed to not contain economic reserves. Proceeds received from option payments are netted against capitalized costs and related exploration and development expenditures of the optioned property, before being recognized as income into operations. The amounts shown for mineral properties interests and deferred exploration and development costs represent net costs incurred to date and do not necessarily reflect present or future values.

Certain of the Company's mineral properties interests are held jointly with other parties. The capitalized costs of these mineral properties include only the Company's joint venture share of the costs.

Deferred Quebec mining duties

The Company qualifies under the Mining Duties Act (Quebec) for a refundable credit on qualifying exploration and development expenditures incurred in Quebec. Qualifying expenditures claimed for the purposes of receiving payment of this refund on a current basis will not be deductible in the calculation of duties from mineral production in future years. Accordingly, the full amount of such assistance has been recorded as deferred Quebec mining duties. On commencement of earnings from mineral production, the

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Company intends to amortize this amount as a reduction of mining duties then payable over the estimated productive life of its properties.

Exploration tax credits

The Company accounts for accrued tax credits on eligible exploration expenditures as a deduction from its mineral properties interests, on a property by property basis, and will be charged to operations on the same basis as the deferred acquisition and exploration and development expenditures. The exploration tax credits are accrued in the year when the exploration expenditures are incurred, provided there is reasonable assurance that the tax credits will be realized.

Foreign currency transactions and translation

The Company's functional currency is Canadian dollars. Transactions in other currencies are recorded in Canadian dollars at the rates of exchange prevailing when the transactions occur. Monetary assets and liabilities denominated in other currencies are translated into Canadian dollars at rates of exchange in effect at the balance sheet dates. Exchange gains and losses are recorded in the statements of operations.

Use of estimates

The preparation of financial statements in conformity with Canadian 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 reported. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Stock-based compensation

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.

Financial instruments and comprehensive income

The Company's financial instruments include cash and cash equivalents, marketable securities, accounts receivable, and accounts payable and accrued liabilities. The Company designated its cash and cash equivalents as held-for-trading, its marketable securities as available-for-sale, its accounts receivable, as receivables, and its account payable and accrued liabilities as other financial liabilities. The fair values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values because of their short term nature. The Company recorded the marketable securities at its fair value and the unrealized gains and losses are recorded in the statement of comprehensive income on a net of tax basis. In management's opinion the Company is not exposed to significant interest rate, currency exchange rate or credit risk arising from these financial instruments. The Company is not exposed to derivative financial instruments.

Comprehensive income represents the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income refers to items that are recognized in comprehensive income but excluded from net income calculated in accordance with generally accepted accounting principles until such time as it is considered appropriate to recognize them in net income.

FANCAMP EXPLORATION LTD.
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Income taxes

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.

Long-lived assets impairment

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 their fair value. Fair value is generally determined using a discounted cash flow analysis.

Asset retirement obligations

The Company recognizes the fair value of its liability for asset retirement obligations, which in the mining industry are categorized as "site restoration costs", in the year in which such liability is incurred and can be estimated. Upon recognition of an asset retirement obligation, the capitalized cost of the mineral properties interest is increased by the same amount as the liability. In periods subsequent to initial measurement, the asset retirement obligation is adjusted for both the passage of time and revisions to the original estimates. If the obligation is settled for other than the carrying amount of the liability, a gain or loss on the settlement is recognized. The Company evaluated its site restoration costs to be \$nil as at July 31, 2008 (2007 - \$nil).

Income (loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) for the year by the weighted average number of shares outstanding in the year. Diluted income (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. Treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate.

Future Accounting Changes

a) Capital Disclosures and Financial Instruments – Disclosure and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Statements – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual financial statements for the Company's reporting period beginning on May 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequence of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged

its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

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b) International Financial Reporting Standards ("IFRS")

In January, 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability ("PAEs"). The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. The use of IFRS will be required in 2011 for publicly 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. The Company is currently evaluating the impact of adopting IFRS..

c) Goodwill and Intangible Assets

Section 3064, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new pronouncement establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This section is effective in the first quarter of 2009. The adoption of this section is not expected to impact the Company.

NOTE 3 – MARKETABLE SECURITIES

The Company has investments in marketable securities which have been classified as available for sale.

	2008	2007
	\$	\$
Champion Minerals Inc.	78,000	-
Uracan Resources Ltd., at fair market value	62,125	196,000
Probe Mines Ltd., at fair market value	30,300	8,837
Diadem Resources Ltd., at fair market value	638	1,489
Bonaventure Enterprises Inc., at fair market value	4,500	-
Nebu Minerals Ltd., at fair market value	21,000	-
RT Minerals Inc., private company	37,500	-
	234,063	206,326

The difference between the fair value and the cost of marketable securities has been recorded in accumulated other comprehensive income, net of future income taxes of \$2,299.

