FAIRMONT RESOURCES INC.

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED OCTOBER 31, 2010

The following discussion and analysis should be read in conjunction with the audited financial statements of Fairmont Resources Inc. for the year ended October 31, 2010 and related notes thereto, which are prepared in accordance with Canadian Generally Accepted Accounting Principles. All amounts are stated in Canadian dollars unless otherwise noted.

Date

This management discussion and analysis is dated February 25, 2011 and is in respect of the year ended October 31, 2010.

Company Overview

Fairmont Resources Inc. (the "Company"), incorporated pursuant to the *Business Corporations Act* (British Columbia) on May 25, 2007, is engaged in the exploration and development of mineral projects located in Ontario and British Columbia. The Company currently has an option to acquire a 70% interest in the Clay-Powell Property, an option to acquire a 100% in the Marmion South Contact Property and an option to acquire a 60% interest in the Nicoamen River Property. See "*Overall Performance*" and "*Exploration Activities*".

Overall Performance

In fiscal 2010, the Company restricted its exploration activities on the Nicoamen River Property in order to focus its resources on completing its initial public offering and listing on the TSX Venture Exchange (the "Exchange"). Highlights of the Company during fiscal 2010 include:

- completing its initial public offering for gross proceeds of $600,000.
- listing on the Exchange under the symbol "FMR".
- entering into an option agreement to acquire a 70% interest in the Clay-Powell Property.
- completing a non-brokered private placement for gross proceeds of $660,500.

Subsequent to fiscal 2010, the Company:

- commenced its exploration program on the Clay-Powell property and the Nicoamen River Property. See "*Exploration Activities*".
- appointed Bernard Dewonck as the Chief Executive Officer and President of the Company and appointed Bruno Kasper as an independent director of the Company.
- entered into an option agreement to acquire a 100% interest in the Marmion South Contact Property.

Initial Public Offering

On April 14, 2010, the Company closed its initial public offering ("IPO") by issuing 4,000,000 shares at a price of $0.15 per share for gross proceeds of $600,000. In connection with the IPO, the Company paid Canaccord Genuity Corp. (the "Agent") a cash commission equal to 8% of the proceeds and granted non-transferable options to purchase 320,000 common shares of the Company at a price of $0.20 per share until April 13, 2012. The Agent also received 100,000 common shares as a corporate finance fee. Following completion of the IPO, the Company listed its common shares on the Exchange on April 15, 2010.

Option to Acquire Clay-Powell Property

On September 16, 2010, the Company entered into an agreement with Rainy Mountain Royalty Corp. and Mega Uranium Ltd. (collectively, the "Optionors") to acquire a 70% interest in the Clay-Powell Property, which consists of 24 mineral claims located approximately 140 kilometres west of Thunder Bay, Ontario. In order to exercise its option to acquire a 70% interest in the Clay-Powell Property, the Company will be required to do the following:

(a) Issue 100,000 shares to the Optionors within 10 days of the TSX Venture Exchange approval (which shares have been issued);

(b) Issue 100,000 shares to the Optionors and incur exploration expenditures of $250,000 by October 15, 2011;

(c) Issue an additional 100,000 shares to the Optionors and incur an additional $250,000 in exploration expenditures by October 15, 2012; and

(d) Issue an additional 100,000 shares to the Optionors and incur an additional $500,000 in exploration expenditures by October 15, 2013.

Mega Uranium Ltd. has a 2% net smelter return royalty, of which 1% may be purchased for an aggregate of $1,500,000.

Private Placement Financing

On October 28, 2010, the Company completed a non-brokered private placement of 2,642,000 units at a price of $0.25 per unit for gross proceeds of $660,500. Each unit consisted of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.33 per share until October 28, 2011. The Company paid a finder's fee of $61,600 and issued 246,000 warrants, with each warrant entitling the holder to purchase an additional common share at $0.30 per share until October 28, 2011.

Option to Acquire Marmion South Contact Property

Subsequent to fiscal 2010, the Company entered into a letter agreement (the "Agreement") dated January 11, 2011 with Karl Bjorkman (the "Optionor") whereby the Optionor granted the Company the right to acquire a 100% interest in forty seven mineral claims called the Marmion South Contact Property located in the Thunder Bay Mining Division, Ontario.