Champion Minerals Inc.

The Company received 50% of the 300,000 common shares of Champion Minerals Inc. pursuant to an option agreement to sell 65% of its 50% interest in 15 iron properties which are part of the Mt. Reed/Mt. Wright property. The quoted market price of Champion Minerals Inc. was \$0.52 as at July 31, 2008.

Uracan Resources Ltd.

The Company received 50% of the 350,000 common shares of Uracan Resources Ltd. in consideration for its 50% ownership interest in the Johan Beetz property. The quoted market price of the shares of Uracan Resources Ltd. was \$0.355 as at July 31, 2008 (2007 - \$1.12).

Probe Mines Ltd.

The Company received 100,000 common shares of Probe Mines Ltd. pursuant to an option agreement to sell its 100% interest in the McFaulds/Fancamp property in Ontario, consisting of 4 mineral claims. The

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quoted market price of the shares was \$0.60 as at July 31, 2008 (2007 - \$0.175). In 2007, the Company sold 49,500 shares and incurred a loss of \$7,890.

Diadem Exploration Inc.

The Company received an ownership interest in 23,790 first preferred shares of Diadem Exploration Inc. in consideration for its 50% ownership interest in 102 claims in the Otish Mountain region of Quebec. The Company previously received a 100% ownership interest in 2,990 of the first preferred shares and a 50% joint ownership interest in the remaining 20,800 shares.

Diadem Exploration Inc. is a 100% subsidiary of Diadem Resources Ltd., a Canadian public company. The shares in Diadem Exploration Inc. were exchanged into shares of Diadem Resources Ltd. at the option of Diadem Resources Ltd., at an exchange price of \$1.888. The Company now holds a 100% interest in 1,584 common shares and a 50% interest in 11,017 common shares. The quoted market price of the shares of Diadem Resources Ltd. was \$0.09 as at July 31, 2008 (2007 - \$0.21).

Bonaventure Enterprises Inc.

The Company received 50% of the 100,000 common shares of Bonaventure Enterprises Inc. pursuant to an option agreement to sell its 50% interest in the Baie Comeau property. The quoted market price of the shares of Bonaventure Enterprises Inc. was \$0.09 as at July 31, 2008.

Nebu Minerals Ltd.

The Company received 50% of the 350,000 common shares of Nebu Minerals Ltd. pursuant to an option agreement to sell its 50% interest in the George River property. The quoted market price of the shares of Nebu Minerals Ltd. was \$0.12 as at July 31, 2008.

RT Minerals Inc.

The Company received 50% of the 500,000 common shares of RT Minerals Inc. pursuant to an option agreement to sell its 50% interest in the Godbout claims, part of the Baie Comeau property. As of April 30, 2008, RT Minerals Inc. was a private company and the estimated market price of the shares of RT Minerals Inc. was \$0.15 as at July 31, 2008.

NOTE 4 - INVESTMENT IN THE MAGPIE MINES INC. ("THE MAGPIE")

During the fiscal year 2008, the Company received 50% of the 54,921,962 common shares of The Magpie in consideration for its 50% ownership interest in the Magpie property. The Company recorded the cost of 27,460,981 common shares of The Magpie at \$10,446 as the cost incurred on the Magpie property. The Company's original 50% equity stake has been and may be further diluted based on share capital financing that were carried out in The Magpie for ongoing funding of Magpie property. The Company accounts for The Magpie on an equity basis resulting in an equity loss of \$16,044 and a gain on dilution of \$124,127 for the year ended April 30, 2008. As April 30, 2008, the Company held 48.67% of The Magpie.

NOTE 5 - MINERAL PROPERTIES INTERESTS

The Company's mineral properties interests are detailed below and in Schedule I - Summary of Deferred Costs on Mineral Properties Interests.

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

Upsalquitch Forks claims

Six of the Upsalquitch Forks claims are subject to a royalty interest of 1% net smelter returns, which the Company may retire by the payment of \$500,000.

FANCAMP EXPLORATION LTD.
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St. George's claims

18 of the 56 St. George's claims are subject to a royalty interest of 1% of net smelter returns, of which the Company may retire ½% net smelter returns by the payment of \$250,000.

Digdeguash River claims

These 102 claims are subject to a royalty interest of 1% of net smelter returns.

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

Lemoine Township claims

The Lemoine claims are subject to a royalty interest of 1 1/2% of net smelter returns, of which the Company may retire 1% net smelter returns by the payment of \$1,000,000.

Manic III claims

The Manic III claims are subject to a royalty interest of 2% net smelter returns, of which the Company may retire 1% net smelter returns by the payment of \$1,000,000.