Under the terms of the Agreement, the Company will be able to acquire a 100% interest in the Marmion South Contact Property by making aggregate cash payments of $320,000, issuing an aggregate of 750,000 common shares and incurring an aggregate of $1,500,000 exploration expenditures over four years as follows:

(a) paying $25,000 upon entering into the Agreement (which amount has been paid);

(b) issuing 100,000 common shares on receiving regulatory approval from the TSX Venture Exchange (which shares have been issued);

(c) paying $40,000, issuing 150,000 common shares and incurring $150,000 of exploration expenditures by the first anniversary of the Agreement;

(d) paying $60,000, issuing 150,000 common shares and incurring an additional $250,000 of exploration expenditures by the second anniversary of the Agreement;

(e) paying $75,000, issuing 150,000 common shares and incurring an additional $400,000 of exploration expenditures by the third anniversary of the Agreement; and

(f) paying $120,000, issuing 200,000 common shares and incurring an additional $700,000 of exploration expenditures by the fourth anniversary of the Agreement.

In addition, the Optionor will retain a 2% net smelter return royalty on the Marmion South Contact Property, of which 50% can be purchased for $1,000,000.

The Company is in the process of determining an appropriate exploration program for the Marmion South Contact Property. The Company's ability to determine such a program will be subject to its review of all technical data available on the Marmion South Contact Property.

Exploration Activities

Clay-Powell Property (Ontario, Canada)

The Clay-Powell Property is located in the Shebandowan greenstone belt of the Wawa Subprovince, Ontario. In fiscal 2010, the Company staked three additional mineral claims within and adjacent to the originally optioned property to fill in open ground. As a result, these claims have formed part of the Clay-Powell Property in accordance with an area of interest clause contained in the option agreement.

Subsequent to fiscal 2010, the Company commenced its exploration program on the Clay-Powell Property, establishing an approximately 40-line-kilometer grid, completing an induced polarization ("IP") survey over the entire grid and a magnetometer survey over the southern part of the grid. The grid and geophysical surveys cover an area contiguous to and west-southwest of claims owned by Rainy Mountain Royalty Corp. and under option to Xstrata Copper. Rainy Mountain has reported on Xstrata's drill intercepts of iron-oxide-copper-gold (IOCG) mineralization (Rainy Mountain new release dated July 28, 2010). Also covered are potential extensions of structures hosting the Coldstream and Moss Lake deposits to the north-northeast. The Company has initiated compilation of historical data on the property in anticipation of a drill program in March 2011 drill.

Nicoamen River Property (British Columbia, Canada)

The Company entered into an option agreement dated July 30, 2009, as amended November 12, 2009, with Almaden Minerals Ltd. (“Almaden”) whereby the Company was granted an option to acquire up to a 60% interest in the Nicoamen River Property. The Nicoamen River Property consists of mine mineral claims and is located in the Kamloops Mining Division, British Columbia.

The Company may acquire a 51% interest in the Nicoamen River Property by: (a) paying Almaden $10,000 on execution of the agreement (which has been paid); (b) incurring $100,000 of exploration expenditures by December 31, 2009 (which has been incurred); (c) paying $15,000 by April 15, 2011 (which amount has been paid); and (d) incurring $200,000 of exploration expenditures by April 15, 2011. Subsequent the fiscal year ended October 31, 2010, the Company and Almaden entered into an amendment agreement to extend the deadline for exploration expenditures from April 15, 2011 to July 31, 2011.

In addition, the Company may acquire an additional 9% interest in the Nicoamen River Property by issuing an aggregate of 300,000 common shares to Almaden and incurring an aggregate of $1,700,000 exploration expenditures between the second and fifth anniversary of the Company’s listing date.

During fiscal year 2010, the Company engaged in consultation with the Nicoamen Band of the Nlaka’pamux First Nation, within whose traditional territory the property is situated. At the end of fiscal 2010, the Company had commenced its exploration program of the Nicoamen River Property, consisting of a soil geochemistry sampling program designed to follow up on previously defined gold anomalies on the property.

Selected Annual Information

	Year Ended October 31, 2010 (Audited) ($)	**Year Ended October 31, 2009 (Audited) ($)**	**Year Ended October 31, 2008 (Audited) ($)**
Total Revenue	–	–	–
Operating Expenses	(255,072)	(125,486)	–
Loss Before Other Items and Income Tax	(255,072)	(125,486)	–
Interest Income	571	–	
Future Income Tax Recovery	16,128	13,952	–
Net Loss	(238,373)	(111,594)	–
Basic and Diluted Loss Per Share	(0.04)	(0.20)	–

	As at October 31, 2010 (Audited) ($)	**As at October 31, 2009 (Audited) ($)**	**As at October 31, 2008 (Audited) ($)**
Balance Sheet Data			
Total assets	1,185,332	333,321	–
Total liabilities	(110,002)	(142,595)	–
Total equity	1,075,330	190,762	–

Results of Operation

The Company reported a net loss of $238,373, during the year ended October 31, 2010, compared to a net loss of $111,594, during the year ended October 31, 2009. The increase in the Company's net loss during the year ended October 31, 2010 was primarily due to increases in advertising and promotion, management and administrative fees, professional fees and transfer fees. These amounts were partially offset by a decrease in stock based compensation.

Advertising and promotion expenses increased from nil, in fiscal 2009, to $40,838, in fiscal 2010. The fees paid for advertising and promotion primarily relate to investor relations services provided to the Company.

Management and administration fees increased from $21,000, during fiscal 2009, to $60,500, during fiscal 2010. These fees were incurred to each of Matalia Investments Ltd., a company controlled by Robert Coltura, a former Chief Executive Officer, President and director of the Company, and JVM Management Ltd., a company controlled by Jerry Minni, the Chief Financial Officer and director of the Company.

Professional fees increased from $11,161, during fiscal 2009, to $52,285, during fiscal 2010. These additional fees are in connection with the Company's entry into the Clay-Powell option agreement, the completion of the October 2010 private placement financing and meeting ongoing reporting obligations.

In fiscal 2010, the Company recorded stock-based compensation of $65,514 in connection with the 400,000 stock options outstanding as at October 31, 2010.

During the fiscal year ended October 31, 2010, the Company capitalized $231,909 for professional fees, agent's fees and Exchange and securities commissions filing fees in connection with its IPO.

Summary of Quarterly Results

The Company did not prepare interim financial statements prior to fiscal 2010. As a result, the Company is unable to provide a complete summary of quarterly results for periods prior to fiscal 2010.

	October 31, 2010 ($)	**July 31, 2010 ($)**	**April 30, 2010 ($)**	**January 31, 2010 ($)**
Total Revenue	-	-	-	-
Loss Before Other Items	(110,011)	(56,065)	(70,890)	(18,106)
Net Loss	(109,962)	(55,543)	(59,288)	(13,580)
Basic and Diluted Loss per Share	(0.01)	(0.01)	(0.01)	(0.02)

Fourth Quarter Items

The Company reported a net loss of $109,962, during the fourth quarter 2010, as compared to a net loss of $111,594, during the fourth quarter 2009. The net loss during the fourth quarter 2010 is attributable to advertising and promotion expenses, management and administration fees, professional fees, rent and transfer agent fees.

Advertising and promotion increased from nil, during the fourth quarter 2009, to $31,187, during the fourth quarter 2010. Additional advertising and promotion expenses are due to the Company engaging an investor relations firm.

Management and administration fees increased from $21,000, during the fourth quarter 2009, to $23,000, during the quarter ended 2010. During fourth quarter 2009 and 2010, management fees in primarily relate to fees paid to Matalia Investments Ltd. and JVM Management Ltd.

Professional fees primarily relate to legal fees in connection with the Company's entry into the option agreement to acquire the Clay-Powell Property, the completion of the October 2010 private placement financing and meeting continuous disclosure obligations.

Liquidity and Capital Resources

The Company reported working capital surplus of $887,694 at October 31, 2010, compared with a working capital surplus of $42,868 at October 31, 2009, and cash and cash equivalents of $975,901 as at October 31, 2010, compared with cash and cash equivalents of $163,783 at fiscal year end 2009. The increase in cash and working capital during the year ended October 31, 2010 is primarily a result of the Company completing the following financings:

(a) On April 14, 2010, the Company closed its IPO by issuing 4,000,000 shares at a price of $0.15 per share for gross proceeds of $600,000. The Company paid to the Agent a cash commission equal to 8% of the proceeds and granted non-transferable options to purchase 320,000 common shares of the Company at a price of $0.20 per share until April 13, 2012. The Agent also received 100,000 common shares as a corporate finance fee.

(b) On October 28, 2010, the Company completed a non-brokered private placement of 2,642,000 units at a price of $0.25 per unit for gross proceeds of $660,500. Each unit consisted of one common share and one-half of one share purchase warrant, with each whole Warrant entitling the holder to purchase one additional common share at a price of $0.33 per share until October 28, 2011. The Company paid a finder's fee of $61,600 and issued 246,000 warrants, with each warrant entitling the holder to purchase an additional common share at $0.30 per share until October 28, 2011.

These amounts were partially offset by the costs of the IPO and the October 2010 private placement as well as ongoing operating expenses.

During the next twelve months, the Company has sufficient funds to satisfy its current exploration program and general and administrative expenses. Future capital requirements will depend upon many factors including, without limitation, the results of its exploration programs and commodity prices for precious metals. The Company has limited capital resources and has to rely upon the sale of equity securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity and debt securities to raise capital, which would result in further dilution to the shareholders. There is no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the fiscal years ended October 31, 2010 and 2009, the Company entered into the following related party transactions:

(a) paid $20,000 (2009 - $10,500) to Matalia Investments Ltd., a company controlled by Robert Coltura, a former CEO, President and director of the Company, for management and administrative services.