Beauce claims

The Company earned a 100% interest in 31 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. The Company also holds an additional 390 claims that were acquired by staking.

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

McFaulds Fancamp claims

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.

Norway Lake claims

In the first quarter 2008, the Company entered into an agreement to acquire 105 claim units in the Thunder Bay Mining Division. To earn a 100% interest in these claims the Company will:

- (i) pay a total of \$37,500.00 to the vendor (\$12,500.00 paid to date),
- (ii) issue a total of 60,000 common shares of Fancamp (20,000 issued to date),
- (iii) spend \$150,000 on exploration and development over three years.

The vendor will retain a 2% NSR of which 1% may be bought back for \$500,000.

(d) Mineral properties interests held jointly with others

Mt. Reed / Mt. Wright claims

The Company owns a 50% interest in 500 claims in the Mt. Reed / Mt. Wright region. The claims are held jointly with Sheridan Platinum Group Ltd. ("Sheridan"), a company who is a significant shareholder of the Company as at July 31, 2008.

During the first quarter, 2008, the Company entered into an option agreement with Champion Minerals Inc. on 15 of these iron properties. Champion may acquire up to a 65% interest in these claims by:

- (i) making cash payments totaling \$1,000,000 over 4 years (\$15,000 paid to date),

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- (ii) issuing 2,500,000 common shares over 4 years (300,000 issued to date),
- (iii) spending a total of \$6,000,000 in staged exploration and development work over 4 years.

After earning its 65% interest, Champion will have the option of acquiring a further 5% interest by producing a bankable feasibility study and issuing a further 500,000 common shares. Once Champion has completed its earn-in a joint venture will be formed, subject to other terms and conditions.

Longue Pointe de Mingan claims

The Company owns a 50% interest in this 39 claim property. The claims are held jointly with Sheridan.

St. Urbaine claims

The Company owns a 50% interest in 3 claims in Quebec. The claims are held jointly with Sheridan.

Dieter Lake claims

The Company owns a 50% interest in 261 claims in Quebec. The claims are held jointly with Sheridan.

Hanna Uranium claims

The Company owns a 50% interest in 92 claims in Quebec. The claims are held jointly with Sheridan.

George River claims

The Company owns a 50% interest in 368 claims in Quebec. The claims are held jointly with Sheridan.

In fiscal 2008, the George River claims became subject to an option agreement with Nebu Resources Ltd. ("Nebu"), whereby Nebu has the option to earn a 100% interest by:

- (i) paying \$50,000 within two days of signing (fulfilled),
- (ii) paying \$350,000 and issuing 350,000 common shares of Nebu by April 30, 2008 (fulfilled),
- (iii) paying \$325,000 by April 30, 2008 (fulfilled),
- (iv) paying \$200,000 by November 30, 2008,
- (v) paying \$1,000,000 or issuing 1,000,000 shares at a deemed price of \$1.00 at the optioners' choice by April 30, 2009.

Payments may be reduced by 25% for any property dropped from the option before the due dates of the payments. In June, 2008, Nebu dropped 124 claims and reduced future option payments by \$150,000.

Baie Comeau claims

The Company owns a 50% interest in 274 claims in Quebec. The claims are held jointly with Sheridan.

In fiscal 2008, 222 of these claims became subject to an option agreement with Bonaventure Enterprises Inc. ("Bonaventure"), whereby Bonaventure has the option to earn a 50% interest by:

- (i) paying \$50,000 and issuing 100,000 common shares of Bonaventure upon signing (fulfilled),
- (ii) paying \$50,000 and issuing 100,000 common shares at end of year 1
- (iii) paying \$50,000 and issuing 100,000 common shares at end of year 2
- (iv) paying \$100,000 and issuing 100,000 common shares at end of year 3

In addition, Bonaventure is required to spend \$500,000 on exploration in year 1, \$750,000 in year 2 and \$1,250,000 in year 3 to earn its 50% interest. Upon Bonaventure exercising the initial option, they can acquire a further 10% interest in the property by producing a bankable feasibility study on the property within 2 years and issuing 10% of the outstanding shares of Bonaventure.

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Also in fiscal 2008, 52 of these claims ("known as the Godbout") became subject to an option agreement with RT Minerals Inc. ("RT"), whereby RT has the option to earn a 100% interest by:

- (i) paying \$25,000 and issuing 500,000 common shares of RT upon signing (fulfilled),
- (ii) paying \$50,000 at end of year 1

Upon completion of the agreement, the Company and Sheridan, with a 50% joint interest each, are entitled to a 6% NSR royalty, with a buyback on 3% for \$1,000,000. An advance royalty is payable.

Villebon Nickel claims

The Company owns a 50% interest in 125 claims in Quebec. The claims are held jointly with Sheridan. In fiscal year 2007, the Company and Sheridan jointly entered into an option agreement with Les Resources Tectonic Inc. ("Tectonic") to acquire 100% of 5 mineral claims located in Villebon township owned by Tectonic for the following consideration:

- (i) paying \$15,000 upon signing (fulfilled)
- (ii) paying \$25,000 at the end of year 1 (fulfilled)
- (iii) paying \$35,000 at the end of year 2
- (iv) paying final \$45,000 at the end of year 3

The Company and Sheridan are required to spend \$50,000, \$75,000 and \$150,000 on the property on year one, two and three respectively. Further, Tectonic is entitled to a 2% Net Smelter Return which the Company and Sheridan can buyback 1% for \$1,000,000.

Rupert II Uranium claims

The company owns a 50% interest in 33 claims in Quebec. The claims are jointly held with Sheridan.

Desolation Lake claims

The Company owns a 50% interest in fifty nine (59) blocks of sixteen (16) claim units in Ontario. The claims are jointly held with Sheridan.

(e) Mineral property royalty interests

Fancamp Township claims

The Company holds a 10% net profits royalty on 17 mineral claims in Quebec (2007: 17 claims). The cost of those mineral claims is carried at a nominal value.

Mountain claims

The Company holds a royalty interest of 0.5% net smelter returns on 29 claims (2007: 29 claims) in Quebec, of which 0.25% net smelter returns may be retired by the payment of \$250,000 at the beginning of production.

Johan Beetz claims

Uracan Resources Ltd. has now earned a 100% interest in the previously held 50% interest in 1,703 claims in Quebec. The Company retains a 1 ½% net smelter royalty for the first two years of commercial production, increasing to 2 ½% thereafter. URC is required to make quarterly advance royalty payments of \$12,500 to the Company as of January 1, 2008.

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NOTE 6 - SHARE CAPITAL

(a) Authorized: 50,000,000 common shares without par value

Issued:

	2008		2007	
	Number	Amount	Number	Amount
Balance, beginning of period	27,510,981	7,389,540	25,126,924	6,931,165
Issued in year for cash:		\$		\$
Exercise of stock options	-	-	12,057	1,808
Pursuant to mineral property option	20,000	23,600	-	-
Balance, end of period	27,530,981	7,413,140	25,138,981	6,932,973

(b) Contributed surplus

	2008	2007
Balance, beginning of period	3,179,010	209,907
Reclassify portion of stock options exercised to share capital	-	-
Stock-based compensation on stock options granted during the year	1,302,103	-
Balance, end of period	4,481,113	209,907

(c) Share purchase warrants

There were no warrants issued or outstanding during the period.

(d) 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 can not exceed five years after the grant date.

During the period, the Company granted incentive stock options for the purchase of up to 750,000 common shares; at a price of \$1.90 per share, exercisable on or before June 23, 2013 as to 50,000 and July 24, 2013 as to 700,000. No options were exercised, re-priced or expired during the period.

The fair value of the options granted was estimated at the date of granting using the Black-Scholes option pricing model with the following assumptions; risk free interest rate at 3.42 and 3.37, dividend yield of 0%, volatility factor of 143.61% and 143.44% and an expected life of 5. The amount of \$1,302,103 relating to stock-based compensation on options that vested during the period was charged to operations and credited to contributed surplus.

FANCAMP EXPLORATION LTD.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2008 AND 2007

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

Exercise price per share	Expiry date	Number of options outstanding	
		2008	2007
0.10	June 29, 2009		793,000
0.14	May 25, 2008		829,000
0.15	July 4, 2010	50,000	600,000
0.11	July 19, 2010	-	100,000
0.11	August 21, 2011	-	100,000
1.90	October 30, 2012	1,700,000	-
1.90	February 13, 2013	250,000	-
1.90	June 23, 2013	50,000	-
1.90	July 23, 2012	700,000	-
		2,750,000	2,422,000

(f) Flow-through common shares

There are presently no flow through share commitments outstanding.

NOTE 7 - RELATED PARTY TRANSACTIONS AND BALANCES

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

	2008	2007
	\$	\$
a) Professional geological fees paid, or payable, to a Director	14,700	17,250
b) Administration fees and rent paid, or payable, to Directors	5,596	7,202
c) Accounts payable to a major shareholder at July 31	7,038	7,038
d) Accounts receivable from a major shareholder at July 31	397,449	350,219

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

NOTE 8 – INCOME TAXES

The potential benefit of net operating loss carry forwards has not been recognized in the financial statements since the Company cannot be assured that it is more likely than not that such benefit will be utilized in future years.