(b) paid $20,000 (2009 - $10,500) to JVM Management Ltd., a company controlled by Jerry Minni, the CFO and a director of the Company, for management and administrative services.

(c) paid $15,000 (2009 – Nil) for management fees and $10,625 (2009 - $2,750) for accounting services to Minni, Clark & Company, of which Jerry Minni is a partner.

(d) paid $9,500 (2009 - $3,000) to Matalia Investments Ltd. for office facilities.

Changes in Accounting Policies including Initial Adoption

<u>Financial Instruments</u>

In June 2009, Section 3855 has been amended to clarify the application of the effective interest method after a debt instrument has been impaired, and when an embedded prepayment option is separated from its host debt instrument for accounting purposes. These amendments apply to the Company's interim and annual financial statements beginning on or after November 1, 2011. The Company does not expect any significant impact on its financial position, operating results or disclosure on adopting the amended Section 3855.

<u>International Financial Reporting Standards</u>

In February 2008, the Canadian Accounting Standards Board ("AcSB") announced that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The IFRS standards will be effective for the Company for interim and annual financial statements relating to the Company's fiscal year commencing November 1, 2011. The effective date will require the restatement for comparative purposes of amounts reported by the Company for interim periods and for the year ended October 31, 2011. The Company has begun the planning and scoping phase of the transition to IFRS and intends to transition to IFRS financial statements during fiscal 2012. While the Company has begun assessing the adoption of IFRS for fiscal 2012, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time

Implementation Plan

The AcSB has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011.

Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended January 31, 2012. The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Property, plant and equipment (measurement and valuation);
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures; information technology; internal controls; contractual arrangements; and employee training.

Business Combinations

In January 2009, the AcSB issued CICA Handbook Section 1582, "Business Combinations", which replaces Section 1581, "Business Combinations". The AcSB also issued Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests", which replace Section 1600, "Consolidated Financial Statements". These new sections are based on the International Accounting Standards Board's ("IASB") International Financial Reporting Standard 3, "Business Combinations". These new standards replace the existing guidance on business combinations and consolidated financial statements. These new standards require that most assets acquired and liabilities assumed, including contingent liabilities, to be measured at fair value and all acquisition costs to be expensed. These new standards also require non-controlling interests to be recognized as a separate component of equity and net earnings to be calculated without a deduction for non-controlling interests. The objective of these new standards is to harmonize Canadian accounting for business combinations with the international and U.S. accounting standards. The new standards are to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier application permitted. Assets and liabilities that arose from business combinations whose acquisition dates preceded the application of the new standards will not be adjusted upon application of these new standards. The Non-Controlling Interests standard should be applied retrospectively except for certain items. The Company does not expect that the adoption of these standards will have a material impact on the Company's financial statements.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise stated.

Outstanding Share Data

As of the date of this management discussion and analysis, the following securities are outstanding:

Type of Security	Number of Shares or Underlying Shares
Issued and outstanding common shares	11,190,100
Share purchase warrants exercisable at $0.20 per Share(1)	208,900
Share purchase warrants exercisable at $0.30 per Share(2)	246,400
Share purchase warrants exercisable at $0.33 per Share(2)	1,321,000
Stock options exercisable at $0.15 per Share(3)	400,000
Stock options exercisable at $0.31 per Share(4)	1,250,000
Fully diluted shares	14,616,400

Notes:
(1) Each warrant entitles the holder to purchase one common until April 13, 2012.
(2) Each warrant entitles the holder to purchase one common until October 28, 2011.
(3) The options are exercisable until December 9, 2014.
(4) The options are exercisable until November 3, 2015.

Forward-Looking Information

This management discussion and analysis contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company and its projects, the future price of copper, gold or other metal prices, the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.

Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; future mineral prices; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section titled "Risk Factors" in the Company's prospectus dated March 15, 2010.

Forward looking information is based on a number of material factors and assumptions, including the determination of mineral reserves or resources, if any, the results of exploration and drilling activities, the availability and final receipt of required approvals, licenses and permits, that sufficient working capital is available to complete proposed exploration and drilling activities, that contracted parties provide goods and/or services on the agreed time frames, the equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred and that no unusual geological or technical problems occur. While the Company considers these assumptions may be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the Company's prospectus dated March 15, 2010.

The Company intends to discuss in its quarterly and annual reports referred to as the Company's management's discussion and analysis documents, any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this management discussion and analysis. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.

Further Information

Additional Information relating to the Company can be found on SEDAR at www.sedar.com.