NOTE 9 – CONTINGENCIES

Under the terms of exploration licenses granted in prior years by the State of Botswana, ("Botswana") the Company was obligated to meet specified exploration commitments over the term of the licenses. Botswana is entitled to recover any exploration expenditure shortfall by requiring payment of the shortfall amount in default. The Company's last remaining license expired in the 2001 fiscal year. An estimated exploration commitment shortfall of 3,190,605 Botswana Pula remained upon termination of the Company's exploration work in Botswana. In fiscal year 2005, the Company wrote off its estimated exploration commitment shortfall balance to the Botswana government into operations in the amount of \$610,170. In the event that the Botswana government initiates collection of the above-noted exploration commitment shortfall, the Company will be subject to a potential liability of 3,190,605 Botswana Pula (Cdn\$680,237).

NOTE 10 – SUBSEQUENT EVENTS

Subsequent to July 31, 2008, the Company has continued its exploration work on the McFauld's Lake property.

Fancamp Exploration Ltd.
Schedule 1 - Summary of Deferred Costs on Mineral Properties Interests

The following is a summary of mineral properties interests costs deferred during the three months ended July 31, 2008:

	As At April 30, 2008		Mineral Properties Interests Expenditures Incurred During the Three Months Ended July 31, 2008							As at July 31, 2008	
	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total	Acquisition Costs Incurred	Option Payments and Other (Received)	Exploration Expenditures	Net of (Write Downs) (Write Offs) Income/Sales	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total	
100% Owned											
Upsalquitch Forks, NB	\$ 301	\$ 1,550	\$ 1,851			\$ 150		\$ 301	\$ 1,700	\$ 2,001	
St. George's, NB	10,418	159,015	169,433			225		10,418	159,240	169,658	
Cundy Lake, NB	574	680	1,254					574	680	1,254	
Digdequash, NB	5,739	11,097	16,836			4,472		5,739	15,569	21,308	
McFaulds Fancamp, ON	1,290	117,391	118,681			397,033		1,290	514,424	515,714	
Norway Lake, ON		2,850	2,850	36,100		600		36,100	3,450	39,550	
Beam, PQ	1	376	377					1	376	377	
Beauce, PQ	94,777	202,535	297,312			9,783		94,777	212,318	307,095	
Dileo Lake, PQ		125	125						125	125	
Gamache, PQ	56	357	413					56	357	413	
Lac de la Blanche, PQ	1,334	5,727	7,061			12,975		1,334	18,702	20,036	
Lac Gaudreault, PQ	1,808	179	1,987					1,808	179	1,987	
Lac Laura, PQ	502	179	681					502	179	681	
La Grande, PQ											
Lemoine, PQ	4,740	11,871	16,611					4,740	11,871	16,611	
Manic III, PQ	2,254	3,754	6,008					2,254	3,754	6,008	
Mamicuagan, PQ											
Rupert, PQ	8,135	28,036	36,171					8,135	28,036	36,171	
Sept-Iles Mechant, PQ	2,068	35,593	37,661					2,068	35,593	37,661	
Jointly Held											
Desolation Lake, ON	102,013	1,100	103,113		(4,526)	1,200		97,487	2,300	99,787	
Bate Comeau, PQ	1		1					1		1	
Dieter Lake, PQ	6,961	9,400	16,361					6,961	9,400	16,361	
George River, PQ	1		1					1		1	
Hanna Uranium, PQ	1,450		1,450					1,450		1,450	
Mt. Reed/Mt. Wright, PQ	18,499	73,835	92,334	1,718	(128,000)	11,077	22,871	(84,913)	84,912	(0)	
Longue Pointe de Mingan, PQ		366,250	366,250						366,250	366,250	
Johan Beetz, PQ	1		1					1		1	
St. Urbaine, PQ		(1,014)	(1,014)						(1,014)	(1,014)	
Villebon, PQ	23,198	2,934	26,132					23,198	2,934	26,132	
Magpie, PQ											
Royalty Interests											
Fancamp, PQ	1		1					1		1	
Mountain, PQ	1		1					1		1	
	\$ 286,123	\$ 1,033,820	\$ 1,319,945	\$ 37,818	\$ (132,526)	\$ 437,515	\$ 22,871	\$ 214,286	\$ 1,471,355	\$ 1,685,622	

Fancamp Exploration Ltd.
 Schedule I - Summary of Deferred Costs on Mineral Properties Interests

The following is a summary of mineral properties interests costs deferred during the period ended July 31, 2007:

	As At April 30, 2007		Mineral Properties Interest Expenditures Incurred During the Period Ended July 31, 2007					As at July 31, 2007		
	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total	Acquisition Costs Incurred	Option Payments (Received)	Expenditures Exploration Tax Credits	Net of (Write Downs) (Write Offs) Income/Sales	Deferred Acquisition Costs	Deferred Exploration Expenditures	Total
100% Owned										
Beam, PQ	1	376	377	3,655		4,194		1	376	377
Digdequash, NB						125		3,655	4,194	7,849
Dileo Lake, PQ						75		0	125	125
Garnache, PQ	56	282	338					56	357	413
La Grande, PQ	(1,100)	1,100						(1,100)	1,100	
Lac de la Blanche, PQ	1,334	5,843	6,977					1,334	5,843	6,977
Lac Gaudreauit, PQ	1,808	179	1,987					1,808	179	1,987
Lac Laura, PQ	502	178	680					502	177	679
Lemoine, PQ	4,390	7,463	11,853			650		4,390	8,113	12,503
Manic III, PQ	2,255	3,528	5,781			228		2,255	3,754	6,009
Manicouagan, PQ	27,195	17,599	44,794					27,195	17,599	44,794
Matonipi, PQ	1,242		1,242					1,242		1,242
Sept-les-Mechant, PQ	1,024	29,842	30,966	1,044		4,550		2,068	34,492	36,560
St. George's, NB	5,319	123,919	129,238	2,084				7,403	123,919	131,322
Upsalquitch Forks, NB	301	1,550	1,851					301	1,550	1,851
Jointly Held										
Bale Comeau	2,976		2,976			5,934		2,976	5,934	8,910
Beauce, PQ	82,982	91,253	174,235	400		1,108		93,382	92,361	185,743
Dieter Lake, PQ	6,961	9,320	16,281			80		6,961	9,400	16,361
George River, PQ	19,597	2,021	21,618		(188,000)		166,384	(2,019)	2,021	2
Hanna Uranium, PQ	1,450		1,450					1,450	0	1,450
Johan Beetz, PQ	1		1					1		1
Longue Pointe de Mingan, PQ	0	349,956	349,956			50		0	350,006	350,006
Mt. Reed/Mt. Wright, PQ	12,850	33,488	46,338	650		13,717		13,500	47,215	60,715
Rupert, PQ	8,135	26,588	34,723			1,448		8,135	28,036	36,171
St. George's, NB	(745)	36,459	35,714			3,570		(745)	40,029	39,284
St. Urbaine, PQ		1,118	1,118					0	1,118	1,118
Villebon	10,698	1,657	12,355			1,830		10,698	3,487	14,185
Royalty Interests										
Fancamp, PQ	1		1					1		1
Mountain, PQ	1		1					1		1
	199,234	743,627	942,861	7,833	(188,000)	37,559	166,384	185,451	781,185	966,637

Fancamp Exploration Ltd.
Schedule II - Exploration Expenditures on Mineral Properties Interests
July 31, 2008 and 2007

Incurring in the Three Months Ended July 31, 2008:

	Camp Costs	Drilling Assays	Engineering, Consulting, and Sundry	Prospecting, Ground, Air Surveys	Total 2007
Beauce			9,783		9,783
Desolation Lake			1,200		1,200
Digdeguash			322	4,150	4,472
Lac La Blache			12,975		12,975
McFaulds	15,413	199,466	4,900	177,254	397,033
Mt. Reed/Mt. Wright			11,077		11,077
Norway Lake			600		600
St. George			225		225
Upsalquitch Forks			150		150
	15,414	199,467	41,233	181,405	437,515

Incurring in the Three Months Ended July 31, 2007:

	Camp Costs	Drilling Assays	Engineering, Consulting, and Sundry	Prospecting, Ground, Air Surveys	Total 2007
Baie Comeau		2,734	3,200		5,934
Beauce			1,108		1,108
Dieter Lake			80		80
Digdeguash			3,300	894	4,194
Dileo Lake			125		125
Gamache			75		75
Lemoine			650		650
Longue Pointe Mingan			50		49
Manic III			228		228
Mt. Reed/Mt. Wright			13,717		13,717
Rupert			1,448		1,448
Sept-Îles Mechant			3,050	1,500	4,550
St. George			1,820	1,750	3,570
Villebon			1,830		1,830
	0	2,734	30,681	4,144	37,559

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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 period ended July 31, 2008. 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 September 16, 2008. Additional information on the Company is available on SEDAR at www.sedar.com.

NATURE OF BUSINESS

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

OVERALL PERFORMANCE

The Company's exploration activities were primarily focused on its 2,560 hectare McFauld's Lake property. A substantial portion of the ultrabasic intrusive complex is located on the Company's property. Extensive geophysical surveys were carried out over this comparatively small area in the period October, 2007 through May, 2008. Numerous significant geochemical anomalies were identified and a reconnaissance drill program is currently underway.

During the quarter, the Company continued to seek joint venture partners for its various properties and was successful in entering into an option agreement on 15 of its jointly held iron properties. (See Mt. Reed/Mt. Wright under Mineral Properties section.) The Company also continued to acquire prospective ground to add to its portfolio. (See Norway Lake Property and Desolation Lake Property under Mineral Properties section.)

The Company also created a web site: www.fancampexplorationltd.ca

RESULTS OF OPERATIONS

The Company incurred a loss of \$1,294,585 for the three months ended July 31, 2008, compared to a net profit of \$146,071 for the three months ended July 31, 2007. Although the Company earned \$35,370 in

mineral property option and royalty revenue, it also recorded \$1,302,103 in costs for stock based compensation. Management fees remained relatively consistent quarter over quarter. See Note 7 "Related Party Transactions and Balances" attached to the financial statements.

MINERAL PROPERTIES

100% Owned McFaulds Fancamp Property, Ontario

The Company reported preliminary results ("visuals") from three drill holes on its McFauld's Lake Property adjoining the Noront Resources Inc. Eagle I discovery.

Hole 1, drilled at 50 degrees to 270 degrees azimuth intersected serpentinized peridotite and dunite over its entire length of 303 metres, as did Hole 2 drilled at 70 degrees to 270 azimuth from the same setup. Trace amounts of pyrrhotite and pyrite were seen in Hole 2 including a metre of semi massive pyrite in a fault zone. Downhole resistivity surveys in these two holes revealed zones of low resistivity beginning at about 135 metres downhole in Hole 1 and continuing to the end of that hole, and beginning at about 135 metres downhole to the end of Hole 2 at 181 metres. Both these measurements suggest the presence of highly conductive material in the vicinity. Hole 3, drilled at 70 degrees to 90 degrees azimuth bottomed at 477 metres. Again the hole was entirely in serpentinized peridotite and dunite with trace amounts of disseminated sulphides, mainly pyrrhotite in the lower sectors of the hole. Preliminary ohm meter testing of some the core in the lower part of this hole indicates a degree of low resistivity that suggests that the peridotite dunite here is itself conductive, but just how conductive is not yet clear.

The important thing to note at this early exploration stage is that we are within the Eagle I intrusive complex and are dealing with a large, structurally controlled, north south conductive corridor some 75 metres wide and 500 metres long. The significance of this is that all of the local discoveries to date, Noront's Eagle I and II, and AT-12 occur in similar NS structural environments so that the C-1 target merits close examination. It is worth noting here also that Fancamp has a similar, as yet untested conductive north south target, located in the eastern part of the property (C-6).

Detailed study and analysis of the core will provide more information about this corridor and its potential to host massive sulphides of the Eagle 1 type.

The last hole of this programme, Hole 4, is currently being drilled from the Hole 3 setup at 50 degrees to 90 degrees azimuth to further test the conductivity zones picked up in the downhole surveys of Holes 1 and 2. Further, downhole geophysics will be carried out in Hole 3 to test deeper parts of the system.

The drill programme has been expanded and it is the Company's intention to thoroughly test some six distinct TDEM targets on its property in the coming months. The property is highly prospective and given its proximity to very significant nickel mineralization in ultrabasic intrusions, management believes there are very good possibilities for similar mineralization in our target zones.

Option to Acquire an 100% Interest in the Norway Lake Property

The Company entered into an option agreement for the acquisition of nine contiguous mining claims (totalling 105 claim units) known as the Norway Lake property located in the Thunder Bay Mining Division, Ontario. To earn a 100% interest in the property Fancamp will pay a total of \$37,500, issue 60,000 common shares and spend \$150,000 on exploration and development over three years. The vendor will retain a 2% NSR of which 1% may be bought back at anytime for \$500,000.

This virtually unexplored, 4000 acre grassroots property is situated some 45 km NE of Atikokan and 170km west of Thunder Bay. It is located along the NE trending Marmion Lake fault structure. Major mineral deposits adjacent to this structure, include the Steep Rock Lake Iron Mines, some 50km to the SW, and more importantly the Hammond Reef gold deposit some 23km SW, a large tonnage low grade deposit owned by Brett Resources Inc. and currently hosting a non 43-101 compliant historical resource reported at 2.5 million ounces Au. Both the Hammond Reef and Norway Lake properties are

characterized by distinctive clusters of gold in lake bottom sediment anomalies as shown on the attached map taken from the Ontario Geological Survey, Open File Report 6034. Extensive soil sampling and prospecting are planned for the coming season. The Company has just learned, in addition, that this area is currently being flown by the government with a helicopter borne TDEM/Mag survey (part of a much larger survey) which will certainly help in the exploration process.

50% Owned Desolation Lake Property

The Company, in partnership with the Sheridan Platinum Group Ltd., staked 59 sixteen claim units (15,104 hectares or 151 km²) in the Desolation Lake area, some 215 km NE of the Noront discovery in the James Bay Lowlands. This anomaly is a very distinctive feature occurring at the juncture of a number of large structural lineaments. The anomaly's presence has been long known, and during the 1950's an attempt was made to drill it, the deepest hole reaching some 500 feet in the overlying limestone. It is now known that the thickness of the Paleozoic limestone in here is on the order of 500 metres.

Present interest in this feature, of course, has been generated by the remarkable results coming out of the "Ring of Fire". Major magnetic anomalies, such as this, associated with structural lineaments are prime targets in this context and deserve close examination. Recent interpretive studies of the Ontario Department of Mines suggest that iron formations are a probable cause of the magnetic feature, although, interestingly they also interpreted the presence of an ultrabasic body in the immediate vicinity.

Airborne TDEM and magnetic surveys followed by drilling are planned.

50% Owned Mount Reed/Mount Wright Iron Prospects, Quebec Joint Venture

The Company entered into an option agreement with Champion Minerals Inc. on 15 of its 50% held iron properties (50% Sheridan Platinum Group), whereby Champion has the right to acquire up to 65% interest by spending \$6,000,000 in staged exploration and development work, making cash payments totaling \$1,000,000 and issuing 2,500,000 common shares to the Vendors over a four year period. After earning the 65% interest, Champion will have the option of acquiring an additional 5% interest in any of the retained mineral concessions by completing a positive bankable feasibility study. Champion will be required to make a one time issuance of 500,000 shares on completion of the first bankable feasibility study.

After Champion completes its earn-in, the Vendors and Champion will form a joint venture reflective of their proportionate ownership interests in the property in order to explore and develop the retained mineral concessions. Champion will retain a right-of-first-refusal on any part or all of the Vendors proportionate interest in each of the mineral concessions comprising the property. If the Vendors elect not to fund their proportionate interest, their interest would be diluted. If the Vendors interest falls below 10%, the Vendors will then revert to a 3% NSR royalty subject to a buy back clause at Champion's option to reduce the NSR royalty to 2% by paying \$3,000,000. Champion also retains a right-of-first-refusal on the royalty. There is a 10km area of influence around each mineral concession.

Other Properties

See Note 5 – Mineral Properties Interests attached to the financial statements for the period ended July 31, 2008, for further information on the Company's other mineral property holdings.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for the quarter ended July 31, 2008 and the preceding 7 quarters:

Three Months Ended	2nd Quarter October 31, 2007	3rd Quarter January 31, 2008	4th Quarter April 30, 2008	1st Quarter July 31, 2008
Mineral Property Option and Royalty Revenue	\$100,000	\$46,342	\$594,521	\$35,370
Net Income (Loss)	(\$2,686,609)	\$15,214	\$235,796	(\$1,294,585)
Income (Loss) Per Share	(\$0.110)	\$0.000	\$0.010	\$0.050
Fully Diluted Income (Loss) Per Share	(\$0.100)	\$0.000	\$0.010	\$0.040

Three Months Ended	2nd Quarter October 31, 2006	3rd Quarter January 31, 2007	4th Quarter April 30, 2007	1st Quarter July 31, 2007
Mineral Property Option Revenue	-	-	\$525,504	\$166,384
Net Income (Loss)	(\$40,087)	(\$24,088)	\$500,194	\$146,072
Income (Loss) Per Share	(\$0.002)	(\$0.001)	\$0.020	\$0.010
Fully Diluted Income (Loss) Per Share	(\$0.002)	(\$0.001)	\$0.020	\$0.010

The net loss incurred in the quarters ended July 31, 2008 and October 31, 2007 were the result of costs attributed to stock based compensation. The Company has achieved net income in most of the other periods from mineral property option payments and royalty revenue.

LIQUIDITY AND CAPITAL RESOURCES

Fancamp Exploration Ltd. is a development 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 and joint venture option payments.

The Company had working capital of \$888,025 as at July 31, 2008.

Also see Note 9 "Contingencies" attached to the financial statements.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

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 the Sheridan Platinum Group.

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.

CRITICAL 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.

CHANGE IN ACCOUNTING POLICY

The Company did not make any changes to its accounting policy during the Quarter.

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 JULY 31, 2008

TSX Venture Exchange Trading Symbol: FNC

Authorized Capital: 50,000,000 common shares n.p.v.
Shares Outstanding: 27,530,981 common shares
Fully Diluted Shares Outstanding: 30,280,981 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
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Transfer Agent: Pacific Corporate Trust Company
 2nd Floor, 510 Burrard Street
 Vancouver, B.C., V6C 3B8

Auditor: Chang Lee LLP
 505-815 Hornby Street
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For further information see the Company's website: www.fancampexplorationltd.ca